



CITY OF GRAND TERRACE

City Council
AGENDA • May 26, 2026

Council Chambers

Regular Meeting

6:00 PM

Grand Terrace Civic Center • 22795 Barton Road

COMMENTS FROM THE PUBLIC

The public is encouraged to address the City Council on any matter posted on the agenda or on any other matter within its jurisdiction. If you wish to address the City Council, please complete a Request to Speak card located at the front entrance and provide it to the City Clerk. Speakers will be called upon by the Mayor at the appropriate time and each person is allowed three (3) minutes speaking time.

The City wants you to know that you can also submit your comments by email to ccpubliccomment@grandterrace-ca.gov. To give the City Clerk adequate time to print out your comments for consideration at the meeting, please submit your written comments prior to 5:00 p.m.; or if you are unable to email, please call the City Clerk's Office at (909) 954-5207 by 5:00 p.m.

If you wish to have your comments read to the City Council during the appropriate Public Comment period, please indicate in the Subject Line "FOR PUBLIC COMMENT" and list the item number you wish to comment on. Comments that you want read to the City Council will be subject to the three (3) minute time limitation (approximately 350 words). Written public comments are available at the City Clerk's office.

Pursuant to the provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

PLEASE NOTE: Copies of staff reports and supporting documentation pertaining to each item on this agenda are available for public viewing and inspection at City Hall, 1st Floor Lobby Area and 2nd Floor Reception Area during regular business hours and on the City's website www.grandterrace-ca.gov. For further information regarding agenda items, please contact the office of the City Clerk at (909) 954-5207, or via e-mail at dalcocer@grandterrace-ca.gov.

Any documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's office at City Hall located at 22795 Barton Road during normal business hours. In addition, such documents will be posted on the City's website at www.grandterrace-ca.gov.

AMERICANS WITH DISABILITIES ACT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office, (909) 954-5207 at least 48 hours prior to the advertised starting time of the meeting. This will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Later requests will be accommodated to the extent feasible [28 CFR 34.102.104 ADA Title II].

CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE

AB 2449 DISCLOSURES

Remote participation by a member of the legislative body for just cause or emergency circumstances.

ROLL CALL

A. REORDERING OF, ADDITIONS TO, OR REMOVAL OF ITEMS FROM THE AGENDA

B. PUBLIC COMMENT

This is the opportunity for members of the public to comment on any items not appearing on the regular agenda. Because of restrictions contained in California Law, the City Council may not discuss or act on any item not on the agenda, but may briefly respond to statements made or ask a question for clarification. The Mayor may also request a brief response from staff to questions raised during public comment or may request a matter be agendaized for a future meeting.

C. SPECIAL PRESENTATIONS - NONE

D. CONSENT CALENDAR

The following Consent Calendar items are expected to be routine and noncontroversial. They will be acted upon by the City Council at one time without discussion. Any Council Member, Staff Member, or Citizen may request removal of an item from the Consent calendar for discussion.

- 1) Waive Full Reading of, and Direct the City Attorney to Read by Title only for, Ordinances on the Agenda
- 2) Approval of Minutes - Special Meeting - May 12, 2026
Approval of Minutes - Regular Meeting - May 12, 2026
- 3) Appoint Three (3) Planning Commission Members to Fill Three (3) New Four-Year Terms Expiring on June 30, 2030

RECOMMENDATION: APPOINT THE THREE (3) INCUMBENT PLANNING COMMISSIONER APPLICANTS TO NEW FOUR-YEAR TERMS EXPIRING JUNE 30, 2030

DEPARTMENT: City Clerk

- 4) Thirty-Fourth Amendment to Law Enforcement Services Contract No. 94-797 with the County of San Bernardino to Provide Law Enforcement Services for Fiscal Year 2026-2027 to the City of Grand Terrace

RECOMMENDATION: APPROVE THE THIRTY-FOURTH AMENDMENT TO LAW

ENFORCEMENT SERVICES CONTRACT NO. 94-797 WITH THE COUNTY OF SAN BERNARDINO TO PROVIDE LAW ENFORCEMENT SERVICES FROM THE SHERIFFS' DEPARTMENT FOR FISCAL YEAR 2026-27; AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE CONTRACT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM

DEPARTMENT: City Manager

- 5) Consideration of Approval of Amendment No. 10 to Waste Disposal Agreement No. 98-107 with the County of San Bernardino

RECOMMENDATION: APPROVE AMENDMENT NO. 10 TO WASTE DISPOSAL AGREEMENT NO. 98-107 WITH THE COUNTY OF SAN BERNARDINO EXTENDING THE TERM OF THE AGREEMENT THROUGH JUNE 30, 2035, ADJUSTING THE WASTE DISPOSAL AGREEMENT CONTRACT RATE TO 83% OF THE COUNTY'S POSTED GATE RATE, AND ELIMINATING THE ANNUAL ADJUSTMENT FORMULA

DEPARTMENT: City Manager

- 6) Professional Services Agreement Amendment No. 2 Between the City of Grand Terrace and HDL Companies for Business License Auditing and Administration Services

RECOMMENDATION: APPROVE PROFESSIONAL SERVICES AGREEMENT AMENDMENT NO. 2 WITH HDL COMPANIES (HDL) FOR BUSINESS LICENSE AUDITING AND ADMINISTRATION SERVICES FOR A TERM OF 1 YEAR AND A MAXIMUM COST OF \$15,000.00; AND AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM

DEPARTMENT: Finance

- 7) Second Reading & Adoption of an Ordinance – Zoning Code Amendment (ZCA) 26-01 – Agricultural Employee Housing (Housing Element Program 12)

RECOMMENDATION: IT IS RECOMMENDED THAT THE CITY COUNCIL CONDUCT SECOND READING AND ADOPT AN ORDINANCE APPROVING ZONING CODE AMENDMENT (ZCA) 26-01 AND ENVIRONMENTAL REVIEW (E) 26-05; AMENDING TITLE 18 (ZONING) OF THE GRAND TERRACE MUNICIPAL CODE, INCLUDING CHAPTERS 18.53 (AG-1 AGRICULTURAL OVERLAY DISTRICT), 18.56 (AG-2 AGRICULTURAL OVERLAY DISTRICT); AND ADDING CHAPTER 18.58 (AGRICULTURAL EMPLOYEE HOUSING), TO IMPLEMENT PROGRAM 12 (EMPLOYEE HOUSING) OF THE CITY'S 2021–2029 HOUSING ELEMENT AND ENSURE CONSISTENCY WITH THE CALIFORNIA EMPLOYEE HOUSING ACT (HEALTH AND SAFETY CODE SECTIONS 17021.5 AND 17021.6).

DEPARTMENT: Planning & Development Services

- 8) Award of Professional Services Agreement to Kittelson & Associates, Inc. for Citywide AB 98 Truck Route Compliance, Inventory, and Signage Plan

RECOMMENDATION: APPROVE AN AGREEMENT WITH KITTELSON &

**ASSOCIATES, INC. FOR PREPARATION OF A CITYWIDE AB 98 TRUCK ROUTE COMPLIANCE, INVENTORY, AND SIGNAGE PLAN IN THE AMOUNT OF \$189,513; AND
AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM, AND TO MAKE ANY MINOR NON-SUBSTANTIVE CHANGES**

DEPARTMENT: Public Works

- 9) Award Agreement to Pineda General Construction, Inc for Public Works Building Renovation Project

**RECOMMENDATION: AWARD THE PUBLIC WORKS BUILDING RENOVATION PROJECT CONTRACT IN THE AMOUNT OF \$48,000; AND
AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT AND ANY RELATED DOCUMENTS, SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM**

DEPARTMENT: Public Works

- 10) Senior Transportation Program Agreement with Omnitrans

**RECOMMENDATION: APPROVE THE TWO-YEAR AGREEMENT WITH OMNITRANS FOR THE CITY'S SENIOR TRANSPORTATION PROGRAM IN THE AMOUNT OF \$116,784.41 FOR FISCAL YEAR 2026-27 AND \$120,289.28 FOR FISCAL YEAR 2027-28, FOR A TOTAL AGREEMENT AMOUNT OF \$237,073.69; AND
AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM**

DEPARTMENT: Public Works

E. PUBLIC HEARINGS

- 11) Public Hearing on Staffing Vacancies Pursuant to Assembly Bill 2561

RECOMMENDATION: RECEIVE AND FILE THIS REPORT AS REQUIRED BY ASSEMBLY BILL 2561 (AB 2561), WHICH OUTLINES THE CITY'S STAFFING LEVELS, HIRING AND RETENTION PRACTICES, AND BARRIERS TO RECRUITMENT IN COMPLIANCE WITH STATE LAW

DEPARTMENT: City Manager

- 12) Discussion and Possible Reconsideration of Zoning Code Amendment (ZCA) 26-02, General Plan Amendment (GPA) 26-01, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 – Establishment of the R3-40 High Density Multiple Family Residential District and Housing Element Rezoning

RECOMMENDATION: PASS A MOTION TO RECONSIDER APPROVAL OF ZONING CODE AMENDMENT (ZCA) 26-02, GENERAL PLAN AMENDMENT (GPA) 26-01, ZONE CHANGE (ZC) 26-01, AND ENVIRONMENTAL REVIEW (E) 26-03 – ESTABLISHMENT OF THE R3-40 HIGH DENSITY MULTIPLE FAMILY RESIDENTIAL DISTRICT AND HOUSING ELEMENT REZONING

DEPARTMENT: City Attorney

F. UNFINISHED BUSINESS - NONE

G. NEW BUSINESS

- 13) Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings to implement Senate Bill No. 707

RECOMMENDATION: ADOPT THE ATTACHED RESOLUTION TO ADOPT A POLICY ENTITLED “POLICY GOVERNING REMOTE PARTICIPATION AND ENHANCEMENT OF PUBLIC PARTICIPATION IN CITY COUNCIL AND COMMISSION MEETINGS” TO IMPLEMENT SENATE BILL NO. 707

DEPARTMENT: City Attorney

- 14) Introduction of the FY2026-27 Proposed Budget

RECOMMENDATION: REVIEW THE PROPOSED BUDGET FOR FISCAL YEAR 2026-27; AND BEGIN BUDGET DELIBERATIONS FOR THE PROPOSED BUDGET FOR FISCAL YEAR 2026-27; AND CONTINUE BUDGET DELIBERATIONS ON JUNE 9, 2026, FOR BUDGET ADOPTION

DEPARTMENT: Finance

- 15) Consideration of a Special Transactions and Use Tax at a Rate of Up to 1.00%

RECOMMENDATION: PROVIDE DIRECTION WHETHER TO PREPARE SPECIAL TRANSACTIONS AND USE TAX MEASURE FOR THE NOVEMBER 3, 2026 GENERAL MUNICIPAL ELECTION

DEPARTMENT: City Attorney

H. FUTURE AGENDA ITEMS

At this time, the City Council may propose items for discussion and/or action at a future duly agendized City Council meeting. A consensus of a majority of the quorum is required to place an item on a future agenda.

I. CITY COUNCIL COMMUNICATIONS

Council Member Matt Brown
Council Member Jeff Allen
Council Member Doug Wilson
Mayor Pro Tem Michelle Sabino
Mayor Bill Hussey

J. COMMUNICATIONS FROM THE CITY MANAGER, SHERIFFS' DEPARTMENT, AND FIRE DEPARTMENT

City Manager Konrad Bolowich
Lieutenant Kevin Fries
Assistant Fire Chief Gary Jager

K. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant Exposure to Litigation

[Pursuant to Government Code sections 54954.5(c), 54956.9 (d)(3), (e)(1)]

Based on existing facts and circumstances, this closed session is only to decide whether a closed session is authorized pursuant to Government Code section 54956.9(d)(2), which provides: "A point has been reached where, in the opinion of the legislative body of the local agency on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency." Reference No. 2026-004.

Number of cases: 1

L. ADJOURN

The next Regular City Council Meeting will be held on June 9, 2026, at 6:00 PM. Any request to have an item placed on a future agenda must be made in writing and submitted to the City Clerk's office.



CITY OF GRAND TERRACE

City Council

MINUTES • May 12, 2026

Council Chambers

Special Meeting Workshop

4:00 PM

Grand Terrace Civic Center • 22795 Barton Road

CALL TO ORDER

Mayor Bill Hussey convened the Special Meeting Workshop of the City Council for Tuesday, May 12, 2026, at 4:00 PM.

ROLL CALL

Present:	Mayor Bill Hussey Mayor Pro Tem Michelle Sabino Council Member Doug Wilson Council Member Matt Brown
Absent:	Council Member Jeff Allen

A. PUBLIC COMMENT

None.

B. NEW BUSINESS

- 1) Budget Workshop FY 2026-27

Scott Hutter, Planning & Development Services Director, provided a brief overview of the Building & Safety Division.

Gabriel Arguelles, Associate Planner for the Planning & Development Services Department, provided a brief overview of the accomplishments to date and outlined the goals and objectives for the upcoming fiscal year.

Rigo Morales, Maintenance Crew Lead for the Public Works Maintenance Department, provided a brief overview of the accomplishments to date and outlined the goals and objectives for the upcoming fiscal year.

Gill Garza, Senior Code Enforcement/Animal Control Officer, provided a brief overview of the accomplishments to date and outlined the goals and objectives for the upcoming fiscal year.

Daysi Alcocer, City Clerk, provided a brief overview of the accomplishments to date and outlined the goals and objectives for the upcoming fiscal year.

Sergeant Sean Tabor with the San Bernardino County Sheriff's Department delivered a [PowerPoint](#) presentation providing an overview of law enforcement activity and key public safety trends.

Daysi Alcocer, City Clerk, announced that Council Member Allen has joined the Special Meeting via teleconference at 5:05 p.m.

Assistant Fire Chief Gary Jager, San Bernardino County Fire Protection District, delivered a short video from the [State of the Fire District 2026](#) as well as a [PowerPoint](#) presentation outlining their accomplishments.

Shanita Tillman, Senior Management Analyst, provided a brief overview of the accomplishments to date and outlined the goals and objectives for the upcoming fiscal year relating to grants, compliance and contracts.

Vickie Thompson, Management Analyst, Senior Services, delivered a [PowerPoint](#) presentation and a brief overview of the accomplishments to date and outlined the goals and objectives for the upcoming fiscal year.

Natalie, Oros, Management Analyst, provided a brief overview of the accomplishments to date and outlined the goals and objectives for the upcoming fiscal year.

Christine Clayton, Finance Director, provided a [PowerPoint](#) presentation on this item.

RECOMMENDATION: RECEIVE & FILE

C. ADJOURN

Mayor Hussey adjourned the Special Meeting Workshop of the City Council at 5:48 p.m. The next Regular City Council Meeting will be held on Tuesday, May 12, 2026, at 6:00 p.m.

Bill Hussey, Mayor

Daysi Alcocer, City Clerk



CITY OF GRAND TERRACE

City Council

MINUTES • May 12, 2026

Council Chambers

Regular Meeting

6:00 PM

Grand Terrace Civic Center • 22795 Barton Road

CALL TO ORDER

Mayor Bill Hussey convened the Regular Meeting of the City Council for Tuesday, May 12, 2026 at 6:00 PM.

INVOCATION

The Invocation was given by Pastor Jonathan Tilt from Centerpointe Church.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Council Member Doug Wilson.

AB 2449 DISCLOSURES

None.

ROLL CALL

Present:	Mayor Bill Hussey Mayor Pro Tem Michelle Sabino Council Member Doug Wilson Council Member Jeff Allen - Participating remotely via teleconference Council Member Matt Brown
Absent:	

A. REORDERING OF, ADDITIONS TO, OR REMOVAL OF ITEMS FROM THE AGENDA

Mayor Hussey requested to move agenda item No.17 before Item No.14.

B. PUBLIC COMMENT

Daysi Alcocer, City Clerk, read an email comment submitted to the Clerk's Office by Renae Walker, resident and President of the Grand Terrace Community Soccer Club.

Michael O'Connell, a resident of Grand Terrace, provided comments regarding a broken gate in his community, and had questions regarding plaques for the Freedom Wall at Veterans Park.

Jenifer Parker, a resident of Grand Terrace and Lead Coordinator for the Grand Terrace Community Soccer Club, provided a comment on the electric scooters and signage for Richard Rollins Park.

C. SPECIAL PRESENTATIONS

Elysia Fernandez, a resident and President of Greater Grand Terrace Chamber of Commerce, was presented with a Certificate of Recognition for her outstanding work and commitment to the community.

Jose Armando Jauregui, Section Chief for the Planning Grants and Incentives with Housing & Community Development of California, provided a brief introduction and was requested to speak once Public Hearing Item No. 12 was presented.

D. CLOSED SESSION

Mayor Hussey recessed the Regular Meeting of the City Council to closed session at 6:26 p.m.

1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant Exposure to Litigation [Pursuant to Government Code sections 54954.5(c), 54956.9 (d)(3), (e)(1)] Based on existing facts and circumstances, this closed session is only to decide whether a closed session is authorized pursuant to Government Code section 54956.9(d)(2), which provides: “A point has been reached where, in the opinion of the legislative body of the local agency on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency.” Reference No. 2026-003.

Number of cases: 1

RECONVENE TO OPEN SESSION

Mayor Hussey reconvened the Regular Meeting of the City Council from closed session at 6:51 p.m.

REPORT OUT OF CLOSED SESSION

Adrian Guerra, City Attorney, announced that there was one (1) closed session item. An update was provided by the City Attorney, direction was provided to the City Attorney. However, there was no reportable action.

E. CONSENT CALENDAR

NO PUBLIC COMMENT

Adrian Guerra, City Attorney, noted for the record a discrepancy in the staff report for Consent Item No. 8. However, the third resolution attached to the staff report reflected the correct date.

Daysi Alcocer, City Clerk, noted for the record that all votes will be made via roll call.

ROLL CALL VOTE

RESULT:	APPROVED - UNANIMOUS
MOVER:	Council Member Brown
SECONDER:	Mayor Hussey
AYES:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown
NAYS:	None

- 1) Waive Full Reading of, and Direct the City Attorney to Read by Title only for, Ordinances on the Agenda
- 2) Approval of Minutes - Regular Meeting - March 24, 2026
Approval of Minutes - Special Meeting - Joint Workshop - March 26, 2026
Approval of Minutes - Regular Meeting - April 14, 2026
Approval of Minutes - Special Meeting - April 14, 2026
- 3) Renewal of Memorandum of Understanding with Institute for Public Strategies and California Health Collaborative
- 4) Approve Additional Appropriations for Legal Services with Fennemore LLP in Connection with The Anthony Petta and Angeline Petta Family Trust Litigation
- 5) Amendment No. 1 to the Regional Partnership Agreement for Animal Shelter Services with the City of San Bernardino
- 6) 2025 Annual Progress Report for the City's 2021–2029 Housing Element
- 7) Approval of Amendment No. 2 to the Agreement for Contract Services with Revenue & Cost Specialists for Development Impact Fee Implementation Services, Including a Storm Drainage Fee Nexus Study, Fee Program Revisions, and Staff Training
- 8) 2026-27 Landscape & Lighting Assessment District 89-1 Public Hearing Intent
- 9) Award LED Sports Field Lighting Retrofit to F.E.C. Electric Inc. for \$202,106
- 10) Amendment No. 3 to Willdan Group Agreement for On-Call Engineering and Building & Safety Plan Check Services
- 11) Award of Agreement for St. Francis Electric for Traffic Signal Maintenance and On-Call Emergency Services

F. PUBLIC HEARINGS

- 12) First Reading & Introduction of an Ordinance approving Zone Code Amendment (ZCA) 26-02, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 and adopting a Resolution approving General Plan Amendment (GPA) 26-01

Jose Armando Jauregui, Section Chief for the Planning Grants and Incentives with Housing & Community Development of California, formally introduced himself to the City Council.

Hanna Kreitman, Housing Element Rezoning Project Manager with Michael Baker International, provided the [PowerPoint](#) presentation for this item.

Mayor Hussey provided a [short video](#) for this item.

Mayor Hussey opened the public hearing at 7:43 p.m.

PUBLIC COMMENT

Pastor Mark Matthews addressed the city council and provided public comment on this item.

Nidal Rafeedie, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Juan Delgado, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Mario H. Gomez, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Hugo Cortez, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Craig Austin, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Michael Jimenez, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Anita Ledesma, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Saul Ortega, resident of Grand Terrace, addressed the city council and provided public comment on this item.

Mayor Hussey closed the public hearing at 8:05 p.m.

Mayor Hussey moved to approve the item; however, the motion failed due to lack of a second.

Adrian Guerra, City Attorney, advised the Council to continue the item to the next City

Council meeting to allow time for the City Attorney to provide proper legal guidance, including a review of the City’s legal obligations and a discussion of available options and potential ramifications.

Council Member Allen motioned to approve the staff recommendation, as is, seconded by Mayor Hussey.

Prior to the vote, Adrian Guerra, City Attorney, read the title of the ordinance and the corresponding resolution for the record.

ROLL CALL VOTE

RESULT:	FAILED - 1 TO 4
MOVER:	Council Member Allen
SECONDER:	Mayor Hussey
AYES:	Council Member Allen
ABSTAIN:	None
NAYS:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Brown

Mayor Hussey motioned to bring the item back at a future meeting, seconded by Council Member Wilson.

ROLL CALL VOTE

RESULT:	APPROVED 3 TO 2
MOVER:	Mayor Hussey
SECONDER:	Council Member Wilson
AYES:	Mayor Hussey, Council Member Wilson, Council Member Allen
ABSTAIN:	None
NAYS:	Mayor Pro Tem Sabino, Council Member Brown

Adrian Guerra, City Attorney, stated for the record that this item will be brought back as a continued public hearing at the next City Council Meeting.

- 13) First Reading & Introduction of an Ordinance – Zoning Code Amendment (ZCA) 26-01 – Agricultural Employee Housing (Housing Element Program 12)

Gabriel Arguelles, Associate Planner, provided the [PowerPoint](#) presentation for this item.

Mayor Hussey opened the public hearing at 8:50 p.m.

PUBLIC COMMENT

Bobbie Forbes, resident of Grand Terrace, addressed the city council and provided

public comment on this item.

Mayor Hussey closed the public hearing at 8:52 p.m.

Council Member Brown motioned to approve the item with the removal of the agricultural overlays in areas that conflict with existing single-family homes, seconded by Mayor Hussey.

Adrian Guerra, City Attorney, requested clarification from Council Member Brown regarding his motion to revise the ordinance and to remove the AG employee housing component.

Council Member Brown clarified his motion to remove the AG employee housing components in areas conflicting with existing single-family housing, noting that revisions to the overlay and a study session should occur prior to ordinance approval, seconded by Mayor Hussey.

Prior to the vote, Adrian Guerra, City Attorney, advised that the item be continued to an uncertain date to incorporate the direction of the City Council and be re-noticed.

ROLL CALL VOTE

RESULT:	FAILED - 2 TO 3
MOVER:	Council Member Brown
SECONDER:	Mayor Hussey
AYES:	Council Member Allen, Council Member Brown
ABSTAIN:	None
NAYS:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson

Mayor Hussey made a supplemental motion to approve the staff recommendation and adopt the ordinance, seconded by Council Member Allen.

Prior to the vote, Adrian Guerra, City Attorney, read the title of the ordinance into the record.

ROLL CALL VOTE

RESULT:	APPROVED 4 TO 1
MOVER:	Mayor Hussey
SECONDER:	Council Member Allen
AYES:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen
ABSTAIN:	None
NAYS:	Council Member Brown

G. UNFINISHED BUSINESS - NONE

H. NEW BUSINESS

- 17) Community Benefit Fund Grant Award to the Grand Terrace High School Titan Wrestling Booster Club

Christine Clayton, Finance Director, provided the Staff Report for this item and presented Victor Zamora, President of the Grand Terrace High School Titan Wrestling Booster Club.

NO PUBLIC COMMENT

ROLL CALL VOTE

RESULT:	APPROVED - UNANIMOUS
MOVER:	Mayor Hussey
SECONDER:	Council Member Wilson
AYES:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown
NAYS:	None

Mayor Hussey announced a short recess at 9:15 p.m. prior to proceeding with Item No. 14.

Mayor Hussey reconvened the City Council Meeting from recess at 9:29 p.m.

- 14) Informational Report on the J.C. Wallace Residential Care Facility

Konrad Bolowich, City Manager, provided the [PowerPoint](#) presentation for this item.

Adrian Guerra, City Attorney, addressed the City Council and advised that the City’s policy and procedures provide that City Council meetings conclude at 10:00 p.m. He noted that, if desired, a member of the Council may make a motion to continue the meeting past 10:00 p.m., specifying the proposed end time.

Mayor Hussey motioned to continue the City Council meeting past the 10:00 p.m. deadline to 11:00 p.m., seconded by Council Member Brown.

ROLL CALL VOTE

RESULT:	APPROVED - UNANIMOUS
MOVER:	Mayor Hussey
SECONDER:	Council Member Brown
AYES:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown
NAYS:	None

Joshua Taylor, Deputy Director of 24-Hour and Specialty Services, and Alyce Belford-Saldana, Deputy Director of Adult Justice Programs, Homeless and Supportive Services Unit, both with the San Bernardino County Department of Behavioral Health, provided detailed information regarding the Department's services and its coordination and work with J.C. Wallace.

PUBLIC COMMENT

Bobbie Forbes, Resident of Grand Terrace, provided a public comment on this item.

RECEIVE & FILE

15) Selection of a Site for New Pickleball Courts

Natalie Oros, Management Analyst, provided the [PowerPoint](#) presentation for this item.

PUBLIC COMMENT

Daysi Alcocer, City Clerk, read out an email comment submitted by David Mejia, resident of Grand Terrace.

Bryan Hegardt, resident of Grand Terrace provided a comment in favor of this item.

Bobbie Forbes, resident of Grand Terrace provided a comment in favor of this item.

Adrian Guerra, City Attorney, announced that the time was 11:00 p.m. and recommended that the Council complete the current item, proceed to Item No. 16 and continue Item No. 18 to a future City Council meeting. He further recommended that the meeting conclude at 11:15 p.m.

Council Member Brown motioned to extend the meeting to 11:15 p.m., seconded by Council Member Wilson.

ROLL CALL VOTE

RESULT:	APPROVED - UNANIMOUS
MOVER:	Council Member Brown
SECONDER:	Council Member Wilson
AYES:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown
NAYS:	None

Council Member Allen disconnected from the Zoom meeting at 11:04 p.m. due to the closure of the facility in which he was participating.

Council Member Brown motioned to approve the item with pickle ball courts to be placed at Veterans Freedom Park, seconded by Mayor Pro Tem Sabino.

ROLL CALL VOTE

RESULT:	APPROVED 3 TO 0
MOVER:	Council Member Brown
SECONDER:	Mayor Pro Tem Sabino
AYES:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Brown
ABSTAIN:	Council Member Doug Wilson
NAYS:	None

16) First Reading and Introduction of an Ordinance Formalizing Public Works Standard Plans and Streetlight Design Standard

Shanita Tillma, Senior Management Analyst, provided the staff report for this item.

NO PUBLIC COMMENT

Prior to the vote, Adrian Guerra, City Attorney, read the title of the ordinance into the record.

ROLL CALL VOTE

RESULT:	APPROVED 3 TO 0
MOVER:	Council Member Brown
SECONDER:	Mayor Hussey
AYES:	Mayor Hussey, Mayor Pro Tem Sabino, Council Member Brown
ABSTAIN:	None
NAYS:	None

18) Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings to implement Senate Bill No. 707

This item will be brought back to the City Council at a future date.

I. FUTURE AGENDA ITEMS

None.

J. CITY COUNCIL COMMUNICATIONS

None.

**K. COMMUNICATIONS FROM THE CITY MANAGER, SHERIFFS' DEPARTMENT,
AND FIRE DEPARTMENT**

None.

L. ADJOURN

Mayor Hussey adjourned the Regular Meeting of the City Council at 11:12 p.m. The next Regular City Council Meeting will be held on Tuesday, May 26, 2026, at 6:00 p.m.

Bill Hussey, Mayor

Daysi Alcocer, City Clerk



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Appoint Three (3) Planning Commission Members to Fill Three (3) New Four-Year Terms Expiring on June 30, 2030

PRESENTED BY: Daysi Alcocer, City Clerk

RECOMMENDATION: **APPOINT THE THREE (3) INCUMBENT PLANNING COMMISSIONER APPLICANTS TO NEW FOUR-YEAR TERMS EXPIRING JUNE 30, 2030**

2030 VISION STATEMENT:

This action supports Our Mission: To preserve and protect our community and its exceptional quality of life through thoughtful planning, within the constraints of fiscally responsible government.

BACKGROUND:

The Planning Commission is a five-member Board appointed by the City Council and serve four-year terms at the pleasure of the City Council (Municipal Code Chapter 2.16). The terms alternate so that every two (2) years at least two (2) appointments are set to expire. At the end of the 2025-26 fiscal year, Chair Edward Giroux and Planning Commissioners Aron Burian and Scot Mathis' terms are expiring.

The Table below depicts the current composition and terms of the Commission:

Name	Appointed	Re-Appointed	Term Ends
Chairman Edward Giroux	06/10/2014	06/28/2022	06/30/2026
Vice-Chair Tara Ceseña	06/10/2014 *Appointed to a Short Term ending on 6/30/2016	08/27/2024	06/30/2028
Commissioner David Alaniz	02/25/2020	08/27/2024	06/30/2028
Commissioner Scot Mathis	06/28/2022	--	06/30/2026
Commissioner Aron Burian	06/28/2022	--	06/30/2026

DISCUSSION:

On April 16, 2026, staff initiated the recruitment process for the three (3) Planning Commission seats with terms set to expire. The vacancies were publicly advertised through the City’s adjudicated newspaper, City News Group, as well as on the City of Grand Terrace’s official website and Facebook page. In addition, physical notices were posted at the public kiosks located at City Hall to ensure broad community awareness.

The application submission period remained open through Friday, May 15, 2026, at 5:00 p.m., providing interested residents with ample opportunity to apply. At the close of the recruitment period, a total of three (3) applications were received. All application materials have been attached to this staff report for review. The applicants are as follows:

- Edward Giroux
- Aron Burian
- Scot Mathis

Staff notes that all three applicants are the current incumbent Planning Commissioners whose terms are expiring. Each applicant has expressed interest in continued service and remains in good standing.

Given that the number of applicants is equal to the number of available seats, and that all applicants are incumbents with demonstrated experience and familiarity with Planning Commission duties, it is the recommendation of staff to waive the formal interview and appointment process. Proceeding in this manner would promote continuity in Commission activities and avoid unnecessary administrative delays.

Accordingly, staff recommends that the City Council move directly to appoint Edward Giroux, Aron Burian, and Scot Mathis to serve additional terms on the Planning Commission.

ENVIRONMENTAL IMPACT:

NONE.

FISCAL IMPACT:

There would be no additional fiscal impact created by this action. Planning Commissioners are paid a stipend of \$50.00 a month for attendance at a minimum of one meeting, which would continue with the new appointments.



CITY OF GRAND TERRACE
APPLICATION FOR CITIZEN SERVICE

RECEIVED
MAY 13 2026
CITY OF GRAND TERRACE
CITY CLERK'S DEPARTMENT

Complete and submit to the City Clerk's Department

Applying as a member of the Planning Commission

Name Aron Chad Burian

Address [REDACTED]

Contact Phone Number [REDACTED]

Email [REDACTED]

Occupation Project Director, CFO, Partner at Epic Engineers in Redlands - www.epicrce.com

Education Ongoing; AA - Crafton Hills College; portion of engineering program at Cal Poly Pomona

Are there any workday evenings you could not meet? ()Yes (x) No. If yes, please list them.

Why are you interested in this appointment? I wish to utilize my knowledge of engineering, architecture, planning, and development to contribute to the City in which I live by offering reasonable assessments in the interest of the community while considering state legislation and the benefits of growth.

What do you consider to be your major qualifications?

I have nearly 25 years of experience in civil engineering, surveying, and land development for local school districts, cities, counties, and developers. I have engaged in development processes for both the developing parties and for local agencies, giving me an understanding of the needs on both sides of development. I have 4 years experience and training as a Planning Commissioner for the City of Grand Terrace.

References

1. Eric Stephen Schulz - Architect, DLR Group [REDACTED]
2. Troy Molaug, P.E.; President & CEO of Epic Engineers [REDACTED]
3. Israel Pena, Architect - HMC Architects [REDACTED]

Please attach a written statement containing any additional information you feel would be useful to the City Council.

May 13, 2026

RECEIVED

MAY 13 2026

CITY OF GRAND TERRACE
CITY CLERK'S DEPARTMENT

Mayor Hussey, Mayor Pro Tempore Sabino, and Grand Terrace City Council Members,

This letter is to state my intent to seek reappointment to the Grand Terrace Planning Commission, as my term is set to expire on June 30th. My qualifications for this appointment include my previously served term as a planning commissioner from 2022 – 2026, numerous relevant training sessions, attendance of two planning commissioners' academies, and my experience in civil engineering. I also serve as a member of the Grand Terrace CERT team, for which my wife and I were certified last July.

For those who are not familiar with my background, I am a partner, Senior Project Manager, and CFO of Epic Engineers, a civil engineering firm in Redlands where I have been employed since 2001. Our main clients are architecture firms who specialize in public school design and construction. Epic collaborated with WLC Architects on the design and construction of Grand Terrace High School between 2004 - 2012. This included coordination with Colton Joint Unified School District, the City of Grand Terrace, and the County of Riverside to make that project a success. We are currently partnered with SGH Architects on improvements to both elementary schools in Grand Terrace.

Epic rarely works directly for private developers, and development engineering work is something that our firm can accept or decline at our discretion and will avoid within the City of Grand Terrace to avoid any potential conflicts of interest. I have previously discussed my role as a planning commissioner with City legal counsel, and it was determined that no conflict of interest exists if Epic Engineers work for Colton Joint Unified School District. I am willing to discuss this further is deemed necessary.

I appreciate the opportunity to serve the community for the past four years on Planning projects, the Gateway Specific Plan, Objective Design Standards, Housing Element, Zoning Code Amendments, and more. I look forward to continuing my position on the Planning Commission for future terms. If reappointed, I will continue to develop my knowledge by attending future trainings and academies, and by staying current on upcoming legislative changes that affect our community.

Thank you for your consideration,


Aron Chad Burian



CITY OF GRAND TERRACE
APPLICATION FOR CITIZEN SERVICE

RECEIVED
MAY 14 2026
CITY OF GRAND TERRACE
CITY CLERK'S DEPARTMENT

Complete and submit to the City Clerk's Department

Applying as a member of the City of Grand Terrace Planning Commission

Name Scot Mathis

Address [REDACTED]

Contact Phone Number [REDACTED]

Email [REDACTED]

Occupation High School Teacher (previous 27 years Engineering / Environmental Geologist)

Education B.S., Geology (Loma Linda U., 1990), M.A., Learning & Teaching (U of Redlands, 2017)

Are there any workday evenings you could not meet? ()Yes (X) No. If yes, please list them.

Why are you interested in this appointment? As a resident and property owner in Grand Terrace I am personally invested in our city's growth and health. As we adapt to changing economic and regulatory requirements, I want Grand Terrace to develop a thriving mix of new and old residences, businesses, walkable areas, and other community features. Serving on the Planning Commission enables me to contribute to those outcomes.

What do you consider to be your major qualifications?
As a currently serving Planning Commissioner, I have a working knowledge of land use issues in Grand Terrace, including current and upcoming development projects, regulatory updates, and community concerns. In addition, as a geologist, I worked extensively on residential and commercial land development projects.

References

1. Tara Cesena, Grand Terrace Planning Commissioner, [REDACTED]
2. Quinn Hannah, Teacher (co-worker), [REDACTED]
3. Jake Rosario, Principal (supervisor), Indian Springs HS [REDACTED]

Please attach a written statement containing any additional information you feel would be useful to the City Council.

I would be pleased to provide any additional information requested by the City Council.



RECEIVED

MAY 14 2026

CITY OF GRAND TERRACE
APPLICATION FOR CITIZEN SERVICE

CITY OF GRAND TERRACE
CITY CLERK'S DEPARTMENT

Complete and submit to the City Clerk's Department

Applying as a member of the PLANNING COMMISSION SITE AND ARCHITECTURAL REVIEW BOARD.

Name EDWARD A. GIROUX

Address [REDACTED]

Contact Phone Number [REDACTED]

Email [REDACTED]

Occupation RETIRED - SERGEANT CALIFORNIA HIGHWAY PATROL

Education ADMINISTRATION OF JUSTICE - VOCATIONAL EDUCATION

Are there any workday evenings you could not meet? () Yes (X) No. If yes, please list them.

Why are you interested in this appointment? CONTINUE TO SERVE GRAND TERRACE RESIDENTS BY USING MY EXPERIENCE IN POLICY MATTERS AND ISSUES CONCERNING ZONING, LAND DEVELOPMENT, AND USES. IN ADDITION, I HAVE BEEN ACCEPTED TO THE LEAGUE OF CITIES AS A REPRESENTATIVE OF THE POLICY COMMITTEE OF THE TRANSPORTATION COMMUNICATION AND PUBLIC WORKS COMMITTEE. OVER ->

What do you consider to be your major qualifications? AS A PLANNING COMMISSIONER AND CHAIR, I HAVE BEEN INVOLVED IN THE GENERAL/SPECIFIC PLAN, COMMERCIAL AND RESIDENTIAL DEVELOPMENT PROJECTS. I HAVE WORKED ON ENDLESS MANDATES AND UPDATES ON THE HOUSING ELEMENT AND HAVE MADE RECOMMENDATION FOR THE CITY COUNCILS REVIEW. OVER ->

References

- TIM LINSTRUM [REDACTED]
- ERIC ROZLE'S [REDACTED]
- BURT SEWELMEZIAN [REDACTED]

Please attach a written statement containing any additional information you feel would be useful to the City Council.

CONTINUED ON BACKSIDE.

WHY ARE YOU INTERESTED IN THIS APPOINTMENT? (CONTINUED)

I'VE HAVE BEEN A PLANNING COMMISSIONER FOR 12 YEARS AND THE LAST FOUR YEARS AS CHAIR. ITS MY GOAL TO SEE THE FRUITION OF THE 2030 VISION FOR THE CITY OF GRAND TERRACE. MY POSITION WITH THE LEAGUE OF CITIES WILL BENEFIT THE CITY AS WELL

MAJOR QUALIFICATION? CONTINUED

IN ACCORDANCE TO STANDARDIZED RULES CONSISTENT WITH THE 2030 VISION.

THANK YOU

Evelyn A. Dixon



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Thirty-Fourth Amendment to Law Enforcement Services Contract No. 94-797 with the County of San Bernardino to Provide Law Enforcement Services for Fiscal Year 2026-2027 to the City of Grand Terrace

PRESENTED BY: Konrad Bolowich, City Manager

RECOMMENDATION: **APPROVE THE THIRTY-FOURTH AMENDMENT TO LAW ENFORCEMENT SERVICES CONTRACT NO. 94-797 WITH THE COUNTY OF SAN BERNARDINO TO PROVIDE LAW ENFORCEMENT SERVICES FROM THE SHERIFFS' DEPARTMENT FOR FISCAL YEAR 2026-27; AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE CONTRACT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM**

2030 VISION STATEMENT:

- Goal #1, "Ensuring Our Fiscal Viability," through the continuous monitoring of expenditure budgets, allocations, and operational costs; and
- Goal #2, "Maintaining Public Safety," by ensuring adequate staff levels for police services for our Community.

BACKGROUND:

Since incorporation, the City has contracted with the County of San Bernardino for law enforcement services provided by the San Bernardino County Sheriff's Department (Exhibit 1 – Original Public Safety Services Contract). Each fiscal year, cities that contract for law enforcement services are required to approve a contract amendment that specifies the level of services for that fiscal year (Exhibit 2 - Schedule "A").

DISCUSSION:

As stated in the original 94-797 contract, law enforcement duties to the City shall include:

- enforcement of state statutes;
- enforcement of city ordinances;
- traffic enforcement;
- specialized enforcement such as arson, homicide, juvenile, and narcotics enforcement;
- and attendance at City meetings.

These services shall be provided by the County personnel as specified in the attached Proposed Schedule "A."

The Proposed Schedule "A" includes the addition of a Sheriff's Service Specialist.

Effective July 1, 2026, Contract No. 94-797 to provide law enforcement services to the City of Grand

Terrace is hereby amended by replacing Schedule A referred to in Section II. CONSIDERATION, with Schedule A attached hereto and incorporated herein by this reference.

Except as amended, all other terms and conditions of this contract remain as stated therein.

ENVIRONMENTAL IMPACT:

None.

FISCAL IMPACT:

The Thirty-Fourth Amendment to the Agreement for law enforcement services is a contractual obligation of \$3,002,651, of which may be subject to change upon approval of the Board of Supervisors. City staff has included a \$3,061,144 budget allocation in the proposed FY2026-27 budget for law enforcement services.

Agc 94-797
Sheriff
Inc Cities
Grand Terrace

**MINUTES OF THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA**

JULY 26, 1994

FROM: RICHARD G. WILLIAMS, SHERIFF

SUBJECT: LAW ENFORCEMENT SERVICE CONTRACT WITH THE CITY OF GRAND TERRACE

RECOMMENDATION:

Approve law enforcement service contract with the City of Grand Terrace.

REASON FOR RECOMMENDATION:

During the past year the County and Cities receiving contract law enforcement services have negotiated a variety of issues which has resulted in revised language for the law enforcement contracts. Approval of this contract will allow for old contract language to be replaced and update costs to current fiscal year levels and continue services for FY 94/95.

REVIEW BY OTHER DEPARTMENTS:

This contract has been reviewed and approved as to form by County Risk Management and Chief Deputy County Counsel Ron Reitz.

FINANCIAL DATA:

The annual cost of \$1,719,109 has been included in the Sheriff's Proposed Budget for FY 94/95. All costs associated with this contract will be recovered through contract revenue. No net cost to County.

cc: Sheriff w/agreement
Contractor w/agreement
c/o Sheriff
Auditor w/agreement
Affirmative Action
Risk Management
CAO
File

ch

Action of the Board of Supervisors
AGREEMENT NO. 94-797

**APPROVED BOARD OF SUPERVISORS
COUNTY OF SAN BERNARDINO**

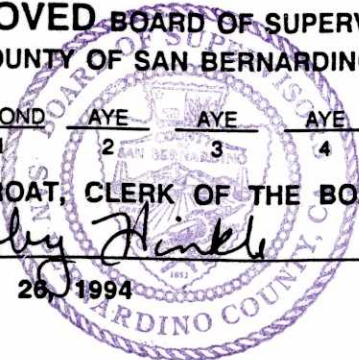
MOTION	SECOND	AYE	AYE	AYE	MOVE
	1	2	3	4	5

EARLENE SPROAT, CLERK OF THE BOARD

BY

Colby Hinkle

DATED : JULY 26, 1994





County of San Bernardino

F A S

STANDARD CONTRACT

FOR COUNTY USE ONLY

E	<input checked="" type="checkbox"/>	New	Vendor Code		Dept.	Contract Number	
M	<input type="checkbox"/>	Change			SC	SHR	A
X	<input type="checkbox"/>	Cancel					94-797
County Department				Dept.	Orgn.	Contractor's License No.	
SHERIFF				SHR	SHR		
County Department Contract Representative				Ph. Ext.		Amount of Contract	
ROBERT W. TREMAINE				(909) 387-3746		\$1,719,109.00	
Fund	Dept.	Organization	Appr.	Obj/Rev Source	Activity	GRC/PROJ/JOB Number	
Commodity Code			Estimated Payment Total by Fiscal Year				
Project Name			FY	Amount	I/D	FY	Amount
CONTRACT LAW			93/94	\$859,596	I		
ENFORCEMENT			94/95	\$895,513	I		

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, hereinafter called the County, and

Name
CITY OF GRAND TERRACE

hereinafter called CITY

Address
22795 BARTON ROAD

GRAND TERRACE, CA 92313

Phone _____ Birth Date _____

Federal ID No. or Social Security No. _____

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

AMENDED LAW ENFORCEMENT SERVICE CONTRACT

WHEREAS, CITY and COUNTY desire to provide by contract for performance of law enforcement services within the territorial boundaries of CITY;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

I.

COUNTY shall provide, through the Sheriff of San Bernardino County (hereinafter referred to as "Sheriff"), law enforcement within the corporate limits of CITY as same now exist, or as such limits may be modified by annexation or exclusion during the term of this agreement.

II.

The law enforcement services to be provided by COUNTY and furnished to CITY hereunder shall include:

- A. Enforcement of state statutes;
- B. Enforcement of ordinances of CITY of the type customarily enforced by the Sheriff within the unincorporated territory of the County;
- C. Traffic enforcement, with the exception of such traffic enforcement as may be provided by the California Highway Patrol on the freeway traversing CITY;
- D. Detective, juvenile, and other specialized services such as arson, homicide, and narcotics enforcement;
- E. Attendance at meetings of the City Council of CITY and such other meetings of commissions or boards of CITY as CITY may specify.

III.

Services to be provided by COUNTY shall include Sheriff's personnel and automobiles as specified in Schedule "A" for law enforcement services. Those personnel and automobiles are to be assigned at the discretion of the Sheriff based on the needs of the community.

The services to be provided by COUNTY hereunder shall also include all equipment (including repairs thereto or depreciation thereon), supplies, communications, administration, labor, vacation, and sick leave, any COUNTY retirement contributions, gasoline, oil, and traveling expenses and all other services, obligations or expenditures necessary or incidental to the performance of the duties to be performed by Sheriff under the terms of this agreement. There shall be no reduction in COUNTY compensation under this agreement for normal downtime of vehicles. In all instances where special supplies, stationary, notices, forms, and the like are to be issued in the name of CITY and approved by the Sheriff, the same shall be supplied by CITY at its own cost and expense.

Nothing in this contract is intended to alter the effect of any statute or COUNTY ordinance related to fees for housing of inmates detained for CITY ordinance violations or for criminal justice administrative fees (Government Code Section 29550, et seq., San Bernardino County Code Section 16.027A). The CITY will be separately billed for those items.

IV.

In consideration for COUNTY'S furnishing and performance of all the services provided for herein, CITY shall pay to COUNTY, upon contract approval, the sum as per Schedule "A," attached per year, payable in monthly installments at the beginning of each calendar month during the period of this agreement. Payments shall be due by the fifth day of each month for that same month's services. Payments received after sixty (60) days of when due shall include simple interest after the 60th day against the amount owing, calculated at the COUNTY'S then current investment pool rate. Said sum is subject to adjustment for any salary increases or fringe benefits which may be granted by the Board of Supervisors to Sheriff's employees. The actual cost of overtime, court appearances, and travel expenses will be billed quarterly.

COUNTY shall have the right to renegotiate the rate for services performed under this agreement at the end of each fiscal year, and said rate may be adjusted upward or downward to reflect the actual cost.

CITY is responsible for the validity of its ordinances, including any ordinances or codes incorporated by reference in CITY'S ordinances, and CITY shall defend, hold harmless, and indemnify COUNTY, its officers and employees with respect to any lawsuit or action challenging the validity of a CITY ordinance or with respect to any allegation that any arrest, citation, or other action taken by COUNTY, its officers or employees was taken under an invalid CITY ordinance, except in those cases where the invalidity of such ordinance is the result of actions by the Sheriff's Department.

Otherwise than is stated in this agreement, CITY shall not be obliged to pay, and assumes no liability for any cost, expenditure, charge, or liability whatsoever incurred by COUNTY in or related to the performance of the provisions of this agreement by COUNTY, and COUNTY shall, in consideration for the payment of the sums herein above provided to be paid by CITY to COUNTY, hold CITY harmless from any and all such costs, expenditures, charges, or liabilities except as otherwise provided in this agreement. CITY shall not be liable for compensation or indemnity to any COUNTY employee for injury or sickness arising out of his or her employment while engaged in the performance of this agreement by COUNTY.

CITY shall hold COUNTY harmless for a reduction in law enforcement services resulting from labor relation actions and CITY'S obligation to pay COUNTY shall be reduced for services not performed for that reason.

V.

The term of this contract shall be a period of time commencing on January 1, 1994, and terminating only as hereinafter provided. This agreement may be terminated at any time with or without cause by CITY or by COUNTY upon written notice given to the other at least one (1) year before the date specified for such termination. Any such termination date shall coincide with the end of a calendar month. In the event of such termination, each party shall fully pay and discharge all obligations in favor of the other accruing prior to the date of such termination and each party shall be released from all obligations or performance which would otherwise accrue subsequent to the date of such termination. In the event of termination of this agreement, the COUNTY shall refund any sum previously paid by CITY, which when prorated represents advance payment for months of service which are not performed as a result of such termination. Neither party shall incur any liability to the other by reason of such termination.

Notwithstanding the foregoing, in the event the Sheriff provides any services to CITY on a holdover basis after the date of contract termination, CITY shall fully reimburse COUNTY for all costs of providing such services.

COUNTY shall have the right to terminate this contract if CITY does not make timely payment of its obligations hereunder to COUNTY.

Any and all notices required to be given hereunder shall be given in writing by registered or certified mail, postage prepaid. The addresses of the parties hereto until further notice are as follows:

CITY: City of Grand Terrace
22795 Barton Road
Grand Terrace, CA 92313

COUNTY: San Bernardino County Sheriff's Department
Bureau of Administration
P. O. Box 569
San Bernardino, CA 92402-0569

VI.

The standards of performance, the methods of performance, the discipline of officers, the control of personnel, the advancement in compensation of personnel, the determination of proper law enforcement practices and procedures, and all other matters incidental to the manner of performance of services by Sheriff hereunder shall be determined by the Sheriff at his sole discretion. The responsibility of Sheriff and of COUNTY to CITY hereunder shall be to provide, as an independent contracting agency, effective law enforcement of the level herein contracted for, and the CITY shall not have the right to determine or direct the manner or means of the performance.

VII.

All persons directly or indirectly employed by COUNTY in the performance of the services and functions to be provided to CITY hereunder, shall be employees of COUNTY, and no COUNTY employees shall have CITY pension, civil service, or other status or right. Notwithstanding the foregoing, and in order to give official status to the performance of duties by Sheriff's personnel hereunder, every Sheriff's officer or employee engaged in performing any such service or function shall be deemed to be an officer of CITY while performing service for CITY within the scope of this agreement, and such service function shall be a municipal function.

An arrest made by Sheriff's personnel while engaged in the performance of this agreement shall constitute an arrest by an officer employed by CITY, and not an arrest by COUNTY officer, within the meaning of Section 1463 of the Penal Code and any similar or related statute.

VIII.

CITY shall have the right at any time and from time to time during the term of this agreement to request a higher level of law enforcement than that herein contracted for, and within a reasonable time after such requests, COUNTY shall provide such additional personnel and vehicles as may be required to provide such additional law enforcement.

In such event, all provisions of this agreement with respect to compensation to be paid by CITY shall remain in full force and effect, but in addition to payment of the sums herein provided, CITY shall pay COUNTY in monthly installments the cost of such additional law enforcement service.

IX.

In the event of riot, civil commotion, or other emergency in the CITY which requires additional emergency or "back-up" service, COUNTY shall provide the same.

In the event of authorized public gatherings in the CITY requiring additional police services, salaries and related costs shall be borne by CITY, except where such authorized public gatherings occur on state or federal property within the CITY limits, such additional costs shall not be chargeable against the CITY.

Not included in riots or related services are salaries or related costs of additional police services for authorized public gatherings. In the event of such an emergency outside of the corporate limits of CITY, personnel or equipment assigned by Sheriff to the performance of COUNTY'S duties hereunder may be utilized by COUNTY in connection with such emergency, however no more than fifty percent (50%) of available personnel and equipment may be assigned outside the CITY boundaries without the mutual agreement of the Sheriff and the City manager. In the event of a major emergency in the CITY and surrounding communities, Sheriff's personnel and equipment shall not be assigned outside the CITY boundaries at a level which would deter from the CITY'S ability to respond to the existing emergency. In cases where the City Manager or his or her designee cannot be consulted prior to such deployment, such advisement must be made to the City Manager's Office immediately or as soon as possible thereafter. In any case the City Manager must be personally informed of the situation immediately or as soon as possible thereafter. The CITY shall be reimbursed for any resultant service not performed.

X.

To facilitate the performance of services hereunder by COUNTY, CITY, its officers, agents, and employee shall give their full cooperation and assistance within the scope of the duties and responsibilities of such officers, agents, and employees.

CITY shall hold COUNTY, its Sheriff, officers, and employees harmless from any and all liability for intentional acts or negligence on the part of CITY, its officers and employees (excluding any employees of COUNTY engaged in the performance of municipal duties hereunder) arising out of the performance of this contract.

XI.

Sheriff shall be designated as the Chief of Police of CITY at all times during the term of this agreement.

Said Sheriff shall designate a station commander to work directly with and provide liaison with the City Manager and other CITY officers of the CITY. The Sheriff's commander shall make regular monthly reports to the City Manager, and such other reports as may be appropriate as determined by the Sheriff, with respect to law enforcement within the corporate limits of CITY.

COUNTY OF SAN BERNARDINO

By *Jon Mikels*
Chairman, Board of Supervisors
Dated JUL 26 1994

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD.

Clerk of the Board of Supervisors of the County of San Bernardino.

By *Coby Henkle*
Deputy

Approved as to Legal Form

By *[Signature]*
County Counsel
Date 7-8-94

Reviewed as to Affirmative Action

By _____
Date _____

Reviewed for Processing

By *[Signature]*
Agency Administrator/CAO
Date 7-20-94

CITY OF GRAND TERRACE

(State if corporation, company, etc.)

By *Thomas Schaub*
(Authorized Signature)

Dated 7-12-94

Title City Manager

Address 22795 BARTON ROAD

GRAND TERRACE, CA 92313

SCHEDULE A RATES
LAW ENFORCEMENT CONTRACT
CITY OF GRAND TERRACE
FY 1993/94

<u>SERVICE</u>	<u>FY 1993/94 COST*</u>
1 - 168 Hour General Law Patrol Unit	\$474,141
2 - 40 Hour General Law Patrol Units	238,018
.50 - 40 Hour Detective Unit	60,726
1 - Community Service Officer	40,487
3 - Radar Units	1,653
1 - Portable Radar Trailer	2,107
.50 - Marked Unit (Sergeant)	6,719
1 - Unmarked Unit Non-Code 3	10,172
CAD/CLETS/RMS	1,107
County Direct Cost	24,466
TOTAL	<u>\$859,596*</u>

COUNTY DIRECT COSTS ARE THOSE COSTS ASSESSED TO THE SHERIFF'S DEPARTMENT BY THE COUNTY FOR:

o Personnel Liability Insurance	\$11,809
o Vehicle Insurance	\$10,944
o Personnel Bonding Fee	\$ 88
o Facilities Operations Cost	\$ 1,625

MONTHLY PAYMENT SCHEDULE

1st payment due July 15	\$71,633
2nd thru 12th payment due 5th of each month	\$71,633

ADDITIONAL COST BILLED QUARTERLY

City will be billed on a quarterly basis for:

Actual overtime cost (estimated overtime for
FY 1993/94 \$8,000)
Professional services from private vendors
Services and supplies above contract formula

* Subject to change due to salary and benefit changes.

CITY OF GRAND TERRACE
LAW ENFORCEMENT CONTRACT
LEVEL OF SERVICE STAFFING GUIDE
FY 1993/94

SAFETY

.25 Lieutenant
1.06 Sergeant
.56 Deputy III's
6.87 Deputy II's
8.74

GENERAL

1.49 Station Clerks
1.10 Dispatcher
1.00 CSO
.17 Auto. Svcs.
3.76

VEHICLES

3.50 Marked Patrol
.50 Unmarked
1.00 Unmarked Non-Code 3
5.00

EQUIPMENT

3 Radar Guns
1 Portable Radar
Trailer

(07/01/93)

PAGE 2 of 2

**SCHEDULE A RATES
LAW ENFORCEMENT CONTRACT
CITY OF GRAND TERRACE
FY 1994/95**

<u>SERVICE</u>	<u>FY 1994/95 COST*</u>
1 - 168 Hour General Law Patrol Unit	\$493,176
2 - 40 Hour General Law Patrol Units	247,976
.50 - 40 Hour Detective Unit	63,888
1 - Community Service Officer	42,668
3 - Radar Units	1,725
1 - Portable Radar Trailer	2,107
.50 - Marked Unit (Sergeant)	6,864
1 - Unmarked Unit Non-Code 3	10,471
CAD/CLETS/RMS	1,107
County Direct Cost	25,531
TOTAL	<u>\$895,513*</u>

COUNTY DIRECT COSTS ARE THOSE COSTS ASSESSED TO THE SHERIFF'S DEPARTMENT BY THE COUNTY FOR:

o Personnel Liability Insurance	\$11,809
o Vehicle Insurance	\$12,009
o Personnel Bonding Fee	\$ 88
o Facilities Operations Cost	\$ 1,625

MONTHLY PAYMENT SCHEDULE

1st payment due July 15, 1994	\$74,627
2nd thru 12th payment due 5th of each month	\$74,626

ADDITIONAL COST BILLED QUARTERLY

City will be billed on a quarterly basis for:

- Actual overtime cost (estimated overtime for FY 1994/95 \$8,000)
- Professional services from private vendors (i.e., towing, etc.)
- Services and supplies above contract formula

* Subject to change due to salary and benefit changes.

CITY OF GRAND TERRACE
LAW ENFORCEMENT CONTRACT
LEVEL OF SERVICE STAFFING GUIDE
FY 1994/95

SAFETY

.25 Lieutenant
1.06 Sergeant
.56 Deputy III's
6.87 Deputy II's
8.74

GENERAL

1.49 Station Clerks
1.10 Dispatcher
1.00 CSO
.17 Auto. Svcs.
3.76

VEHICLES

3.50 Marked Patrol
.50 Unmarked
1.00 Unmarked Non-Code 3
5.00

EQUIPMENT

3 Radar Guns
1 Portable Radar
Trailer

(07/01/94)

PAGE 2 of 2



Contract Number

94-797 A-34

SAP Number

N/A

Sheriff/Coroner/Public Administrator

Department Contract Representative	<u>Carolina Mendoza, Chief Deputy Director of Sheriff's Administration</u>
Telephone Number	<u>(909) 387-0640</u>
Contractor	<u>City of Grand Terrace</u>
Contractor Representative	<u>Konrad Bolowich, City Manager</u>
Telephone Number	<u>(909) 954-5175</u>
Contract Term	<u>07/01/2026 through 06/30/2027</u>
Original Contract Amount	<u>\$ 3,002,651</u>
Amendment Amount	<u>-----</u>
Total Contract Amount	<u>\$ 3,002,651</u>
Cost Center	<u>4413151000</u>

IT IS HEREBY AGREED AS FOLLOWS:

AMENDMENT No. 34

Effective July 1, 2026, Contract No. 94-797 to provide law enforcement services to the City of Grand Terrace is hereby amended by replacing the Schedule A referred to in Section II. CONSIDERATION with the new Schedule A that is attached hereto and incorporated herein by this reference.

Except as amended, all other terms and conditions of this Contract remain as stated therein.

[With the exception of signatures, this page is intentionally left blank].

SAN BERNARDINO COUNTY

►

Dawn Rowe, Chair, Board of Supervisors

Dated: _____
SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors
San Bernardino County

By _____
Deputy

City of Grand Terrace

(Print or type name of corporation, company, contractor, etc.)

By ► _____
(Authorized signature - sign in blue ink)

Name Konrad Bolowich

(Print or type name of person signing contract)

Title City Manager

(Print or Type)

Dated: _____

Address 22795 Barton Road

Grand Terrace, CA 92313-5207

FOR COUNTY USE ONLY

Approved as to Legal Form

►

Grace B. Parsons, Deputy County Counsel

Date _____

Reviewed for Contract Compliance

►

Date _____

Reviewed/Approved by Department

►

Carolina Mendoza, Chief Deputy Director of
Sheriff's Administration

Date _____

SCHEDULE A
Law Enforcement Services Contract
City of Grand Terrace
2026-27

Add 1 SSS & 1 SSS Truck

<u>LEVEL OF SERVICE</u>	<u>FY 2026-27</u>	<u>COST</u>
0.21 - Lieutenant		93,781 ¹
0.90 - Sergeant		326,591 ¹
0.56 - Detective/Corporal		173,774 ¹
5.76 - Deputy Sheriff		1,518,762 ¹
1.00 - Sheriff's Service Specialist		104,913 ¹
1.26 - Law & Justice Office Specialist		132,055 ¹
3.00 - Marked Unit		68,956 ²
0.50 - Unmarked Unit		5,698 ²
0.50 - Command Staff Vehicle		8,198 ²
1.00 - Pickup truck		11,557 ²
1.00 - Citizen Patrol Truck		9,697 ²
Dispatch Services		152,982 ¹
9.00 - HTs (Amortization, Access & Maintenance)		18,738
Administrative Support		11,949
Office Automation		29,356
Axon Contract		17,918
Vehicle Insurance		43,460
Personnel Liability & Bonding		232,890
Workers' Comp Experience Modification		4,775
County Administrative Cost		36,197
Startup Cost		404
	Cost for FY2026-27	\$ 3,002,651 ¹⁻⁵

Monthly Payment Schedule

1 st payment due July 15, 2026:	\$250,220
2 nd through 12 th payments due the 5 th of each month:	\$250,221

¹ Personnel costs include salary and benefits and are subject to change by Board of Supervisors' action. Changes in salary and benefit costs will be billed to the City on a quarterly invoice.

² Vehicle costs do not include fuel and maintenance. The City is responsible for fuel, repair and maintenance of all contract vehicles, including collision damage. All fuel, repair and maintenance costs incurred by the County will be billed to the City on a quarterly invoice.

³ No replacement cost is included for grant funded or donated vehicles.

⁴ Services and supplies will be billed to the City on a quarterly invoice.

⁵ Grant funded, donated and non-replaceable vehicles will incur a vehicle insurance and equipment connection cost for the period the vehicle is in use.

SCHEDULE A
Law Enforcement Services Contract
City of Grand Terrace
2026-27

Additional Costs Billed Quarterly:

The City will be billed on a quarterly basis for the following items:

- Increase to salaries and benefits resulting from Board of Supervisors-approved changes to Memoranda of Understanding with the County's various employee organizations.
- Actual overtime costs.
- Actual on-call costs.
- Actual costs of vehicle fuel, repair and maintenance, including the costs of collision repair.
- Actual costs for services and supplies.

LEVEL OF SERVICE SUMMARY

SAFETY:

Lieutenant	-	0.21
Sergeant	-	0.90
Detective/Corporal	-	0.56
Deputy Sheriff	-	5.76
		7.43

GENERAL:

Law & Justice Office Specialist	-	1.26
Sheriff's Service Specialist	-	1.00
Dispatchers	-	0.94
		3.20

VEHICLES:

Marked Patrol Units	-	3.00
Safety Unmarked Units	-	0.50
Command Staff Units	-	0.50
Pickup Trucks	-	1.00
Citizen Patrol	-	1.00
Donated Vehicles-Ins Only	-	2.00 *
		8.00

DONATED VEHICLES LIST:

Radar Trailer	-	1.00 *
Yamaha UTV	-	1.00 *
		2.00 *

* (Included for insurance costs only)

SCHEDULE A
Law Enforcement Services Contract
City of Grand Terrace
2026-27

Add 1 SSS & 1 SSS Truck

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AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Consideration of Approval of Amendment No. 10 to Waste Disposal Agreement No. 98-107 with the County of San Bernardino

PRESENTED BY: Konrad Bolowich, City Manager

RECOMMENDATION: **APPROVE AMENDMENT NO. 10 TO WASTE DISPOSAL AGREEMENT NO. 98-107 WITH THE COUNTY OF SAN BERNARDINO EXTENDING THE TERM OF THE AGREEMENT THROUGH JUNE 30, 2035, ADJUSTING THE WASTE DISPOSAL AGREEMENT CONTRACT RATE TO 83% OF THE COUNTY'S POSTED GATE RATE, AND ELIMINATING THE ANNUAL ADJUSTMENT FORMULA**

2030 VISION STATEMENT:

This staff report supports Goal #1, Ensure our Fiscal Viability

BACKGROUND:

The current Waste Disposal Agreement (WDA) between the County of San Bernardino and the participating WDA member cities is scheduled to expire on June 30, 2026. In anticipation of the agreement expiration, representatives from the County Solid Waste Department and the participating cities began discussions regarding a successor agreement.

Following those initial discussions, the participating WDA cities formed an Ad Hoc Working Group consisting of representatives from the cities of Apple Valley, Highland, Rialto, Victorville, Yucaipa, and Yucca Valley to facilitate negotiations with the County on behalf of the member agencies. Over the past eight months, the Working Group has engaged in discussions with County Solid Waste staff regarding disposal rates, rate adjustment methodology, and term length for a proposed successor agreement.

As a result of those negotiations, the County and participating agencies developed Amendment No. 10 to the existing Waste Disposal Agreement. The amendment includes the following primary provisions:

- Extension of the agreement term through June 30, 2035;
- Adjustment of the WDA disposal rate to 83% of the County's posted gate rate;
- Elimination of the current annual adjustment formula; and
- Future rate adjustments only when the County's posted gate rate changes.
- The proposed agreement term aligns with the County's existing agreement with Athens Services.

DISCUSSION:

Under the current agreement structure, disposal rates are capped at 85% of the County's approved

public gate rate, excluding the current CDSDP recycling fee of \$12.00 per ton. For Fiscal Year 2025–26, rates are expected to remain capped at \$42.07 per ton.

Under Amendment No. 10, the disposal rate would be adjusted to 83% of the County’s posted gate rate. Based on current projections, the Fiscal Year 2026–27 disposal rate would be approximately \$41.08 per ton. Additionally, the amendment eliminates the prior annual adjustment methodology, resulting in future rate changes occurring only when the County modifies its posted gate rate.

The proposed amendment provides greater predictability and transparency regarding future disposal rate adjustments while maintaining the City’s continued participation in the regional disposal system. Continued coordination among participating WDA member agencies also provides a stronger collective position regarding future discussions involving landfill operations, disposal fees, and agreements involving outside waste haulers utilizing County landfill facilities.

The amendment requires approval and execution by all participating WDA member agencies and the County of San Bernardino in order to become effective. If all participating agencies do not approve the amendment prior to June 30, 2026, the amendment becomes null and void pursuant to its terms.

ENVIRONMENTAL IMPACT:

This action does not meet the threshold of a project under CEQA and is exempt.

FISCAL IMPACT:

The current Fiscal Year 2025–26 disposal rate is projected to remain capped at \$42.07 per ton under the existing agreement structure. Under the proposed amendment, the Fiscal Year 2026–27 disposal rate would be approximately \$41.08 per ton, representing a reduction of approximately \$0.99 per ton compared to the current capped rate. Actual fiscal impacts will depend on future disposal volumes and any future adjustments to the County’s posted gate rate.



Department of Public Works

- Flood Control
- Operations
- Solid Waste Management
- Special Districts
- Surveyor
- Transportation

Noel Castillo, P.E.
Director

Byanka Velasco, P.E.
Assistant Director

David Doublet, M.S., P.E.
Assistant Director

May 21, 2026

Konrad Bolowich
City Manager
City of Grand Terrace
22795 Barton Road
Grand Terrace, CA 92313

RE: SOLID WASTE MANAGEMENT ANNUAL FINANCIAL STATEMENTS – FISCAL YEAR 2024-25

Dear Mr. Bolowich:

Pursuant to the Waste Disposal Agreement (WDA) amendment effective July 1, 2016, Section 4.6 requires the County of San Bernardino Department of Public Works – Solid Waste Management Division (SWMD) to conduct an annual meeting with the WDA Cities/Towns to review the Annual Financial Statements from the County’s Auditor-Controller/Treasurer/Tax Collector’s Office from the prior Fiscal Year.

Attached is a summary of the Annual Financial Statements for the Fiscal Years ended June 30, 2025, and June 30, 2024, for the cities’ review. Please note that SWMD’s net position increased by \$20.9 million from Fiscal Year 2024 to 2025, primarily due to a delay in capital improvement projects (CIP), an increase in fair value of investments and higher than expected interest earnings. However, SWMD expects to spend over \$133 million during the following two fiscal years on CIP, decreasing our net position by a commensurate amount.

After reviewing the summary, should the cities/towns desire to meet to discuss the statements, please contact Marc Rodabaugh at (909) 386-8701 to coordinate that effort.

Sincerely,

NOEL CASTILLO, P.E.
Director

Attachment

County of San Bernardino
Solid Waste Management Division
Statement of Revenues, Expenses, and Changes in Fund Net Position
For Fiscal Years Ended June 30, 2025 and June 30, 2024

	2025	2024	Difference
Operating Revenues	\$ 117,274,829	\$ 109,365,313	\$ 7,909,516
Operating Expenses	114,441,615	103,248,478	\$ 11,193,137
Operating Income (loss)	2,833,214	6,116,835	\$ (3,283,621)
Non-Operating Revenues (Expenses)	18,061,112	34,594,684	\$ (16,533,572)
Change in Net Position Before Transfers	20,894,326	40,711,519	\$ (19,817,193)
Transfers In/(Out)	1,537	-	\$ 1,537
Change in Net Position	20,895,863	40,711,519	\$ (19,815,656)
Total Net Position - Beginning	212,428,997	172,221,973	\$ 40,207,024
Change in accounting principle		(504,495)	
Total Net Position - Ending	<u>\$ 233,324,860</u>	<u>\$ 212,428,997</u>	<u>\$ 20,895,863</u>

County of San Bernardino
Solid Waste Management Division
Statement of Net Position
June 30, 2025 and June 30, 2024

	2025	2024	Difference
ASSETS			
Total current assets	\$ 337,336,911	\$ 302,524,006	\$ 34,812,905
Total noncurrent Assets	168,781,488	169,654,140	\$ (872,652)
Total Assets	<u>506,118,399</u>	<u>472,178,146</u>	<u>\$ 33,940,253</u>
Deferred outflows related to pensions	2,368,175	3,379,814	(1,011,639)
Total assets and deferred outflows of resources	<u>508,486,574</u>	<u>475,557,960</u>	<u>32,928,614</u>
LIABILITIES			
Current liabilities	37,888,792	40,244,730	(2,355,938)
Noncurrent liabilities	236,163,730	221,365,414	14,798,316
Total liabilities	<u>274,052,522</u>	<u>261,610,144</u>	<u>12,442,378</u>
Deferred inflows related to pensions	1,109,192	1,518,819	(409,627)
Total liabilities and deferred inflows of resources	<u>275,161,714</u>	<u>263,128,963</u>	<u>12,032,751</u>
NET POSITION			
Net investment in capital assets	152,895,550	151,489,194	1,406,356
Restricted	23,809,070	27,789,070	(3,980,000)
Unrestricted	56,620,240	33,150,733	23,469,507
Total net position	<u>\$ 233,324,860</u>	<u>\$ 212,428,997</u>	<u>20,895,863</u>



Department of Public Works

- Flood Control
- Operations
- Solid Waste Management
- Special Districts
- Surveyor
- Transportation

Noel Castillo, P.E.
Director

Byanka Velasco, P.E.
Assistant Director

David Doublet, M.S., P.E.
Assistant Director

March 13, 2025

Konrad Bolowich
City Manager
City of Grand Terrace
22795 Barton Road
Grand Terrace, CA 92313

RE: FISCAL YEAR 2025-2026 WASTE DELIVERY AGREEMENT (WDA) CONTRACT RATE CALCULATION

Dear Mr. Bolowich:

The purpose of this letter is to notify you the **FISCAL YEAR 2025-26 Final WDA rate of \$42.07 per ton** will be effective July 1, 2025 through June 30, 2026, for waste disposal services provided to your city pursuant to the WDA agreement with San Bernardino County.

The Department of Public Works – Solid Waste Management Division has calculated the Cost of Living Adjustment as prescribed in Amended Section 4.2(B) Calculation of Escalation of the amended WDA from June 2022 (Amendment). The Amendment provides that in no case will the adjustment to the WDA rate exceed 85% of the County’s approved general public gate rate (without the current CSDSP recycling fee of \$12.00). On April 25, 2023, the Board of Supervisors approved the current gate rate of \$49.49 per ton. No gate rate increase is proposed for Fiscal Year 2025-26. Therefore, the WDA rate for the upcoming fiscal year will remain capped at \$42.07 per ton for 2025-26. The calculation worksheet is attached for your information.

The \$42.07 per ton final Contract Rate will be applied to your July 2025 tonnage on your WDA credit accounts that will be billed approximately on August 15, 2025. If you have any questions about this notice or the rate calculation, please call me at (909) 386-8701 or Jennifer Munoz at (909) 387-1871.

Sincerely,

Marc A. Rodabaugh

MARC RODABAUGH, P.E.
Deputy Director

Attachment: WDA Rate Calculation

cc: Mary Patterson, Solid Waste Analyst
Jennifer Munoz, Senior Supervising Accountant
Lori Cram, Accountant III

**FISCAL YEAR 2025/2026
WASTE DELIVERY AGREEMENT
COLA ADJUSTMENT PER AGREEMENT SECTION 4.2(B)**

Effective July 1, 2025

Fixed Portion of Rate	\$10.87
Escalating Portion of Rate	<u>\$17.63</u>
Total Rate	\$28.50

EI = Employment Cost Index - Series ID: CIU2010000000000I (8)
(Compensation, Not Seasonally Adjusted, Private Industry Workers, Quarter ending September)
(For EI₂ refer to Page 10 of the DoL BLS Series Report attached)

EI ₁ for Quarter ending September 2024	166.40
EI ₂ for Quarter ending September 1997 - revised base year of 2005 = 100.00	<u>74.20</u>
Index difference	92.20
Percentage change	124.26%

PPI = Producer Price Index - Series ID: WPU03thru15
(Commodities, Industrial Commodities, Not Seasonally Adjusted)

PPI ₁ for September 2024	252.50
PPI ₂ for September 1997	<u>127.70</u>
Index difference	124.80
Percentage change	97.73%

Cost of Living Adjustment

1) Labor Adjustment = Labor Percent X Percentage Change in EI	
30.00% X 124.26% =	37.28%
2) Other Adjustment = 100% less Labor Percent X Percentage Change in PPI	
70.00% X 97.73% =	<u>68.41%</u>
Cost of Living Percent Adjustment	105.69%

Escalation Amount	\$18.63
--------------------------	----------------

FY 2025/2026 WDA Rate

Fixed Portion of Rate	\$10.87
Escalated Portion \$17.63 + \$18.63 =	\$36.26
WDA Renewal Discount, eff. July 1, 2016	(\$0.82)
Change in Law (per ton calculation)	\$0.00
Total Rate	\$46.31
85% of Gate Rate (\$49.49 approved by the Board on 4/25/23) for FY 25/26	\$42.07

Cell input to tie to index table value

**FISCAL YEAR 2025/2026
WASTE DELIVERY AGREEMENT
COLA ADJUSTMENT PER AGREEMENT SECTION 4.2(B)**

Employment Cost Index

Data extracted on: February 3, 2025 (11:42:28 AM)
Series Id: CIU201000000000I (8)
Not Seasonally Adjusted
compensation: Total compensation
sector: Private industry
periodicity: Index number
Industryocc: All workers

Year	Qtr1	Qtr2	Qtr3	Qtr4
2001	85	85.8	86.7	87.3
2002	88.2	89.2	89.7	90
2003	91.4	92.3	93.2	93.6
2004	94.9	95.9	96.7	97.2
2005	98.2	98.9	99.5	100
2006	100.8	101.7	102.5	103.2
2007	104	104.9	105.7	106.3
2008	107.3	108	108.7	108.9
2009	109.3	109.6	110	110.2
2010	111.1	111.7	112.2	112.5
2011	113.3	114.3	114.6	115
2012	115.7	116.4	116.8	117.1
2013	117.9	118.6	119	119.4
2014	119.9	121	121.7	122.2
2015	123.2	123.3	124	124.5
2016	125.4	126.2	126.8	127.2
2017	128.3	129.2	130.0	130.5
2018	131.9	132.9	133.8	134.4
2019	135.6	136.4	137.4	138
2020	139.4	140.1	140.7	141.6
2021	143.3	144.4	146.4	147.8
2022	150.2	152.4	154.0	155.3
2023	157.4	159.2	160.6	161.6
2024	163.8	165.4	166.4	167.4

8 : See Footnote 8 on www.bls.gov/ect/cimapnote.htm.

<http://www.bls.gov/ncs/ect/cimapnote.htm#8>

Employment Cost Trends

Footnote 8: Some estimates from September 2012 to March 2013 for this series were corrected on June 26, 2013. Details on the extent of the corrections are available at www.bls.gov/bls/eci_corrections_043013.htm.

Producer Price Index-Commodities

Data extracted on: February 13, 2025 (11:14:54 AM)
Series Id: WPU03THRU15
Not Seasonally Adjusted
Group: Industrial Commodities
Item: Industrial commodities
Base Date: 198200

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1996	126.4	126.3	126.4	127.3	127.5	127.1	127	127.3	127.4	127.5	128	129.3	127.3
1997	130.3	128.9	127.1	126.7	127	127.2	127	127.3	127.7	128.1	128.2	127	127.7
1998	125.9	125.3	125	125.3	125.5	125.1	125.3	124.5	124.1	124.2	123.8	123.3	124.8
1999	123.1	122.7	123.1	124.6	125.6	126.1	127	128.1	129.3	129	129.8	129.4	126.5
2000	130	131.5	132.6	132.2	133	135.9	135.9	135.2	137.3	137.8	137.3	138.5	134.8
2001	142.9	139.7	137.7	138.2	138.6	137.1	134.5	134.3	134.3	131.1	130.9	129.1	135.7
2002	129.4	129.1	130.5	132.4	132.3	132.4	132.6	132.8	133.7	134.8	134.7	134.4	132.4
2003	136.7	139.3	143.6	138.2	137.8	139.2	139.1	139.1	139.1	139.2	138.8	139.5	139.1
2004	142.2	142.8	143.3	144.8	146.5	147.3	148.2	149.3	149.1	151.8	153.5	152	147.6
2005	152.7	153.6	155.6	157.2	156.3	156.6	159.1	160.8	166	170.6	167.6	166.5	160.2
2006	168.3	165.7	166.3	168.8	170.6	170.6	171.3	172.4	169.2	165.4	168	168.9	168.8
2007	166.8	169.1	171.6	173.9	176	176.4	177.9	174.9	175.6	176.9	181.8	180.7	175.1
2008	182.8	184.6	190.2	193.8	200	204	209.5	202.4	200.1	189.3	178.4	172.3	192.3
2009	172.6	170.8	169.5	170.3	172	175.5	174.6	177.7	176.9	177.8	180.1(R)	180.4	174.8
2010	184.6	183.6	185.6	187	187.2	186.4	186.7	187.5	186.8	188.4	189.2	191.3	187
2011	194.2	196.4	200.4	204.2	205.7	205	205.9	203.7	204.4	201.9	202.1	200.6	202
2012	201.4	202.4	205.1	204.7	202.6	200	199.6	202.1	203.8	202.8	200.7	200.4	202.1
2013	201.6	204.1	203.3	203.2	203.3	203.4	203.6	204.1	203.9	202.5	201.1	202	203
2014	203.8	205.8	206.2	206.7	206.5	207	206.8	206.1	205.2	201.9	198.9	195	204.1
2015	189.8	189.6	190	189.3	191.8	193.2	192.3	190.1	187.4	186	184.2	182.3	188.8
2016	180.9	179.4	180.4	181.9	184	186.3	186.7	186.2	186.7	187.3	186.5	188.3	184.6
2017	191	191.7	191.4	192.8	192.4	192.9	192.9	193.9	195.5	195.6	196.7	197.2	193.7
2018	199.1	200.5	199.8	201.3	204.4	205.8	206.5	206.1	206.6	207.6	204.6	202.3	203.7
2019	200.2	200.3	202.2	203.3	202.9	200.9	201.5	200.2	199.5	199.1	199.2	199	200.7
2020	199.3	196.9	192.8	184.7	185.8	190.4	193	194.7	195.6	195.7	197.3	200.7	193.9
2021	204.9	211.2	216	218.1	224.4	228.9	233.342	234.559	237.224	243.292	246.079	243.197	228.434
2022	248.353	254.505	261.472	266.192	275.185	283.567	274.425	271.526	269.539	266.225	262.822	256.798	265.884
2023	260.405	259.210	257.045	256.747	253.697	253.770	254.313	259.364	261.030	256.993	253.969	250.571	256.426
2024	252.604	256.3	255.916	258.004	255.61	256.159	257.927	256.134	252.503	53.405(P)	52.165(P)	52.360(P)	54.924(P)

P: Preliminary. All indexes are subject to revision four months after original publication.

AMENDMENT NO. 10 TO THE
WASTE DISPOSAL AGREEMENT NO. 98-107

On February 24, 1998, the City of Grand Terrace (“City”) and the County of San Bernardino (“County”) entered into a Waste Disposal Agreement (“WDA”). The parties hereby amend the WDA, on the Effective Date as provided herein, by their respective execution of this agreement (hereinafter “Amendment”).

Recitals

- A. The parties have previously entered into the following amendments to the WDA. Amendment No. 1 to the WDA was to correct the designated disposal facilities for the City. Amendment No. 2 was to implement the “Article 19 Solid Waste” component of the County’s waste management system and define the City’s share of that revenue. Amendment No. 3 was to increase the annual maximum limits of “Article 19 Solid Waste” in the County landfill system. Amendment No. 4 allowed the County to charge the fee of \$10.00 per ton (prorated) for identified controllable waste of the City (e.g., roll off container trucks and other County/City vehicles such as pickups and dump trucks) and have such waste subject to being processed in the recycling program. Amendment No. 5 allowed the County to calculate the annual cost of living adjustment earlier in the calendar year. Amendment No. 6 extended the end date of the WDA to June 30, 2016. Amendment No. 7 extended the term of the WDA to June 30, 2021, applied an annual fixed WDA renewal discount adjustment of \$0.82 per ton for the term of the WDA, and allowed the County to enter into agreements to accept in-County waste from non-WDA users of the Disposal System at a rate lower than the WDA Contract Rate in exchange for sharing the net revenue generated from those agreements. Amendment No. 8 reset the WDA Contract Rate and extended the term for five (5) years to June 30, 2026. Amendment No. 9 capped the WDA Contract Rate in order to maintain a 15% buffer between the WDA Contract Rate and the County’s posted gate rate.
- B. In connection with the ongoing administration of the WDA, the parties have determined it is now in their best interests to extend the term 9 years to June 30, 2035, adjust the WDA Contract Rate to be equal to 83% of the County’s posted gate rate, and eliminate the provision for annual adjustments.

NOW THEREFORE, in consideration of the forgoing recitals and the following covenants and promises the Parties agree as follows:

1. Section 4.2, entitled “CONTRACT RATE” is hereby deleted and replaced in its entirety to read:

SECTION 4.2 CONTRACT RATE. Effective July 1, 2026, and each July 1 thereafter during the term of the Agreement, the Contract Rate shall be equal to 83% of the County’s posted gate rate effective that July 1st. For July 1, 2026, the County’s posted gate rate is \$49.49 (\$61.49 minus the \$12 CDSDP fee); therefore, the WDA Rate, effective July 1, 2026, will be \$41.08 per ton.

Please note that, due to timing, in future years where the gate rate is recommended to be increased, the WDA rate notification letter may be delayed until final approval of the gate rate by the Board of Supervisors.

2. Section 5.2, entitled “CITY CONVENIENCE TERMINATION” is hereby deleted and replaced in its entirety to read:

SECTION 5.2 CITY CONVENIENCE TERMINATION. In exchange for adjusting the WDA Contract Rate to be equal to 83% of the County’s posted gate rate, the City agrees to commit to remaining a WDA City, with no provision to terminate without cause, for the remainder of the WDA Term.

3. Section 6.1, entitled “EFFECTIVE DATE AND TERM”, paragraph (A) Term, is hereby deleted and replaced in its entirety to read:

IN WITNESS WHEREOF, San Bernardino County and the City have each caused this Amendment to be subscribed by its respective duly authorized persons, on its behalf.

SAN BERNARDINO COUNTY

►

Dawn Rowe, Chair, Board of Supervisors

Dated: _____
SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors
of San Bernardino County

By _____
Deputy

City of Grand Terrace
(Print or type name of corporation, company, contractor, etc.)

By ► _____
(Authorized signature - sign in blue ink)

Name _____
(Print or type name of person signing contract)

Title _____
(Print or Type)

Dated: _____

Address 22795 Barton Road

Grand Terrace, CA 92313

EXHIBIT A

CITIES/TOWNS WITH A WASTE DELIVERY AGREEMENT
WITH THE COUNTY OF SAN BERNARDINO
OFFERED THIS AMENDMENT JUNE 2026
FOR AN AGREEMENT END DATE OF JUNE 30, 2035

1. ADELANTO
2. APPLE VALLEY
3. BARSTOW
4. BIG BEAR LAKE
5. COLTON
6. FONTANA
7. GRAND TERRACE
8. HESPERIA
9. HIGHLAND
10. LOMA LINDA
11. RIALTO
12. TWENTYNINE PALMS
13. VICTORVILLE
14. YUCAIPA
15. YUCCA VALLEY



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Professional Services Agreement Amendment No. 2 Between the City of Grand Terrace and HDL Companies for Business License Auditing and Administration Services

PRESENTED BY: Christine Clayton, Finance Director

RECOMMENDATION: **APPROVE PROFESSIONAL SERVICES AGREEMENT AMENDMENT NO. 2 WITH HDL COMPANIES (HDL) FOR BUSINESS LICENSE AUDITING AND ADMINISTRATION SERVICES FOR A TERM OF 1 YEAR AND A MAXIMUM COST OF \$15,000.00; AND AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM**

2030 VISION STATEMENT:

This staff report supports Goal #1, Ensuring Our Fiscal Viability, by ensuring the City is receiving the business tax revenue to which it is entitled per City ordinance, while also exploring creative means to provide business license administrative services.

BACKGROUND:

In an effort to ensure that all entities doing business with the City have obtained a business license and paid the proper amount of business tax, the Finance Department prepared a Request for Proposal (RFP) for Business License Auditing and Administration Services in October 2020.

These services are specialized in nature and require comprehensive data analysis of records obtained from State agencies, such as the State Board of Equalization and the Franchise Tax Board. In addition to performing an audit of the business license function, the RFP also requested proposals and pricing for ongoing administration services, to include processing of new applications, processing of annual renewals, and online filing and payment capability. These services were solicited in an effort to improve the City's efficiency and offer more convenient online processing and payment options for the City's businesses.

Following this evaluation process, staff selected HDL Companies as the company that would best meet the City's objectives for Business License Auditing and Administration Services as identified in the RFP. The City signed an agreement with HDL Companies with a 5-year term that was set to expire October 2025. Amendment No. 1 to this agreement was passed by City Council on May 13, 2025 to extend the term for (1) additional year.

DISCUSSION:

It is City staff's assessment that HDL provides adequate service for the City due to their local location, customer service reputation, and the implementation of Compliance Management Services. The proposed agreement is structured for ongoing administration and discovery/audit services as well, which are expected to provide enhanced efficiency and customer service due to HDL's specialization

in this area. In particular, providing businesses with the ability to apply for a business license online, renew a business license online, and remit payment of the business tax online represents significant efficiencies for the City.

While a key objective of the Business License Audit and Administration Services is to ensure that all entities doing business with the City have a current business license and pay the correct amount of business tax, the compliance effort will be conducted in a manner to promote good relations with the City's businesses. City staff and HDL staff work cooperatively throughout the process to provide prompt and comprehensive responses to any questions or concerns coming from businesses.

Amendment No. 1 to the Professional Services Agreement for Business License Auditing and Administration Services extended the term of the contract for (1) additional year at the projected cost of \$15,000.00 per fiscal year. Since this is based on the original cost estimate made in 2020, additional appropriations are also required to account for rising costs of services.

Staff is recommending that City Council approve the Professional Services Agreement Amendment No. 2 with HDL Companies for Business License Auditing and Administrative Services for a term of one (1) year for a maximum cost of \$15,000.00.

ENVIRONMENTAL IMPACT:

N/A

FISCAL IMPACT:

The term of the proposed agreement is one (1) year and will have a total not to exceed the amount of \$15,000.00 over that period. This amount will be budgeted accordingly in the FY2026-27 Budget.

AGREEMENT FOR CONTRACT SERVICES

By and Between

CITY OF GRAND TERRACE

and

HDL COMPANIES

**AGREEMENT FOR CONTRACT SERVICES
BY AND BETWEEN THE CITY OF GRAND TERRACE AND
HDL COMPANIES**

This “AGREEMENT FOR CONTRACT SERVICES BY AND BETWEEN THE CITY OF GRAND TERRACE AND HDL COMPANIES” (herein “Agreement”) is made and entered into this 22nd day of April , 2020 by and between the City of Grand Terrace, a California municipal corporation (“City”) and HdL Companies, a California corporation (“Consultant”). City and Consultant are sometimes hereinafter individually referred to as “Party” and hereinafter collectively referred to as the “Parties.”

RECITALS

A. City has sought, by issuance of a Request for Proposals or Invitation for Bids, the performance of the services defined and described particularly in Article 1 of this Agreement.

B. Consultant, following submission of a proposal or bid for the performance of the services defined and described particularly in Article 1 of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Grand Terrace Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Consultant for performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1. SERVICES OF CONSULTANT

1.1 Scope of Services.

In compliance with all terms and conditions of this Agreement, the Consultant shall provide those services specified in the “Scope of Services” attached hereto as Exhibit “A” and incorporated herein by this reference, which may be referred to herein as the “services” or “work” hereunder. As a material inducement to the City entering into this Agreement, Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Consultant covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be both of good quality as well as fit for the purpose intended. For purposes of this Agreement, the phrase “highest

professional standards” shall mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.

1.2 Consultant’s Proposal.

The Scope of Service shall include the Consultant’s scope of work or bid which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal and this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law.

Consultant shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

1.4 Licenses, Permits, Fees and Assessments.

Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant’s performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

1.5 Familiarity with Work.

By executing this Agreement, Consultant warrants that Consultant (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Consultant warrants that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Consultant discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Consultant shall immediately inform the City of such fact and shall not proceed except at Consultant’s risk until written instructions are received from the Contract Officer.

1.6 Care of Work.

The Consultant shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City’s own negligence.

1.7 Further Responsibilities of Parties.

Both parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless hereafter specified, neither party shall be responsible for the service of the other.

1.8 Additional Services.

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Consultant, incorporating therein any adjustment in (i) the Contract Sum for the actual costs of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any increase in compensation of up to ten percent (10%) of the Contract Sum or \$25,000, whichever is less; or, in the time to perform of up to one hundred eighty (180) days, may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other consultants. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

1.9 Special Requirements.

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

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.

2.1 Contract Sum.

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Seventy Five Thousand Dollars (\$75,000) (the "Contract Sum"), unless additional compensation is approved pursuant to Section 1.8.

2.2 Method of Compensation.

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services, less contract retention; (iii) payment for time and materials based upon the Consultant's rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub tasks, (b) contract retention is maintained, and (c) the Contract Sum is not exceeded; or (iv) such other methods as may be specified in the Schedule of Compensation.

2.3 Reimbursable Expenses.

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Consultant is required to attend additional meetings to facilitate such coordination, Consultant shall not be entitled to any additional compensation for attending said meetings.

2.4 Invoices.

Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Consultant is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, or as provided in Section 7.3, City will use its best efforts to cause Consultant to be paid within forty-five (45) days of receipt of Consultant's correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by City for any invoice provided by the Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.5 Waiver.

Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence.

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

3.2 Schedule of Performance.

Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure.

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Consultant shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding five (5) years from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D").

ARTICLE 4. COORDINATION OF WORK

4.1 Representatives and Personnel of Consultant.

The following principals of Consultant ("Principals") are hereby designated as being the principals and representatives of Consultant authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

Robert Gray
(Name)

Chief Information Officer
(Title)

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing principals were a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principals shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. All personnel of Consultant, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the foregoing Principals may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City. Additionally, Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance.

4.2 Status of Consultant.

Consultant shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

4.3 Contract Officer.

The Contract Officer shall be the City Manager or such person as may be designated by the City Manager. It shall be the Consultant's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.4 Independent Contractor.

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Consultant's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Consultant shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Consultant shall not at any

time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant.

4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of City.

ARTICLE 5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages.

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

(a) General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, then the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Consultant against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Consultant in the course of carrying out the work or services contemplated in this Agreement.

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

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

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

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

5.2 General Insurance Requirements.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents may apply in excess of, and not contribute with Consultant's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. Moreover, the insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention.

All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Consultant shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer.

No work or services under this Agreement shall commence until the Consultant has provided the City with Certificates of Insurance, additional insured endorsement forms or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of and endorsements to all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

All certificates shall name the City as additional insured (providing the appropriate endorsement) and shall conform to the following "cancellation" notice:

CANCELLATION:

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE
CANCELLED BEFORE THE EXPIRATION DATED THEREOF,
THE ISSUING COMPANY SHALL MAIL THIRTY (30)-DAY

ADVANCE WRITTEN NOTICE TO CERTIFICATE HOLDER
NAMED HEREIN.

[to be initialed]

Consultant Initials

City, its respective elected and appointed officers, directors, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities Consultant performs; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or any automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, and their respective elected and appointed officers, officials, employees or volunteers. Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, officials, employees and volunteers or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims. The Consultant agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages to any persons or property resulting from the Consultant's activities or the activities of any person or persons for which the Consultant is otherwise responsible nor shall it limit the Consultant's indemnification liabilities as provided in Section 5.3.

In the event the Consultant subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to Section 5.1, and such certificates and endorsements shall be provided to City.

5.3 Indemnification.

To the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Consultant is legally liable ("indemnitors"), or arising from Consultant's or indemnitors' reckless or willful misconduct, or arising from Consultant's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

(a) Consultant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorney's fees incurred in connection therewith;

(b) Consultant will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Consultant hereunder; and Consultant agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Consultant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Consultant hereunder, Consultant agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorney's fees.

Consultant shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Consultant shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Consultant in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement.

5.4 Sufficiency of Insurer.

Insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances. If this Agreement continues for more than 3 years duration, or in the event the risk manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the Risk Manager.

ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records.

Consultant shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the “books and records”), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of three (3) years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Consultant’s business, custody of the books and records may be given to City, and access shall be provided by Consultant’s successor in interest. Notwithstanding the above, the Consultant shall fully cooperate with the City in providing access to the books and records if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

6.2 Reports.

Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the “documents and materials”), including any electronic documents and materials, prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City in a format of the City’s choice upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the City’s sole risk and without liability to Consultant, and Consultant’s guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such documents for its own use. Consultant

shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom. Moreover, Consultant with respect to any documents and materials that may qualify as “works made for hire” as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed “works made for hire” for the City.

6.4 Confidentiality and Release of Information.

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

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

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

(d) Consultant shall promptly notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law.

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Bernardino, State of California, or any other appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District

Court, venue shall lie exclusively in the Central District of California, in the County of San Bernardino, State of California.

7.2 Disputes; Default.

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant. During the period of time that Consultant is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Consultant's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

7.3 Retention of Funds.

Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Consultant to insure, indemnify, and protect City as elsewhere provided herein.

7.4 Waiver.

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party

of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.6 Legal Action.

In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant shall file a statutory claim pursuant to Government Code Sections 905 et. seq. and 910 et. seq., in order to pursue a legal action under this Agreement.

7.7 Termination Prior to Expiration of Term.

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon written notice to Consultant. In addition, the Consultant may terminate this Contract for cause, upon sixty (60) days' advance written notice to City. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Consultant has initiated termination, the Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Consultant has initiated termination, the Consultant shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.8 Termination for Default of Consultant.

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

7.9 Attorney's Fees.

If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs

the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees.

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

8.2 Conflict of Interest.

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

8.3 Covenant Against Discrimination.

Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class.

8.4 Unauthorized Aliens.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorney's fees, incurred by City.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Notices.

Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Grand Terrace, 22795 Barton Rd, Grand Terrace, CA 92313, and in the case of the Consultant, to the person(s) at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

9.2 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

9.4 Integration; Amendment.

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the parties. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

9.5 Severability.

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

9.6 Warranty & Representation of Non-Collusion.

No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or "noninterests" pursuant to Government Code Sections 1091 or 1091.5.

Nor shall any such officer or employee participate in any decision relating to the Agreement which affects her/his financial interest or the financial interest of any corporation, partnership or association in which (s)he is, directly or indirectly, interested, in violation of any State statute or regulation, including but not limited to the Political Reform Act (Government Code Sections 81000, *et seq.*)

Consultant warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Consultant further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Consultant is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Consultant's Authorized Initials RAW

9.7 Corporate Authority.

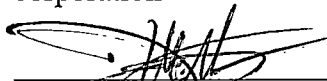
The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

[SIGNATURES ON FOLLOWING PAGE]

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

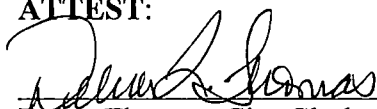
CITY:

City of Grand Terrace, a municipal corporation




Darcy McNaboe, Mayor

ATTEST:



Debra Thomas, City Clerk


**APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP**



Adrian R. Guerra, City Attorney

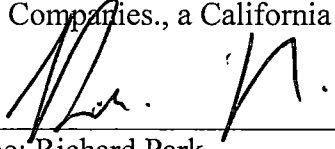
CONSULTANT:

HdL Companies., a California corporation

By: 

Name: Andrew Nickerson
Title: President/CEO

HdL Companies., a California corporation

By: 

Name: Richard Park
Title: Chief Financial Officer

Address: 120 S. State College Blvd., Ste 200
Brea, CA 92821

Phone: 714-879-5000

Two corporate officer signatures required when Consultant is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY.

ACKNOWLEDGMENT

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

State of California
County of Orange

On April 23, 2020 before me, M.R. Shaw, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature [Handwritten Signature] (Seal)

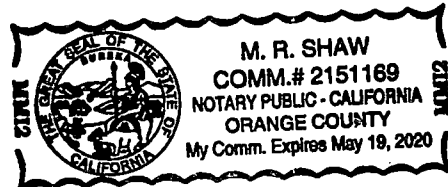


EXHIBIT "A"
SCOPE OF SERVICES

I. Objectives and Methods:

The Services performed by Consultant shall include the following:

- A. Tax Administration.** Consultant will provide the City with a complete turn-key Tax Administration program related to the City's business license processing, renewals, collections, and on-going monitoring and administration of the business license tax pursuant the Grand Terrace Municipal Code . The service will be performed utilizing Consultant's internal programs and processes for compliance and revenue collection. Consultant will transfer the City's existing databases as they relate to business license tax into Consultant's internal administration tools. Consultant will maintain the data and provide access to or copies of data or reports at the City's request. While access to online systems will be available for the City to use at its discretion, the City will not be required to use or maintain any software in house for managing the business license registry.

The following are processes and procedures that Consultant will perform for the City on a turn-key Tax Administration approach:

1. On-line Application: Consultant will provide a link for the City's website that will enable all businesses to apply for, or renewing, a business license and pay such businesses' business tax on-line through Consultant's software application.
2. Renewal Processing: Consultant will send active business license accounts a renewal notice within 45 days of the renewal period ending. Consultant will send individualized tax forms to all known active business license accounts. Consultant will ensure that all active business license accounts receive all applicable forms necessary to complete the renewal process. Consultant will process any renewal applications and forms submitted by active business license accounts in a timely fashion.
3. New Account Processing: Consultant will process any new business license applications and complete the new account registration process in a timely fashion. Consultant will also facilitate intra-city departmental approvals such as zoning, code compliance, fire inspection, and other regulatory related functions.
4. Delinquent Account Processing: Consultant will endeavor to collect delinquent accounts through a series of City approved processing methods. This will include a minimum of two follow up delinquent notices and up to two telephone calls. Delinquent accounts will be collected with full penalties as allowed by the Grand Terrace Municipal Code or through current City practices. Accounts that remain delinquent will be processed through the City approved processes established in Consultant's collections component of the Compliance Management Program.

5. On-line Filing & Payment Processing: Consultant will register a City approved internet domain name which will serve as the starting point for all on-line Services under this Agreement. This City specific site will be designed to look and feel like the City's own web pages and ensures a level of continuity between the business community, the City, and Consultant. Taxpayer businesses can choose to file their new business registration as well as renew their license and make payments via Consultant's on-line filing portal. In addition to filing and paying for taxes, businesses can obtain copies of applications, general support and FAQs, schedule appointments and request copies of their tax registration.
6. Payment Posting/Processing: Consultant will process all payments received in an expedited manner. Taxpayer business accounts are posted with payment information captured in the Consultant's revenue system. Additional information such as net sales, deductions, credit sales, measure of tax, name change, and address change are captured and added to payment data and taxpayer business master file (as determined necessary by Consultant). Late payments are invoiced at penalty amounts as required by City's ordinances. Under-payments are invoiced for remaining tax due plus any required penalties.

License accounts will be updated daily with payment information and revenues to be disbursed to the City net applicable fees for the tax administration services at an interval to be agreed to during the project planning phase. Disbursements typically occur monthly but can be remitted as often as weekly depending on volumes and City needs. Consultant's payment acceptance process will accept the following payment types:

- a. Check / Money Order / Cashier's Check
 - b. E-Check
 - c. Debit Cards
 - d. Credit Cards (Visa, Mastercard, Discover, & American Express)
 - e. Check by Phone
7. Customer Service/Business Support Center: Consultant will provide taxpayer businesses with multiple support options for registering, applying, renewing, making payments and for general inquiries. A toll-free number will be provided to taxpayer businesses in order to access Consultant's license specialists Monday-Friday 8:00am to 5:00pm Pacific Standard Time. Taxpayer businesses will have access to support via, e-mail, fax, and via the Business Support Center On-Line. Consultant will continuously monitor quality control points to ensure courteous customer service, minimal hold times under 2 minutes, and the return of voice messages the same business day.

B. Compliance Management.

1. Establish Enriched Data Portfolio/Lead Identification: Utilizing data provided by the City, as well as the Consultant Enriched Data Portfolio (EDP), Consultant will build an enhanced listing of entities subjected to licensure or taxation pursuant to the Grand

Terrace Municipal Code, including, but not limited to, those businesses physically located in the City, itinerant businesses, and entities participating in the sharing economy such as short-term rentals (STRs), drive sharing services and others. These entities are electronically matched to the existing files of the City using advanced data matching algorithms, allowing Consultant staff to identify which entities are compliant and which entities require follow up.

2. Field Surveys: Consultants' field crews, equipped with the most advanced tools available (mobile mapping/GPS systems, tablet computers pre-loaded with various City and statewide databases, etc.) will canvass commercial areas of the City to develop and enhance the leads identified in the EDP. These Field Surveys will provide additional inventories of active businesses as well as to provide on-site verifications of data culled from other sources.
3. Exception Resolution: Consultant's staff will review the City's business license records and filter out records that may lead to erroneous contacts. This will allow for the discovery of additional revenues not otherwise identifiable through electronic means and assists in reducing potential complaints levied at City staff from pursuit of false positives.
4. Compliance Communication and Outreach: Upon exception resolution, Consultant staff will initiate contact with taxpayer businesses subject to Title 7 of the Grand Terrace Municipal Code through a series of City approved communication methods. Consultant will make every effort to simplify the process for taxpayer businesses and utilizes a variety of mediums for communication including mail, telephone, email and web-site access. Potential non-compliant taxpayer businesses will be notified of their options to comply or dispute their non-compliant status. Initial notification packets will include what is needed to become compliant with multiple methods of resolving their accounts.
5. Business Support Center: Consultant will provide a business support and service center where the business community can access Consultants' specialists during normal business hours. Businesses calling will experience minimal hold times under 2 minutes along with access to a variety of options which include filing support, payment options, resolution of specific tax issues and other services designed to reduce the burden of registering and filing taxes.
6. Business Support Center-Online: Businesses will have access to and be encouraged to take advantage of the range of services available on-line, 24 hours a day, seven days a week. Consultant's on-line Business Support Center will enable businesses to choose to file their new business registration as well as make payments via Consultant's on-line filing portal. In addition to filing and paying for taxes, businesses can obtain copies of applications, general support and FAQs, schedule appointments and request copies of their tax registration.
7. Document Submission/Processing: Whether the taxpayer business chooses to respond by mail, email or our online filing website, Consultant will review each application submission for completion and accuracy prior to processing. Consultant

will request from the taxpayer business any additional documentation needed to complete the approval of an application, such as a home occupation permit, or will forward an application to other City departments either as a pre-requisite or as a courtesy to the business. All submissions are filed and stored electronically and made available to the City via standard reporting processes or upon request.

8. Invoicing: Once an application is approved, Consultant will forward invoices to the taxpayer business indicating detailed tax calculations and balances owed. Taxpayer business businesses are provided the opportunity to pay their balances via mail, online, or over the phone services. Taxpayer business businesses will also have continued access to Consultant's Business Support Center for any questions or disputes arising from the invoice process.
9. Registry Update: Upon collection of all requirements which may include payments, application and/or other documentation, Consultant will prepare a Registry Update package to include payment as well as copies of all taxpayer business correspondence and other relevant information. Data in the City registry file stored in the Consultant Prime Software Suite is updated daily with packages from the Compliance Management Services. Once completed, the business will be processed through the standard processes approved through the Consultant Operations Management Component.

C. Audits.

1. Analysis & Selection: Audit candidates are selected using a variety of selection methodologies developed by Consultants' audit team. Preliminary analysis reports on each taxpayer business selected are shared with the City prior to moving through the audit phases.
2. Audit Notification & Scheduling: Taxpayer businesses selected by Consultant and approved by the City will be sent a letter notifying them of a scheduled Compliance Analysis Audit. Every effort is made to promote a positive experience for the taxpayer business. Consultant will provide a detailed description of the requirements and relevant documentation required for the audit to the taxpayer business at least two (2) weeks in advance of the proposed audit date. If the taxpayer business is unable meet the audit date selected by the City, Consultant will take all efforts to reschedule the audit to a more accommodating date. Taxpayer businesses are also afforded the opportunity to schedule flexible appointment times by contacting the Business Support Center or visiting Consultants' online support center.
3. Compliance Analysis & Audit: The Consultant audit team will audit the financial records of the taxpayer business to determine compliance with business tax regulations under the Grand Terrace Municipal Code. Consultant will validate taxing variables such as gross receipts and other relevant information for determining compliance. In addition to identifying underreporting issues, the Consultant Audit Program will also focus on other compliance related issues such as assuring correct

classifications, multiple location allocation, apportionment issues, and identifying business to business relationships that may create tax liability for 3rd parties.

4. Audit & Compliance Report: Upon completion of the audit and analysis, and prior to additional actions, Consultant will generate a compliance report and provide the report to the City. The report will indicate specific results of the review and recommended future actions. Documentation that substantiates the findings in the report will be included with the report to assist the City and Consultant in determining next step of the process.
5. Deficiency and Commendation Notification: Upon final review of the audit and analysis report, taxpayer businesses that are found to have deficiencies will be notified of the findings as well as the payment and appeal processes. Consultant will also work with taxpayer businesses found to be deficient to explain the current findings and educate taxpayer businesses on proper future filing procedures so as to prevent future errors and deficiencies. Consultant will send taxpayer businesses found to be in compliance a commendation letter thanking them for their compliance.
6. Invoicing & Collections: Consultant will invoice a taxpayer business found to be underreporting through the standard City approved collections process. Balances will be collected and remitted along with supporting documentation to the City through the approved remittance processes.

D. Network Uptime.

1. All on-line Services provided by Consultant shall have an uptime of at least 99%. Consultant shall notify the City in writing of any network outage affecting Consultant's ability to provide on-line Services within 24 hours of any such outage.
2. Consultant shall work to promptly restore any Services affected by a network outage and shall provide City with regular updates on the status of such restoration and as may be requested by City.
3. Consultant shall cooperate with City during network outages to ensure that members of the public are informed of such outage.

II. Deliverables

A. Consultant shall provide the City with audit progress reports to include the following:

1. Status of work in progress, including copies of reports provided to taxpayer businesses/intermediaries addressing each reporting error/omission individually, including where applicable the business name, address, telephone number, account identification number, individuals contacted, date(s) of contact, nature of business, reason(s) for error/omission and recommended corrective procedure;
2. Actual revenue produced for the City by Consultant's service on a monthly and

cumulative basis;

3. Projected revenue forthcoming to the City as a result of Consultant's audit service, specified according to source, timing, and one-time versus ongoing; and
4. Alphabetical listing of all errors/omissions detected for the City by Consultant, including the account number, correction status, payment amount received by the City, period to which payment is related and payment type (e.g., reallocation, deficiency assessment) for each one.
5. Another reports that the City may request from time to time.

B. Commencement of Services.

Consultant will commence project planning within 10 days of full execution of this Agreement. After the work plan is developed Consultant will begin providing the Discovery, Audit and Tax Administration services described above. Consultant's obligation to provide services is contingent on the City providing the necessary information and cooperation.

III. City Obligations

The City agrees to:

1. Provide an electronic copy of the City's License Registration File and License Payment History file to Consultant, together with any other information available to the City for Consultant to compute Consultant's billing for services, in electronic format, to Consultant during the term of the Agreement and thereafter for so long as Consultant's right to invoice for services rendered continues;
2. Use reasonable and diligent efforts to collect, or to assist Consultant in the collection of, deficiencies identified by Consultant pursuant to this Agreement. For accounts that remain uncollected after Consultant has exhausted its efforts to collect through the standard process, Consultant and the City may mutually agree to special procedures that will make further attempts to collect amounts still outstanding. Typically, these processes will be implemented by Consultant; and
3. Notify Consultant within 10 days following receipt by the City of payments, if there is any, resulting from deficiencies identified by Consultant. Because Consultant's Audit Services may result in collection of deficiencies after termination of the Agreement, the City's obligation to collect fees and notify Consultant, and Consultant's right to continue to receive contingency fees, shall survive termination of the Agreement for any reason.

EXHIBIT “B”
SPECIAL REQUIREMENTS
(Superseding Contract Boilerplate)

I. Section 1.10 is added to the Agreement as follows:

1.10 Intellectual Property.

- a. Consultant represents and warrants that it owns, maintains, and has obtained the rights to all intellectually property rights necessary for Consultant to provide Services under this Agreement. In the event that any party alleges that Consultant’s Services infringe upon such party’s intellectual property, Consultant shall indemnify, defend, and hold harmless the City, its officers, employees and agents (“Indemnified Parties”) against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein “claims or liabilities”) that may be asserted or claimed by any person, firm or entity arising out of or in connection with any allegation of intellectual property infringement.
- b. Further, in the event that any party alleges that Consultant’s Services under this Agreement have infringed upon any intellectual property, the City may take any of the following actions: (i) require Consultant, at its sole cost, to obtain the necessary intellectual property rights in order to provide Services under this Agreement; (ii) require Consultant, at its sole cost, to provide City with the Services using an alternative intellectual property that is unaffected by the claim of intellectual property infringement; (iii) obtain the Services from another consultant/contractor and, in such event, require Consultant to pay for any increased costs; or (iv) terminate this Agreement. The obligations imposed by this Section shall survive any expiration or termination of this Agreement and are in addition to any other obligation under this Agreement to indemnify, defend, hold harmless, or release from liability the City.

II. Section 4.6 is added to the Agreement as follows:

4.6 Cooperative Purchasing.

- a. The parties intend that any other public agency shall have an option to procure identical services as set forth in this Agreement. As used in this Section, “public agency” means any city, county, district, public authority, public agency, municipality, or other political subdivision of the State of California located in the State of California. Consultant may offer this Agreement as a template for cooperative or piggybacking purchasing agreements with other public agencies. The City shall have no responsibility, liability, or obligations, financial or otherwise, in connection with orders for services issued by any other public agency

pursuant to this Section. Consultant shall be fully responsible to provide such services to such public agency. The participating public agency shall accept responsibility for securing services or making payments to the vendor.

- b. To the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein “claims or liabilities”) that may be asserted or claimed by any person, public agency, firm or entity arising out of or in connection with this Section. The indemnification, defense, and hold harmless obligations imposed by this Section shall survive any expiration or termination of this Agreement and are in addition to any other obligation under this Agreement to indemnify, defend, and hold harmless the City.

III. Section 6.5 is added to the Agreement as follows:

6.5 Proprietary Information of Consultant.

- a. As used in this Section, the term “proprietary information” means any information that relates to Consultant’s computer or data processing programs; data processing applications, routines, subroutines, techniques or systems; or business processes. City shall hold in confidence and shall not disclose to any other party any of Consultant’s proprietary information in connection with this Agreement, or otherwise learned or obtained by City in connection with this Agreement, unless disclosure is required under federal or state law, including without limitation the Freedom of Information Act or the Public Records Request Act (“Disclosure Laws”).
- b. To the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents (“Indemnified Parties”) against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein “claims or liabilities”) that may be asserted or claimed by any person, firm or entity arising out of or in connection with any disclosure by the City pursuant to the Disclosure Laws. Further, Consultant hereby releases the City from any liability to Consultant for any disclosures made by City pursuant to the Disclosure Laws and hereby waives any claims that Consultant may have against City relating to any disclosures made by City pursuant to the Disclosure Laws.
- c. Consultant shall retain ownership and rights to all proprietary information. The obligations imposed by this Section shall survive any expiration or termination of this Agreement and are in addition to any other obligation under this Agreement to indemnify, defend, hold harmless, or release from liability the City.

EXHIBIT "C"
SCHEDULE OF COMPENSATION

I. Tax Administration

Consultant's compensation for providing the Tax Administration Services shall be:

- A \$15.00 per license payment processed.

Included in the above compensation for Tax Administration Services are:

1. Printing and Mailing costs (for notifications, license issuance, etc.);
2. Ongoing database management and back-up (taxpayer business information);
3. Forms processing and funds disbursement; and
4. Development and support of an on-line business license filing and payment application.

Cost for sending the original license/application to the City:

Consultant archives all original licenses/applications. If the City requests a copy of the original license/application, Consultant will send the copy to the City via e-mail.

II. Discovery Services

Consultant's compensation for providing Discovery Services shall be a contingency fee of 35% of the recovered revenue received by the City from the services. The service must be concurrent and as part of the business license administration services. The 35% shall apply to the current tax year, all eligible prior period revenues received and any applicable penalties, interest and late charges. The contingency fee only applies to revenue actually received by the City. The term "current tax year" shall mean the most recent tax year for which local taxes are due and payable to the City, and in which Consultant has identified deficiencies.

III. Audit Services

Consultant's compensation for the Audit Service shall be a contingency fee of 35% of the revenue received by the City as a result of deficiencies identified in the review and shall include any eligible prior period revenues together with all applicable penalties, interest and late charges. The City agrees to use reasonable and diligent efforts to collect deficiencies identified by Consultant except when the cost of recovery exceeds the deficiency in the sole discretion of the City.

IV. Consultant's annual compensation under this Agreement shall not exceed \$15,000 and Consultant's total compensation under this Agreement shall not exceed \$75,000 as provided in Section 2.1.

EXHIBIT "D"
SCHEDULE OF PERFORMANCE

- I. Consultant shall commence the Services, as described in Exhibit "A," within 7 days of the City's issuance of a notice to proceed, provided that the notice of proceed shall not be issued until the City has received a evidence of Consultant's City business license, certificates of insurance evidencing insurance required by this Agreement, and any other documentation required by the City prior to commencement of the Services under this Agreement. Consultant shall perform all Services timely in accordance with the schedule to be developed by Consultant and subject to the written approval of the Contract Officer.**
- II. Consultant shall complete all Services under this Agreement by April 1, 2025.**
- III. The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.**

**AMENDMENT NO. 1
TO AGREEMENT FOR CONTRACT SERVICES
BETWEEN THE CITY OF GRAND TERRACE AND
HDL COMPANIES**

This AMENDMENT NO. 1 TO AGREEMENT FOR CONTRACT SERVICES BETWEEN THE CITY OF GRAND TERRACE AND HDL COMPANIES (“Amendment No. 1”) by and between the City of Grand Terrace, a California municipal corporation (“City”), and HdL Companies, a California corporation (“Consultant”) is effective as of the 13th day of May 2025.

RECITALS

A. On April 22, 2020, the City and Consultant entered into an Agreement for Contract Services (“Agreement”) for Consultant to provide tax administration services to the City, as more specified in Exhibit “A” to the Agreement, for a term of five (5) years and a total contract sum not to exceed \$75,000.00. The Agreement allows for extensions for the time of performance by the Contract Officer, subject to certain limitations.

B. By this Amendment No. 1, the parties now desire to amend the existing Agreement to extend the term of the Agreement an additional one (1) year, account for a change in cost to services, and increase the total contract sum by \$15,000.00 for the term extension to a total contract sum not to exceed \$90,000.00.

C. Except as amended hereby, this amendment is subject to the same terms and conditions as provided in the Agreement.

TERMS

1. Contract Amendments. The Agreement is amended as provided herein:

1.1 Section 2.1 (Contract Sum) is hereby amended in its entirety and shall now read as follows:

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Ninety Thousand Dollars and Zero Cents (\$90,000.00) (the “Contract Sum”), unless additional compensation is approved pursuant to Section 1.8.

1.2 Section 3.4 (Term) is hereby amended in its entirety and shall now read as follows:

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services and shall expire on June 30, 2026 from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit “D”).

1.3 Exhibit “C” (Schedule of Compensation) is hereby amended and replaced in its entirety with Exhibit “C”, attached hereto.

1.4 Section II of Exhibit “D” (Schedule of Performance”) is hereby amended in its entirety and shall now read as follows:

“Consultant shall complete all Services under this Agreement by June 30, 2026.”

2. Continuing Effect of Agreement. Except as amended by this Amendment No. 1, all provisions of the Agreement, as amended by Amendment No. 1, shall remain unchanged and in full force and effect. From and after the date of this Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement, as amended by Amendment No. 1.

3. Affirmation of Agreement; Warranty Re Absence of Defaults. City and Consultant each ratify and reaffirm each and every one of the respective rights and obligations arising under the Agreement. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement other than as provided herein. Each party represents and warrants to the other that the Agreement is currently an effective, valid, and binding obligation.

Consultant represents and warrants to City that, as of the date of this Amendment No. 1, City is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

City represents and warrants to Consultant that, as of the date of this Amendment No. 1, Consultant is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

4. Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. 1.

5. Authority. The persons executing this Amendment No. 1 on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Amendment No. 1 on behalf of said party, (iii) by so executing this Amendment No. 1, such party is formally bound to the provisions of the Agreement, as amended and (iv) the entering into this Amendment No. 1 does not violate any provision of any other agreement to which said party is bound.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 on the date and year first-above written.

CITY:

City of Grand Terrace, a municipal corporation

Bill Hussey, Mayor

ATTEST:

Daysi Alcocer, City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Adrian R. Guerra, City Attorney

CONSULTANT:

HdL Companies, a California corporation

By: _____

Name: Andrew Nickerson
Title: President/CEO

By: _____

Name: Richard Park
Title: Chief Financial Officer

Two corporate officer signatures required when Consultant is a corporation, with one signature from each of the following groups: 1) Chairman of the Board, president or any Vice President; and 2) Secretary. Any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONSULTANT SIGNATURES SHALL BE DULY NOTORIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT’S BUSINESS ENTITY.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

On _____, 2025 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL
- CORPORATE OFFICER
- _____
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER _____

_____ TITLE OR TYPE OF DOCUMENT

_____ NUMBER OF PAGES

_____ DATE OF DOCUMENT

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

_____ SIGNER(S) OTHER THAN NAMED ABOVE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

On _____, 2025 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLE(S)
- PARTNER(S) LIMITED GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER _____

_____ TITLE OR TYPE OF DOCUMENT

_____ NUMBER OF PAGES

_____ DATE OF DOCUMENT

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

_____ SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "C"
SCHEDULE OF COMPENSATION

Tax Administration

Consultant's compensation for providing the Tax Administration Services shall be:

A \$18.00 per license payment processed.

Included in the above compensation for Tax Administration Services are:
Printing and Mailing costs (for notifications, license issuance, etc.);
Ongoing database management and back-up (taxpayer business information);
Forms processing and funds disbursement; and
Development and support of an online business license filing and payment application.

Cost for sending the original license/application to the City:

Consultant archives all original licenses/applications. If the City requests a copy of the original license/application, Consultant will send the copy to the City via e-mail.

Discovery Services

Consultant's compensation for providing Discovery Services shall be a contingency fee of 35% of the recovered revenue received by the City from the services. The service must be concurrent and as part of the business license administration services. The 35% shall apply to the current tax year, all eligible prior period revenues received and any applicable penalties, interest and late charges. The contingency fee only applies to revenue actually received by the City. The term "current tax year" shall mean the most recent tax year for which local taxes are due and payable to the City, and in which Consultant has identified deficiencies.

Audit Services

Consultant's compensation for the Audit Service shall be a contingency fee of 35% of the revenue received by the City as a result of deficiencies identified in the review and shall include any eligible prior period revenues together with all applicable penalties, interest and late charges. The City agrees to use reasonable and diligent efforts to collect deficiencies identified by Consultant except when the cost of recovery exceeds the deficiency in the sole discretion of the City.

Consultant's annual compensation under this Agreement shall not exceed \$15,000.00 per fiscal year.

AMENDMENT NO. 2

TO CONTRACT SERVICES AGREEMENT

This **AMENDMENT NO. 2 TO THE CONTRACT SERVICES AGREEMENT** (“Amendment”) is made by and between the **CITY OF GRAND TERRACE**, a California municipal corporation (“City”), and **HINDERLITER, DE LLAMAS & ASSOCIATES**, a California corporation (“Consultant”), is effective as of the 26th day of May, 2026. City and Consultant are sometimes hereinafter individually referred to as “Party” and hereinafter collectively referred to as “Parties”.

RECITALS

A. City and Consultant entered into that certain Agreement for Contract Services, dated April 22, 2020 (“Agreement”), whereby Consultant agreed to provide Tax Administration Services with a total compensation (“Contract Sum”) of Seventy-Five Thousand Dollars (\$75,000) and for a term of five (5) years.

B. City and Consultant amended the Agreement (“Amendment No. 1”) to extend the term of the Agreement by one (1) year, and increase the Contract Sum from Seventy-Five Thousand Dollars (\$75,000) per year to Ninety Thousand Dollars (\$90,000).

C. City and Consultant now desire to further amend the Agreement (“Amendment No. 2”) to extend the term of the Agreement by one (1) additional year, and increase the total not-to-exceed amount by Twenty Thousand Dollars (\$20,000), from Ninety Thousand Dollars (\$90,000) to One Hundred Ten Thousand Dollars (\$110,000), as the City has reached the Fifteen Thousand Dollar (\$15,000) increase in the Contract Sum.

TERMS

1. Contract Changes. The Agreement is amended as provided herein. Deleted text is indicated in ~~strikethrough~~ and added text in ***bold italics***.

a. **Section 2.1 (Contract Sum)** is hereby amended as follows:

“Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed ***One Hundred Ten Thousand Dollars (\$110,000)*** ~~Ninety Thousand Dollars and Zero Cents (\$90,000.00)~~ (the “Contract Sum”), unless additional compensation is approved pursuant to Section 1.8.”

b. **Section 3.4 (Term)** is hereby amended as follows:

“Unless earlier terminated in accordance with Section 7 of this Agreement, this

Agreement shall continue in full force and effect until completion of the services and shall expire on ~~June 30, 2026~~ **June 30, 2027** from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit “D”).

c. **Exhibit “C” (Schedule of Compensation)** is hereby amended and replaced in its entirety with Exhibit “C”, as attached hereto.

d. **Section II of Exhibit “D” (Schedule of Performance)** is hereby amended as follows:

“Consultant shall complete all services under this Agreement by ~~June 30, 2026~~ **June 30, 2027.**”

2. Continuing Effect of Agreement. Except as amended by this Amendment, the provisions of the Agreement shall remain unchanged and in full force and effect. From and after the date of this Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement, as amended by this Amendment to the Agreement.

3. Affirmation of Agreement; Warranty Re Absence of Defaults. City and Consultant each ratify and reaffirm each and every one of the respective rights and obligations arising under the Agreement. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement other than as provided herein. Each party represents and warrants to the other that the Agreement is currently an effective, valid, and binding obligation.

Consultant represents and warrants to City that, as of the date of this Amendment, City is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

City represents and warrants to Consultant that, as of the date of this Amendment, Consultant is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

4. Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment.

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

6. Counterparts and Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. The words “execution,” “signed,” “signature,” and words of like import in this Agreement or in any other certificate, agreement or document related to this Agreement, shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf”, “tif” or “jpg”) and other electronic signatures in accordance with California Code of Regulations Title 2 Section 22003 (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the California Uniform Electronic Transactions Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

CITY:
CITY OF GRAND TERRACE, a municipal corporation

By:

Konrad Bolowich
City Manager

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By:

Adrian Guerra
City Attorney

ATTEST:

By:

Daysi Alcocer
City Clerk

CONSULTANT:
HINDERLITER, DE LLAMAS & ASSOCIATES, a
California corporation

By:

Name: Andrew Nickerson
Title: President/CEO
Email Address:

By:

Name: Richard Park
Title: Chief Financial Officer
Email Address:
Address: 120 S. State Blvd. Suite 200
Brea, CA 92821

Two corporate officer signatures required when Consultant is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED UNLESS EXECUTED UTILIZING DIGITAL SIGNATURE IN ACCORDANCE WITH CALIFORNIA CODE OF REGULATIONS TITLE 2 SECTION 22003.



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Second Reading & Adoption of an Ordinance – Zoning Code Amendment (ZCA) 26-01 – Agricultural Employee Housing (Housing Element Program 12)

PRESENTED BY: Gabriel Arguelles, Associate Planner

RECOMMENDATION: **IT IS RECOMMENDED THAT THE CITY COUNCIL CONDUCT SECOND READING AND ADOPT AN ORDINANCE APPROVING ZONING CODE AMENDMENT (ZCA) 26-01 AND ENVIRONMENTAL REVIEW (E) 26-05; AMENDING TITLE 18 (ZONING) OF THE GRAND TERRACE MUNICIPAL CODE, INCLUDING CHAPTERS 18.53 (AG-1 AGRICULTURAL OVERLAY DISTRICT), 18.56 (AG-2 AGRICULTURAL OVERLAY DISTRICT); AND ADDING CHAPTER 18.58 (AGRICULTURAL EMPLOYEE HOUSING), TO IMPLEMENT PROGRAM 12 (EMPLOYEE HOUSING) OF THE CITY'S 2021–2029 HOUSING ELEMENT AND ENSURE CONSISTENCY WITH THE CALIFORNIA EMPLOYEE HOUSING ACT (HEALTH AND SAFETY CODE SECTIONS 17021.5 AND 17021.6).**

2030 VISION STATEMENT:

This agenda staff report supports City Council Goal #5, “Engage in Proactive Communication,” by implementing Program 12 of the City’s 2021–2029 Housing Element, maintaining consistency between the General Plan and the City’s Municipal Code, and providing clear and current development standards consistent with State housing law

BACKGROUND:

The City Council conducted a duly noticed Public Hearing on May 12, 2026, for the aforementioned Ordinance approving Zoning Code Amendment (ZCA) 26-01 which is provided as *Attachment 1*. The May 12, 2026, agenda report on the introduction of this Ordinance is provided as *Attachment 2*. For this Ordinance to become effective, the City Council needs to conduct the second reading of the Ordinance to adopt it. Once the Ordinance is adopted, it will become effective in 30 days.

The Ordinance is included as *Attachment 1*, along with supporting materials including **Exhibit A** – Housing Programs (2021–2029 Housing Element), **Exhibit B** – Health and Safety Code Section 17021.5, and **Exhibit C** – Health and Safety Code Section 17021.6.

DISCUSSION:

To implement these State requirements and fulfill the City’s Housing Element obligations, staff prepared amendments to Title 18 of the Grand Terrace Municipal Code to define agricultural employee housing, establish development standards, and provide a ministerial review process for qualifying projects.

Zoning Code Amendment (ZCA) 26-01 updates Title 18 of the Grand Terrace Municipal Code to establish regulations for agricultural employee housing within the City. The amendment modifies Chapters 18.53 (AG-1 Agricultural Overlay District) and 18.56 (AG-2 Agricultural Overlay District), and adds a new chapter, Chapter 18.58 – Agricultural Employee Housing.

The amendments define agricultural employee housing, establish objective development standards, and create a ministerial review process consistent with the California Employee Housing Act. These updates ensure the City's Zoning Code remains consistent with State law while providing a clear process for future agricultural employee housing projects within the City's agricultural overlay districts.

Chapter 18.58 establishes several categories of agricultural employee housing, including small-scale permanent housing, large-scale permanent housing, seasonal housing, and temporary agricultural residences. The chapter also includes standards related to parcel size, unit size, utility service, emergency access, occupancy verification, and ongoing compliance.

These updates help implement Housing Element Program 12, bring the City's Municipal Code into alignment with State law, and provide clear development standards for future agricultural and housing-related activities within the community.

CONCLUSION:

Adoption of this Ordinance (ZCA 26-01) will update the City's Municipal Code to implement Program 12 of the City's 2021–2029 Housing Element; and, update Title 18 of the Grand Terrace Municipal Code to ensure consistency with the California Employee Housing Act and other applicable State housing laws. The updates establish clear definitions, development standards, and a ministerial review process for agricultural employee housing within the City's agricultural overlay districts. These updates remove governmental constraints to housing, maintain consistency between the General Plan and the Municipal Code, and provide clear and current development standards for future projects.

ENVIRONMENTAL IMPACT:

The City has reviewed the Ordinance approving Zoning Code Amendment (ZCA) 26-01 for compliance with the California Environmental Quality Act (CEQA). The Ordinance consists of updates to the City's Municipal Code to implement State housing law and does not approve any specific development project or authorize any physical improvements. Because the action involves regulatory text changes only, and it can be seen with certainty that the amendment will not result in a significant effect on the environment, the project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), commonly referred to as the Common Sense Exemption.

FISCAL IMPACT:

Adoption of this Ordinance approving Zoning Code Amendment (ZCA) 26-01 is not expected to result in any direct fiscal impact to the City. The updates to the City's Municipal Code ensure consistency with state law and does not approve any specific development project. Any future agricultural employee housing development would be processed through the City's standard application, permitting, and cost recovery procedures.

ORDINANCE NO. 377

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, AMENDING TITLE 18 (ZONING) OF THE GRAND TERRACE MUNICIPAL CODE INCLUDING CHAPTERS 18.53 (AG-1 AGRICULTURAL OVERLAY DISTRICT), 18.56 (AG-2 AGRICULTURAL OVERLAY DISTRICT), AND ADDING CHAPTER 18.58 (AGRICULTURAL EMPLOYEE HOUSING) TO IMPLEMENT HOUSING ELEMENT PROGRAM 12 AND ENSURE CONSISTENCY WITH THE CALIFORNIA EMPLOYEE HOUSING ACT (HEALTH AND SAFETY CODE SECTIONS 17021.5 AND 17021.6)

WHEREAS, the City of Grand Terrace has adopted a Zoning Code, set forth in Title 18 of the Grand Terrace Municipal Code (“GTMC”), which has been amended from time to time to respond to changes in state law and community needs; and

WHEREAS, the City of Grand Terrace adopted the 6th Cycle Housing Element (2021–2029) of the General Plan, which identifies programs and actions necessary to address the City’s Regional Housing Needs Allocation and remove governmental constraints to housing development; and

WHEREAS, Housing Element Program 12 – Employee Housing requires the City to amend its Zoning Code to define and permit agricultural employee housing in compliance with the California Employee Housing Act; and

WHEREAS, the California Employee Housing Act (Health and Safety Code Sections 17000 through 17062.5) establishes the policy of the State of California to permit and encourage the development of sufficient employee housing to meet the needs of agricultural employees; and

WHEREAS, the proposed Zoning Code Amendment establishes definitions, use classifications, development standards, and ministerial approval procedures for agricultural employee housing consistent with state law; and

WHEREAS, the proposed amendments modify Chapters 18.53 (AG-1 Agricultural Overlay District) and 18.56 (AG-2 Agricultural Overlay District) and add a new Chapter 18.58 (Agricultural Employee Housing) to the Grand Terrace Municipal Code; and

WHEREAS, the proposed amendments will facilitate the development of agricultural employee housing while ensuring that such housing complies with applicable development standards and state regulatory requirements; and

WHEREAS, the Planning Commission – Site and Architectural Review Board held a duly noticed public hearing on March 19, 2026, to consider Zoning Code Amendment ZCA 26-01 and Environmental Determination E 26-05; and

WHEREAS, during the duly noticed public hearing, the Planning Commission / Site and Architectural Review Board considered public testimony and commissioner comments regarding temporary grazing regulations within the Agricultural (AG-1) Overlay District, and by motion directed that Section 18.53.090 be revised to allow temporary grazing by multiple species of grazing livestock, including sheep, goats, cattle, horses, and other similar grazing livestock; and

WHEREAS, following the public hearing, the Planning Commission adopted a resolution recommending that the City Council adopt the ordinance approving ZCA 26-01; and

WHEREAS, the City Council finds that the adoption of this ordinance will help remove governmental constraints to housing and facilitate the development of agricultural employee housing in accordance with Housing Element Program 12; and

WHEREAS, the City Council further finds that the adoption of this ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption), because it can be seen with certainty that the ordinance will not result in a significant effect on the environment; and

WHEREAS, this Ordinance is supported by applicable State law and the City's Housing Element programs, including the Housing Programs of the City of Grand Terrace Housing Element (2021–2029) (**EXHIBIT A**), Health and Safety Code Section 17021.5 (**EXHIBIT B**), and Health and Safety Code Section 17021.6 (**EXHIBIT C**), all of which are incorporated herein by this reference.

WHEREAS, notice of the City Council public hearing concerning this Ordinance was provided in accordance with the Grand Terrace Municipal Code, applicable provisions of State law, and the City's adopted public hearing noticing requirements; and

WHEREAS, the City Council held a duly noticed public hearing on May 12, 2026, to consider Zoning Code Amendment ZCA 26-01, received and considered all testimony and written evidence presented at the hearing, and determined that the amendment is consistent with the General Plan and the Housing Element; and

WHEREAS, the City Council on May 26, 2026, conducted a second reading and adoption of the Ordinance; and

WHEREAS, all legal prerequisites to the adoption of this Ordinance have occurred.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all the facts set forth in the above Recitals are true and correct and incorporated herein by this reference and made a part hereof.

SECTION 2. Based upon the forgoing and all oral and written testimony by members of the public and City staff (including, but not limited to, staff reports and attachments) made at the Public Hearing, the City Council hereby finds that the Project "Zoning Code Amendment (ZCA) 26-01" is not subject to environmental review pursuant to CEQA Guidelines Section 15061(b)(3) as follows:

Finding: A project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Facts in Support of Finding: The City of Grand Terrace has reviewed the Zoning Code

Amendment (ZCA 26-01) project with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) (“CEQA”).

The proposed amendment modifies the Grand Terrace Municipal Code to define and permit Agricultural Employee Housing and establish ministerial approval procedures consistent with the California Employee Housing Act.

The ordinance is a regulatory zoning update that does not approve or authorize any specific development project or physical change to the environment. Instead, it establishes development standards and procedures applicable to future agricultural employee housing projects that may be proposed.

Because the ordinance establishes only regulatory provisions and does not authorize any physical development, it can be seen with certainty that adoption of the ordinance will not result in a significant effect on the environment.

Therefore, the ordinance is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

SECTION 3. Based upon the foregoing and all oral and written testimony by members of the public and City staff (including, but not limited to, staff reports and attachments) made at the Public Hearing, the City Council determines the findings for Zoning Code Amendment (ZCA) 26-01 pursuant to Grand Terrace Municipal Code Section §18.90.040 can be made supporting the project application as follows:

- 1) **Finding:** The proposed amendment will not be detrimental to the health, safety, morals, comfort or general welfare of the persons residing or working within the neighborhood of the proposed amendment or within the City.

Facts in Support of Finding: ZCA 26-01 implements Housing Element Program 12 by establishing definitions, development standards, and ministerial approval procedures for Agricultural Employee Housing consistent with the California Employee Housing Act (Health and Safety Code Sections 17021.5 and 17021.6). These provisions ensure that agricultural employee housing is developed in a manner that protects public health and safety while providing housing opportunities for agricultural workers.

- 2) **Finding:** The proposed amendment will not be: Injurious to property or improvements in the neighborhood or within the City.

Facts in Support of Finding: The zoning code amendments establish objective development standards, including requirements related to parcel size, building size, setbacks, access, and infrastructure such as water and wastewater systems. These standards ensure that agricultural employee housing developments are compatible with surrounding land uses and will not adversely affect nearby properties.

- 3) **Finding:** The proposed amendment will be consistent with the latest adopted general plan.

Facts in Support of Finding: The proposed zoning amendments implement the City’s adopted Housing Element (2021–2029) by removing governmental constraints to agricultural employee housing and ensuring consistency with the California Employee

Housing Act. The amendments support the goals and policies of the Housing Element by facilitating housing opportunities for agricultural workers while maintaining compatibility with agricultural land uses designated in the General Plan.

SECTION 4. Chapters 18.53 (AG-1 Agricultural Overlay District) and 18.56 (AG-2 Agricultural Overlay District) of the Grand Terrace Municipal Code are hereby amended, and a new Chapter 18.58 (Agricultural Employee Housing) is hereby added, to read in their entirety as follows

Chapter 18.53 AGRICULTURAL (AG-1) OVERLAY DISTRICT

Sections:

18.53.010 Purpose.

The purpose of the Agricultural (AG-1) Overlay District is to permit limited agricultural uses in areas of the City which have historically contained such uses and where current lot size is sufficient to provide a compatible relationship between the limited agricultural uses and the underlying zoning district's residential uses. To ensure a quality living environment and to protect the public health, safety and general welfare, this Chapter establishes certain regulations regarding the type, size, number and location of such agricultural uses permitted in the Agricultural (AG-1) Overlay District. The regulations contained in this Chapter are in addition to the regulations of the underlying zoning district that the Agricultural (AG-1) Overlay District is layered upon. In the case of a conflict between the regulations of the Agricultural (AG-1) Overlay District and the underlying zoning district, the regulations of the Agricultural (AG-1) Overlay District shall prevail.

18.53.020 Permitted uses.

Uses permitted in the Agricultural (AG-1) Overlay District shall be as identified in Table 18.53.020.

18.53.030 Conditionally permitted uses.

Uses permitted in the Agricultural (AG-1) Overlay District with a conditional use permit shall be as identified in Table 18.53.020.

18.53.035 Agricultural Employee Housing permitted uses.

Employee housing land uses permitted in the Agricultural (AG-1) Overlay District with ministerial zoning approval from the Planning and Development Services Department shall be as identified in Table 18.58.040.

18.53.040 Total number of animals.

The combined total number of animals kept on any one site shall not exceed the maximum number and combination of animals allowable as identified in Table 18.53.020.

18.53.050 Location of animals.

All animals, except household pets, shall be kept at a minimum distance of seventy (70) feet from any adjacent dwelling, school or church located on adjoining parcels.

18.53.060 Offspring.

Young animals born to a permitted animal may be kept until such animals are weaned (cats and dogs: four (4) months, large animals: six (6) months, horses: twelve (12) months).

18.53.070 Sale of products.

One temporary stand for display and sale of seasonal items such as Christmas trees and pumpkins produced on the premises may be approved for a specific length of time by the Planning and Development Services Department.

18.53.080 County health department.

The contents of this Chapter shall in no way be interpreted to relax any of the requirements of the San Bernardino County Department of Public (DPH) Health Code.

18.53.090 Temporary grazing.

In no event shall there be a limit to the permitted number of sheep, goats, cattle, horses, or other similar grazing livestock which may be grazed per acre, where said grazing operation is conducted on fields for the purposes of cleaning up harvested crops, stubble, volunteer or wild growth and further where said grazing operation is not conducted for more than four (4) weeks in any six (6) month period. Special application for such temporary grazing shall be made in writing and approved by the Planning and Development Services Department prior to such grazing can begin.

TABLE 18.53.020
Agricultural (AG-1) Overlay District Standards

<u>Type of Animal or Use</u>	<u>Minimum Site Area per Animal or Use</u>	<u>Maximum Number of Animals</u>	<u>Permitted Use (P) or Conditionally Permitted Use (C)</u>
Each horse, mule, donkey or pony ^a	10,000 sq. ft.	6	P
Each large animal other than a horse, mule, donkey or pony ^a	20,000 sq. ft.	3	C
Each small animal	4,000 sq. ft.	12 ^c	P

Each 5 birds or rodents	4,000 sq. ft.	25	P
Exotic or wild animals	20,000 sq. ft.	3	C
Horticultural crops or tree farming	20,000 sq. ft.	NA	P

Footnotes:

- a. A pony, defined as any horse measuring 14 hands and two inches or less in height at the withers, may be kept in addition to the keeping of two horses on a 20,000 square foot parcel.
- b. A "small animal" shall be defined as an animal weighing less than 250 pounds.
- c. No more than one male goat shall be permitted.

Chapter 18.56 AGRICULTURAL (AG-2) OVERLAY DISTRICT

Sections:

18.56.010 Purpose.

The purpose of the Agricultural (AG-2) Overlay District is to permit limited commercial agricultural uses with single-family residential as an accessory use to support commercial agricultural uses. In order to ensure a quality living environment and to protect the public health, safety and general welfare, this chapter establishes certain regulations regarding the type, size, number and location of such agricultural uses permitted in the Agricultural (AG-2) Overlay District. The regulations contained in this chapter are in addition to the regulations of the underlying zoning district. In the case of a conflict between the regulations of the Agricultural (AG-2) Overlay District and the underlying zoning district, the regulations of the Agricultural (AG-2) Overlay District shall prevail.

18.56.020 Permitted uses.

Uses permitted in the Agricultural (AG-2) Overlay District are as follows:

- A. Temporary uses which are determined by the Planning and Development Services Department not to have significant long-term impact on the environment include but are not limited to the following: parking lot sales, Christmas tree sales, seasonal sales, rummage sales, shall be reviewed and approved through the land use approval and/or temporary use permit.

18.56.030 Conditionally permitted uses.

Uses permitted in the Agricultural (AG-2) Overlay District with a conditional use permit are as follows:

- A. Animal keeping and boarding. All animals, except household pets, shall be kept at a minimum distance of seventy (70) feet from any structure or area used for human habitation or public assembly (e.g. parks, churches, etc.) on adjoining property. The area of human habitation shall not include cabanas, patios, attached or detached private garages or storage buildings.

The combined total number of animals kept on any one site shall not exceed the maximum number and combination of animals allowable as identified in Table 18.56.030.

- B. Apiaries, provided that no hives or boxes housing bees are kept closer than two hundred (200) feet from any dwelling other than that occupied by the property owner.
- C. Orchards, groves, nurseries, field crops, tree crops, berry crops, bush crops, truck gardening and commercial flower growing, including the drying, packing, canning, freezing, or other acceptable methods of processing of fruits, nuts, vegetables and other horticultural products where such processing is primarily in conjunction with a farming operation and the structures used for such processing are located at least twenty (20) feet from the property line.
- D. Sale of fruit, vegetables, produce and flowers and other similar products grown on the property; provided, however, that roadside stands used for such sales shall not exceed two-hundred and fifty (250) square feet.
- E. Riding stables and academies; provided that the minimum lot size for such uses shall be not less than five (5) acres, and that all buildings for the housing, feeding, or rental of such animals shall be at least one hundred (100) feet from any property line, and five hundred (500) feet from any residential zone, church, school, park or hospital.
- F. Sheep grazing only for the purpose of clearing unharvested crops or stubble, with no limit on the number of animals, for a period not exceeding thirty (30) days in any six (6) month period. Special application for such temporary grazing shall be made in writing, and approved by the Planning and Development Services Director prior to commencement.
- G. Single-family residences, provided that such use is ancillary to a commercial agricultural use, and that residential uses and structures, including accessory residential uses and structures, do not occupy more than twenty five (25%) percent of the site area.
- H. Accessory structures and uses. Private garages used by persons residing on the premises, cabanas, laundry rooms, workshops, stables, barns, tack rooms, pens, corrals, and similar animal keeping/agricultural structures, provided these structures shall not be used as a habitable dwelling or space, as defined by the adopted California Building Code. Approval shall be through a land use permit and/or temporary use permit review.
- I. Other uses which are determined by the Planning Commission Site and Architectural Review Board to be similar in nature to a use listed in this Section.

TABLE 18.56.030

<u>Type of Animal</u>	<u>Minimum Site Area per Animal or Use (square feet)</u>	<u>Maximum Number of Animals (per parcel)</u>
Poultry	25 per acre	100
Cattle or buffalo	6,000	-

Horses, mules, donkey or pony	6,000	-
Fish raising	1 pond/acre	-
	Maximum pond size = ½ lot area and maximum 4 ponds per parcel	
Hogs	12,000	-
Sheep, female goats and similar livestock	4,000	
Adult male goats	-	1
Rabbits and chinchillas	200	200
Ostriches, emus, alpacas, llamas	4,000	-

Notes:

1. Young animals born to a permitted animal may be kept until such animals are weaned (cats and dogs: four (4) months, large animals: six (6) months, horses: twelve (12) months).

18.56.040 Prohibited uses.

- A. Commercial composting facilities.
- B. Commercial recycling facilities.
- C. Animal slaughtering.

18.56.050 Agricultural Employee Housing permitted uses.

Employee housing land uses permitted in the Agricultural (AG-2) Overlay District with ministerial zoning approval from the Planning and Development Services Department shall be as identified in Table 18.58.040.

18.56.055 Animal keeping.

Animal keeping shall be pursuant to the provisions of Chapter 18.53 Agricultural Overlay District.

18.56.060 Site development standards.

Animal keeping areas shall be limited to portions of the lot with no more than a four (4%) percent grade. Other site development standards in the Agricultural (AG-2) Overlay District are as follows:

Development Issue	Standard
Lot Area	1 acre (minimum)
Lot Width	150 linear feet (minimum)
Lot Depth	200 linear feet (minimum)
Front yard setback	40 linear feet (minimum)
Rear yard setback	35 linear feet (minimum)
Side yard setback	20 linear feet (minimum)
Height (primary structure)	35 linear feet (maximum)
Lot Coverage (less parking, setbacks, and landscaping)	40% (maximum)

18.56.070 Standards for accessory buildings.

- A. Accessory buildings shall not occupy more than ten percent of the rear yard.
- B. Accessory buildings shall be a minimum of fifteen (15) feet from the main buildings

- C. Accessory buildings shall be located no closer to the side and rear property lines than:
1. Ten (10) feet for one (1) story non-residential accessory buildings.
 2. Fifteen (15) feet for two (2) story nonresidential accessory buildings and one (1) or two (2) story buildings used for residential purposes.

18.56.080 Screening and trash enclosures.

- A. Trash storage areas shall be enclosed by a wall not less than six (6) feet in height, and shall not be located within forty (40) feet of any property zoned for residential use. The enclosure shall follow current California Building Code accessibility requirements, as amended from time to time. A drain shall be installed and connected directly into the City's wastewater system, with approval from the City's Engineer. The storage and trash enclosure shall contain lockable front facing decorative metal doors and a side door, and a decorative metal roof or cover with screening to prevent illegal dumping. All decorative material shall be compliant with the City's objective design standards.
- B. All outdoor animal uses and/or animal enclosures shall be screened in a manner determined by the Planning Commission Site and Architectural Review Board in consideration of the type of animals being kept.

18.56.090 Off-street parking.

The number of off-street parking spaces shall be determined by the Planning Commission Site and Architectural Review Board as part of the conditional use permit. The provisions of Chapter 18.60 shall apply in determining the size and location of required parking spaces.

18.56.100 Signs.

Signs in the Agricultural (AG-2) Overlay District shall be limited to one (1) unlighted sign per site not exceeding twelve (12) square feet pertaining to products offered for sale on the premises.

18.56.110 County health department.

The contents of this Chapter shall in no way be interpreted to relax any of the requirements of the San Bernardino County Department of Public (DPH) Health Code

Chapter 18.58 AGRICULTURAL EMPLOYEE HOUSING

Sections:

18.58.010 Purpose.

The purpose of agricultural employee housing is to provide increased flexibility and available options of agricultural employee housing, streamlined permitting and approval, as well as prevention of misuse for non-applicable housing types in Grand Terrace's Agricultural Overlays.

18.58.015 Applicability.

This Chapter is applicable within the City of Grand Terrace's Agricultural Overlay Districts that allow agriculture on specific properties above and beyond the land uses granted by the underlying land use and zoning of those properties.

18.58.020 Definitions.

"Agricultural employee" means an agricultural employee, operator, or owner primarily engaged in an agricultural operation.

"Agricultural operation" means farming and ranching in all their forms.

"Agricultural Employee Housing" means a housing unit that must be occupied by individuals who are primarily engaged in an agricultural operation. Family members of such individuals may also live in the same unit. Agricultural employee housing is not required to be located on the same property as an agricultural operation.

"Small-scale permanent housing facility" means a residential development that includes no more than six (6) dwelling units or eighteen (18) beds in group living quarters. This may include mobile homes and manufactured homes. Complete individual or shared living, sleeping, eating, cooking, and sanitation facilities, including a full kitchen and bathroom, shall be provided on the same lot.

"Large-scale permanent housing facility" means a residential development that include seven (7) or more dwelling units or nineteen (19) or more beds in group living quarters, or housing that does not meet the supplemental use regulations for small-scale agricultural employee housing. Complete individual or shared living, sleeping, eating, cooking, and sanitation facilities, including a full kitchen and bathroom, shall be provided on the same lot.

"Seasonal temporary housing facility" means temporary housing that is present on site for no more than one-hundred and twenty (120) days per year and is not subject to the Special Occupancy Parks Act, Health & Safety Code § 18860 et seq. Complete individual or shared living, sleeping, eating, cooking, and sanitation facilities, including a full kitchen and bathroom, shall be provided on the same lot. This housing is limited to movable tiny homes, which for the purpose of seasonal agricultural employee housing, may be located on a lot without a primary residence. The property owner shall declare the specific occupancy period dates for each housing unit annually and submit that information to the Planning and Development Services Department by February 1st of each year. All such housing shall be removed from the site outside of the declared occupancy period dates.

"Temporary Agricultural Residence" means a recreational vehicle or movable tiny home that provides temporary housing to a person engaged in an on-site agricultural operation, and their family members. For the purposes of temporary agricultural residences, a movable tiny home or recreational vehicle may be located on a property without a primary residence on-site.

18.58.030 Permitted Uses By-Right.

The residential use categories ("Small-scale permanent," "Large-scale permanent," "Seasonal," and "Temporary" agricultural residences) can be approved through an administrative Land Use Permit and/or Temporary Use Permit with the Planning and Development Services Department. No discretionary permit and no public hearing is required for "Small-scale permanent," "Large-scale permanent," "Seasonal," or "Temporary" agricultural residences.

18.58.040 Agricultural Employee Housing Land Use Regulations

Employee Housing Land Uses listed in Table 18.58.040 below shall be allowed in both Agricultural Overlays as indicated in the columns below each district heading. Permitted uses are indicated by the letter "P." A "P" permitted agricultural employee housing land use requires approval of a ministerial Land Use Permit from the Planning and Development Services Department to verify compliance with site development standards identifying within this Chapter 18.58 and the underlying zoning and/or agricultural overlay.

LAND USE	OVERLAY					
	Agricultural District	(AG-1)	Overlay	Agricultural District	(AG-2)	Overlay
Small-Scale Permanent		P			P	
Large-Scale Permanent		P			P	
Seasonal		P			P	
Temporary		P			P	

18.58.050 Site development standards.

All Agricultural Employee Housing shall comply with the setback, lot coverage, height, and other development standards applicable to the zone and/or agricultural overlay within which it is located, unless otherwise indicated in this section.

- (a) Requirements for Small-Scale and Large-Scale Permanent Agricultural Employee Housing
 - (1) Minimum Parcel Size: Permanent Agricultural Employee Housing shall be located on parcels of five (5) or more acres having an agricultural overlay designation.
 - (2) Permanent Agricultural Employee Housing shall be no more than a two (2) story structure.
 - (3) Unit Size: Individual dwelling units shall not exceed twelve hundred (1,200) square feet and group living quarters and supporting facilities shall not exceed five hundred (500) square feet per agricultural employee.
 - (4) Water and Wastewater Treatment: All Permanent Agricultural Employee Housing shall be directly connected or have on-site access to approved water and wastewater treatment systems that comply with the requirements of the Riverside Highland Water Company and the City of Colton Water and Wastewater Department.
 - (5) Siting Requirements: All Permanent Agricultural Housing shall comply with all of the following requirements:

- a. Residential setbacks and all other development standards of the underlying zoning district and/or agricultural overlay shall apply.
 - b. All structures and improvements shall be located outside of a floodway, as designated by the Federal Emergency Management Agency (FEMA) and as delineated in the applicable Flood Boundary and Floodway Map.
 - c. Proof of adequate utility access and infrastructure, including water supply, electrical, and gas distribution systems.
 - d. All development shall occur on a legally established lot with legal access to a public road.
 - e. There shall be safe and adequate access for fire and emergency vehicles.
- (6) All Permanent Agricultural Employee Housing shall be occupied exclusively by agricultural employees and their family members for at least a total of one-hundred and twenty (120) days per calendar year. Compliance with these occupancy requirements shall be verified annually by the City Building and Safety Department.
- (7) All Permanent Agricultural Employee Housing shall have fire sprinklers, comply with county and state health regulations.

(b) Requirements for Seasonal Agricultural Employee Housing.

- (1) Minimum Parcel Size: Seasonal Agricultural Employee Housing shall be located on parcels of five (5) or more acres having an agricultural overlay designation.
- (2) Unit Size: Individual dwelling units shall not exceed twelve hundred (1,200) square feet and group living quarters and supporting facilities shall not exceed five hundred (500) square feet per agricultural employee.
- (3) Water and Wastewater Treatment: All Seasonal Agricultural Employee Housing shall be directly connected or have on-site access to approved water and wastewater treatment systems that comply with the requirements of the Riverside Highland Water Company and the City of Colton Water and Wastewater Department.
- (4) Siting Requirements: All Seasonal Agricultural Housing shall comply with all of the following:
 - a. Residential setbacks and all other development standards of the underlying zoning district and/or agricultural overlay shall apply.
 - b. All structures and improvements shall be located outside of a floodway, as designated by the Federal Emergency Management Agency (FEMA) and as delineated in the applicable Flood Boundary and Floodway Map.
 - c. Proof of adequate utility access and infrastructure, including water supply, electrical, and gas distribution systems.

- d. All development shall occur on a legally established lot with legal access to a public road.
 - e. There shall be safe and adequate access for fire and emergency vehicles.
- (5) All Seasonal Agricultural Employee Housing shall be occupied exclusively by agricultural employees and their family members for at least a total of one hundred and twenty (120) days per calendar year. Compliance with these occupancy requirements shall be verified annually by the City Building and Safety Department.

(c) Requirements for Temporary Agricultural Residences.

- (1) Occupancy: At least one occupant shall be primarily engaged in an on-site agricultural operation or the development of an on-site agricultural operation. Family members of the person engaged in the on-site agricultural operation may also live in the residence.
- (2) On-site operations: The applicant shall demonstrate to the satisfaction of the Planning and Development Services Department the existence of an on-site agricultural operation, or an acceptable plan to establish an agricultural operation, and the need for on-site employee housing in support of the existing or planned agricultural operation.
- (3) Cash Deposit: The applicant shall post financial security with the City of Grand Terrace in the amount of \$100,000.00 to ensure timely removal of the temporary agricultural residence.
- (4) Termination: The temporary agricultural residence shall be removed from the property no later than two (2) years after the planning clearance is issued for the residence.
- (5) Water and Wastewater Treatment: All Temporary Agricultural Residences shall be directly connected or have on-site access to approved water and wastewater treatment systems that comply with the requirements of the Riverside Highland Water Company and the City of Colton Water and Wastewater Department.
- (6) Siting Requirements: All Temporary Agricultural Residences shall comply with all the following requirements:
 - a. Residential setbacks and all other development standards of the underlying zoning district and/or agricultural overlay shall apply.
 - b. All structures and improvements shall be located outside of a floodway, as designated by the Federal Emergency Management Agency (FEMA) and as delineated in the applicable Flood Boundary and Floodway Map.
 - c. Proof of adequate utility access and infrastructure, including water supply, electrical, and gas distribution systems.
 - d. All development shall occur on a legally established lot with legal access to a public road.
 - e. There shall be safe and adequate access for fire and emergency vehicles.

- (7) All Temporary Agricultural Residences shall be occupied exclusively by agricultural employees and their family members for at least a total of forty-five (45) days per calendar year. Compliance with these occupancy requirements shall be verified annually by the City Building and Safety Department.

18.58.060 Verification and Discontinuance.

(a) Annual Verification: Agricultural Employee Housing shall only be occupied by farm workers and members of their household. The owner of each parcel containing agricultural employee housing shall submit a completed annual verification form to the Planning and Development Services Department no later than February 1st of each year. The Planning and Development Services Department shall prepare and maintain a verification form for this purpose. The complete verification form and supporting documentation shall require the property owner to meet all of the following requirements:

- (1) Verify and provide substantial evidence that any permanent agricultural employee housing (including seasonal) was occupied by agricultural employees for a minimum of one-hundred and eighty (180) days during the preceding calendar year.

a. Substantial evidence may include at least two of the following documents, as applicable.

1. Employee's income tax return.
2. Employee's pay receipts.
3. Employer's DE-34 form.
4. Employer's ETA 790 form.
5. Employee's W-2 form.
6. Employer's DLSE-NTE form.
7. A document signed by both the employer and the employee, which states that the occupant of Agricultural Employee Housing is employed in agricultural operations and includes a description of the employee's job duties.

(2) Verification for Small-Scale or Large Scale Permanent Agricultural Employee Housing: Declare that any permanent agricultural employee housing will be occupied by agricultural employees for a minimum of one hundred and eighty (180) days during the current calendar year.

(3) Verification for Seasonal Permanent Agricultural Employee Housing.

- a. Designate the specific days (not exceeding one-hundred and eighty (180) days) that any seasonal agricultural employee housing will be occupied during the calendar year and verify that the units will be removed from the property outside of the designated occupancy dates.

- b. Verify and provide substantial evidence, through a site plan or map, of the location of all proposed seasonal agricultural employee housing and any shared facilities such as kitchens, cooking facilities, showers, and restrooms, adequate to support the occupancy.
- (b) Recordation of Notice: For permanent agricultural employee housing, a notice shall be recorded that such housing shall be used only for agricultural employee housing and the conditions and requirements applicable to such use. A property owner shall also provide written disclosure of all such conditions and requirements before any sale, lease or financing of the property.
- (c) State and Federal Requirements: Any owner or operator of agricultural employee housing shall comply with all state and federal requirements applicable to such housing, including but not limited to the following:
 - 1. Where required by state law, a person intending to operate agricultural employee housing shall obtain and maintain a permit to operate (or exemption) from the California Department of Housing and Community Development (HCD) pursuant to the Employee Housing Act (Health & Safety Code § 17000 et seq.) and regulations promulgated thereunder (California Code of Regulations, Title 25, § 600 et seq.).
 - 2. Where mobile homes, movable tiny homes, and manufactured homes are used for agricultural employee housing, additional state permitting requirements may apply under the Mobile Home Parks Act (Health & Safety Code § 18200 et seq.) or the Special Occupancy Parks Act (Health & Safety Code § 18860 et seq.) and regulations promulgated thereunder.
- (d) Deed Restriction & Discontinuance of Use: A deed restriction in a form approved by the City Attorney's Office that runs with the land shall be recorded with the San Bernardino County Assessor-Recorder-County Clerk Office, prior to the issuance of the necessary permits for construction for all agricultural worker housing except for temporary trailers, limiting the use of such housing to agricultural worker housing and setting forth the conditions and requirements applicable to such use. The property owner shall also be required to provide written disclosure of all such conditions and requirements before any sale, lease or financing of the subject lot(s) and dwelling units. This restriction shall not be amended, released, terminated, or removed from the property without the prior written consent of the Planning and Development Services Department. In the event the agricultural worker housing use is terminated and/or structures are removed in accordance with other applicable law as confirmed in writing by the Planning and Development Services Department, the deed restriction that accompanies the development shall be released and removed from the property. This restriction shall not be amended, released, terminated, or removed from the property without the prior written consent of the Planning and Development Services Department. The Planning and Development Services Department may require the removal of a housing unit and restoration of the site (including any affected agricultural soils) based on the unpermitted or unverified use of Agricultural Employee Housing units, or based on other violations of the above section.

SECTION 5. The City Council enacts this Ordinance approving ZCA 26-01 under the authority granted to cities by Article XI, Section 7 of the California Constitution and Government Code Sections 65850–65863

SECTION 6. If any section, subsection, paragraph, sentence, clause or phrase of the Ordinance, or its application to any person or circumstance, is for any reason held to be invalid and 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 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.

SECTION 7. This Ordinance approving ZCA 26-01 shall take effect and be in force thirty (30) days from and after its adoption.

SECTION 8. First read at a regular meeting of the City Council held on the 12th day of May 2026 and adopted the Ordinance after the second reading at a regular meeting held on the 26th day of May 2026.

SECTION 9. The Mayor shall sign, and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published and posted pursuant to the provisions of law in that regard and this Ordinance shall take effect thirty (30) days after its final passage.

PASSED, APPROVED, AND ADOPTED by the City Council of Grand Terrace at a regular meeting held on the 26th day of May 2026.

Bill Hussey
Mayor

ATTEST:

Daysi Alcocer
City Clerk

APPROVED AS TO FORM:

Adrian R. Guerra
City Attorney



Housing Programs

This section describes the City’s housing programs for the 2021-2029 planning period, including the responsible agency, timeframe, funding source and objectives. It should be noted that where funding sources list “General Fund”, these may consist of in-kind staff services, expedited permit processing, and/or reduced permitting fees.

Programs to Provide Adequate Sites for Housing

Program 1 Adequate Sites to Accommodate Regional Housing Needs

To accommodate for a shortfall of sites and provide for adequate sites, the City is rezoning 97.3 total acres to allow for housing at a density of 20 – 40 du/acre. By upzoning for considerable capacity beyond the RHNA, the City is encouraging housing mobility, creating housing opportunity, and ensuring there is adequate capacity to meet the RHNA.

The City has identified 20 parcels (24.2 acres) from this rezone to meet the RHNA. Rezoned sites will comply with the requirements of Government Code Sec. 65583.2(h) which states that cities must have a program to facilitate by-right approval for projects that include at least 20 percent of the units for lower-income housing on rezoned low-income sites. Rezoned sites needed to meet the RHNA shall comply with the following:

- Permit owner-occupied and rental multifamily uses by-right for developments in which 20 percent or more of the units are affordable to lower-income households;
- Accommodate a minimum of 16 units per site;
- Require a minimum density of 20 units per acre;
- Or, at least 50 percent of the lower-income need must be accommodated on sites designated for residential use only or on sites zoned for mixed uses that accommodate all of the very low and low-income housing need, if those sites allow 100 percent residential use, and require residential use occupy 50 percent of the total floor area of a mixed-use project.

Additionally, the six RHNA sites with existing, single-family residential uses will be subject to a replacement housing policy. The replacement housing policy will comply with all provisions of Government Code section 65915, subdivision (c) (3).

Pursuant to the statutory requirements of Government Code Sections 65583.2(c), amend the Zoning Ordinance to require by-right approval of any “reuse” 4th and 5th Cycle sites being used to meet the 6th Cycle RHNA, if 20 percent of the units in the development are affordable to lower-income households. There are four sites in the housing element that are subject to this provision, APNs 116720103, 027521109, 027641102, and 027641127.

Responsible Agency: Community Development
 Objective: Rezone the identified 20 parcels (24.2 acres) with sufficient area and development standards to accommodate the City’s RHNA allocation



throughout the planning period. Update Zoning and Land Use maps accordingly. Monitor progress through Annual Progress Reports.

Timing: Amendments by October 2024; Ongoing implementation through the planning period. Rezones as soon as possible following adoption.

Funding sources: General Fund, Filing fees

AFFH Themes: New Opportunities in High Resource Areas, Housing Mobility

Program 2 No Net Loss and Adequate Sites Reporting

Pursuant to Senate Bill (SB) 166 (No Net Loss), the City must always maintain adequate sites to accommodate the remaining RHNA requirement. The City will monitor the entitlement and production of housing sites to ensure the remaining unmet RHNA by each income category is maintained at all times. Findings have to be made to reduce density/downzone a potential housing site to show that there are still adequate sites available to meet RHNA in a specific income category or a rezone has to occur within 180 days to accommodate the net loss of RHNA in said income category.

The City will develop a procedure by October 2024, to track:

- Unit count and income/affordability assumed on parcels included in the sites inventory.
- Actual units constructed and income/affordability when parcels are developed.
- Net change in capacity and summary of remaining capacity in meeting remaining RHNA.

The City will conduct a mid-cycle review of units built and capacity to meet the RHNA in 2026. If the entitled projects are not anticipated to be completed during the 6th Cycle at this time, the City will identify additional sites from the larger rezone efforts described above in Program 1 Programs to Provide Adequate Sites for Housing and/or programs to adequately meet the RHNA.

Responsible Agency: Community Development

Objective: Ensure compliance with SB 166

Timing: Procedures developed by October 2024; Ongoing implementation through planning period

Funding sources: Filing fees, General Fund

Programs to Assist the Development and/or Availability of Affordable Housing

Program 3 Facilitate Development of Affordable and Special Needs Housing

The City will provide a set of incentives for and technical assistance to developers for housing projects that are affordable or for special needs households. Special needs households covers all types of special needs households including persons with disabilities, persons experiencing

homelessness, female-headed households, senior housing, transitional youth housing, or any other identified special need housing type not listed.

Specifically, the City will:

- Allow and assist developers in using Planned Residential Development standards, which allows for density bonuses when energy efficient construction is incorporated into projects.
- Provide density bonus and other incentives consistent with state law
- Provide expedited processing for projects that provide housing for lower-income and/or special needs households, including senior, extremely-low income households, housing for those with disabilities, or any other identified special needs household
- Assistance in preparing applications for lower-income households and households with special needs, including seniors, those with disabilities, or any other identified special needs household
- As funding allows, reduce development fees for extremely-low income housing projects. Seek funding sources to assist with extremely-low income housing development.
- Seek funding to support the health and quality of the mobile homes in the northwestern area of the City through funding opportunities including but not limited to the Mobilehome Park Rehabilitation and Resident Ownership Program (MPRROP) and Manufactured Housing Opportunity and Revitalization Program (MORE).

Additionally, the City will annually contact developers of all special needs and lower income housing to assist in development where feasible by:

- Assisting and supporting new applications.
- Providing priority processing,
- Evaluate fee deferrals or subsidies and design modifications.
- Facilitating site acquisition.
- Hosting an annual workshop, or comparable outreach, to developers to provide information on the City’s regulations regarding housing development, opportunities and sites available for development, and the City’s development incentives.

Responsible Agency: Community Development
 Objective: Support affordable and special needs housing production
 Timing: Ongoing through planning period; annual outreach event for developers, seek funding opportunities annually with at least one mobile home funding application by Q3 2026, establish internal expedited permit process by Q1 2026.
 Funding sources: Filing fees, General Fund
 AFFH Themes: New Opportunities in High Resource Areas, Housing Mobility



Program 4 Density Bonus Consistent with State Law

Consistent with state law, the City must offer density bonus incentives for senior housing projects and projects that reserve a portion of the units as housing affordable to very low-, low-, and moderate-income households. In conjunction with the density bonus, the City must also offer incentives or regulatory concessions to facilitate affordable housing development. Incentives and concessions considered by the City include planned development standards and assistance with infrastructure requirements, such as water or sewer extensions when energy efficient construction is incorporated into projects. The City will revise the Planned Residential Development section of the zoning code (18.10.090) to include the density bonus incentives and concessions.

To qualify for a density bonus and concessions or other incentives, the developer of a proposed housing project (at least five units) must provide housing units affordable to very low-, low-, or moderate-income households, and/or housing for seniors.

The City will revise the zoning code to be consistent with state density bonus law by Q1 2026.

- Responsible Agency: Housing Authority, Community Development
- Objective: Facilitate lower-income housing production, special needs housing
- Timing: Amend the Zoning Code by Q1 2026.
- Funding sources: General Fund

Program 5 Section 8 Rental Assistance

The City will facilitate access to Section 8 Rental Assistance for lower-income households through the San Bernardino County Housing Authority by assisting the County with publicity whenever the waiting list is opened, by posting the phone number and website of the Housing Authority on the City’s website. Additionally, whenever the waiting list is open, the City will provide technical assistance and support to residents to add their information to the waiting list.

- Responsible Agency: Community Development/Planning
- Objective: Support housing availability. Provide information to 25 households annually, when waiting list is open. Provide technical assistance to 15 households when waiting list is open.
- Timing: Ongoing as notified by the San Bernardino County Housing Authority
- Funding sources: General Fund
- AFFH Themes: Fair Housing Enforcement and Outreach, Housing Mobility

Program 6 First-Time Homebuyer Assistance

The San Bernardino County CDH Department participates in the CRHMFA Homebuyers Fund (CHF) program that provides down payment, payment, and closing costs assistance to County residents. The Mortgage Credit Certificate Program provides a federal income tax credit for first-time homebuyers, which may be claimed as long as the homebuyer occupies the home and pays interest on the mortgage.

Information on this Program will be provided on the City’s website, including links to the respective Programs and posted biennially in the local newspaper.

San Bernardino County residents meeting income eligibility requirements may be eligible to participate in the CalHOME funding program that provides down payment assistance for first-time homebuyers. The CalHOME is administered by various organizations; locally Neighborhood Housing Services of the Inland Empire (NHSIE) and Neighborhood Partnership Housing Services, Inc. (NPHS) administer CalHOME programs. Prospective homeowners could qualify for down payment assistance to be paid back through a “silent second” mortgage.

Information on this Program will be provided on the City’s website, including links to the NHSIE and NPHA websites, and posted biennially in the local newspaper. The City will provide technical assistance and support to residents for application to both programs.

Responsible Agency: Community Development/Planning and San Bernardino County CDH
 Objective: Production of affordable housing. Provide information to 20 households annually. Provide technical assistance to 10 households throughout the planning period.
 Timing: Throughout the planning period
 Funding sources: Federal and state grants

Program 7 Multifamily Housing Bonds

The San Bernardino County CDH Department operates a Multifamily Residential Rental Housing Revenue Bond program. This Program can be used for new construction, acquisition, and/or rehabilitation of multifamily housing developments. A specified number of units are required to remain affordable to eligible, low-income households for a specified number of years after the initial financing is provided.

Information on this Program will be provided on the City’s website, including links to the respective Programs and posted biennially in the local newspaper. The City will provide technical assistance to applicants who are looking to participate in this program in Grand Terrace.

Responsible Agency: Community Development and San Bernardino County CDH
 Objective: Produce, acquire, and/or rehabilitate at least 10 units of affordable multifamily housing throughout the planning period. Technical assistance to two projects in the planning period.
 Timing: Continuously throughout the planning period
 Funding sources: Federal and state grants
 AFFH Theme: New Opportunities in High Resource Areas, Housing Mobility

Programs to Mitigate Governmental Constraints

Program 8 Reasonable Accommodation for Persons with Disabilities

Chapter 18.68 (Reasonable Accommodations) of the Municipal Code provides a streamlined process for persons with disabilities to request deviations from the City’s code requirements to accommodate their disability. Over the planning period the City will continue to implement this

program. The City will review the reasonable accommodations procedure once during the planning period to ensure that it continues to provide a streamlined and clear process for any reasonable accommodations requests. When requests are received, the City will apply its reasonable accommodations process.

Responsible Agency: Community and Economic Development Department
 Objective: Support fair housing for persons with disabilities
 Timing: Throughout the planning period when requests for reasonable accommodations are received. Review reasonable accommodations procedure by Q1 2027.
 Funding sources: Filing fees

Program 9 Incentivize Accessory Dwelling Units

The City will process a Code amendment in 2024 to update ADU regulations to be consistent with current law.

The City will create a dedicated webpage on the City website for ADU information. The page will include necessary information for the construction of ADUs and will include a set of FAQs, a flow chart of the development process, and links to resources for the development of affordable ADUs, and other ADU resources.

The City will also make a variety of pre-approved ADU plan sets available to facilitate reduced applicant cost and expedited review for ADUs by 2025. The City will ensure that example plans provide choices and diversity in size to accommodate a variety of household sizes and types. The program may be modeled after successful programs implemented in other cities and utilize SBCTA and/or other regional plans.

The City will monitor ADU production and affordability levels. Should ADU production not meet projected targets (an average of 1.5 ADUs annually) the City will pursue additional actions to encourage ADU production within six months of an identified shortfall. Additional actions include but are not limited to outreach and educational opportunities, grants and loans, or participation in regional ADU facilitation efforts.

Responsible Agency: Community Development/Planning
 Objective: Mitigate governmental constraints; Increase ADU trends from 1.5 to 3 ADUS per year.
 Timing: Annual review, ADU code amendment in 2024. Create ADU webpage by Q4 2025. Additional actions within six months of any identified shortfall.
 Funding sources: General Fund, Filing fees
 AFFH Theme: New Opportunities in High Resource Areas

Program 10 Priority Water and Wastewater Service for Affordable Housing Developments.

Pursuant to Government Code 65589.7, work with public service providers to establish written procedures for the prioritization of water and sewer services to housing developments serving lower-income households.

Ensure that water and sewer service providers receive a copy of the housing element upon adoption.

Responsible Agency: Community Development and Planning Services / Municipal Utilities and Engineering Department
 Objective: Mitigate governmental constraints
 Timing: October 2023
 Funding sources: General Fund, Filing fees

Program 11 Zoning Ordinance Amendments for Housing for Persons with Special Housing Needs

A Zoning Ordinance amendment will be processed in 2024 to update City regulations for emergency shelters, transitional and supportive housing, residential care facilities, and low barrier navigation centers consistent with current state law. The follow amendments will be made:

- The Zoning Ordinance allows emergency shelters by-right in the M2 – Industrial zone district in compliance with state law. AB 139 (2019) amended parking standards that may be required for emergency shelters.
- State law requires that transitional and supportive housing be allowed as a residential use subject to the same standards as other residential uses of the same type in the same zone. In 2018 AB 2162 amended State law to require that supportive housing be a use by-right in zones where multi-family and mixed uses are permitted, including non-residential zones permitting multi-family uses, if the proposed housing development meets specified criteria.
- AB 101 (2019) added the requirement that low barrier navigation centers meeting specified standards be allowed by-right in areas zoned for mixed use and in non-residential zones permitting multi-family uses pursuant to Government Code §65660 et seq.
- Amend the Zoning Ordinance to permit residential care facilities for seven or more persons in the R-3-S, R-3-20, R-3-24.
- Remove the AUP requirement for residential care facilities for seven or more persons
- Revise the definition of emergency shelters pursuant to AB 2339.
- Remove the Specific Plan requirement for senior housing in Section 18.10.020.
- Remove the bedroom limit for Duplex, Triplex, Four-plex and Multiple Family residential in the R-2 and R-3 districts in Section 18.10.040 (scheduled for 2024 updates)



- Revise site development standards to decrease the minimum living area to 675 square feet for one bedroom units, 850 square feet for two bedroom units, and 1,025 square feet for three bedroom units, with an 175 square feet required for each additional bedroom beyond three (scheduled for 2024 updates).

Responsible Agency: Community Development/Planning
 Objective: Amend the Development Code by October, 2025 unless otherwise noted for specific code amendment items. Then, annually monitor the effectiveness of the amended Development Code in addressing the following:
Emergency Shelters, Transitional Housing, and Supportive Housing
Single-Room Occupancy
Low Barrier Navigation Centers
 Timing: Code amendment in 2025
 Funding sources: General Fund

Program 12 Employee Housing

Pursuant to Health and Safety Code section 17021.5, define and permit employee housing in compliance with the Employee Housing Act. Revise zoning to allow farmworker housing in all agricultural zones throughout the City.

Pursuant to Health and Safety Code section 17021.6, employee housing for six or fewer employees is treated as a single-family structure and permitted in the same manner as other dwellings of the same type in the same zone. Employee housing consisting of no more than 12 units or 36 beds to be permitted in the same manner as other agricultural uses in the same zone. Revise zoning to allow employee.

Responsible Agency: Community Development/Planning
 Objective: Mitigate governmental constraints
 Timing: Code Amendment 2024
 Funding sources: General Fund

Program 13 Objective Standards

Pursuant to SB 330, adopt objective design standards to ensure development standards, design guidelines, and findings are objective, promote certainty in the planning and approval process.

Responsible Agency: Community Development/Planning
 Objective: Mitigate governmental constraints
 Timing: This amendment was completed by Ordinance 348 in 2023.
 Funding sources: General Fund



Program 14 Parcel Level Transparency

Pursuant to Assembly Bill 1483, the City will compile specific financial information, development standards, zoning information for each parcel to an easily accessible online location on the City’s website. The City will update its zoning and general plan maps to provide a high quality, parcel-specific reference.

Responsible Agency: Community Development/Planning
 Objective: Mitigate governmental constraints
 Timing: Code Amendment 2024
 Funding sources: General Fund

Program 15 Permit Streamlining (SB 35 Compliance)

The City is adding a program to comply with the provisions of the Permit Streamlining Act (SB 35) to ensure that any applications submitted pursuant to the act are processed in accordance with state law. The City will establish and implement expedited permit processing for affordable housing projects, including projects that qualify for density bonuses (in compliance with SB 35 and SB 330).

Responsible Agency: Community Development/Planning
 Objective: Mitigate governmental constraints
 Timing: Code Amendment 2022
 Funding sources: General Fund

Program 16 Ministerial Processing of Single Family Homes

The City will revise the processing procedures for single family homes to shorten the approval process. The typical family home is currently subject to a discretionary approval and public hearing requirement.

The City will revise the zoning code so that single family homes that do not require a variance and are compliant with zoning and general plan designations are processed ministerially and are no longer subject to a public hearing requirement.

- Responsible Agency: Community Development/Planning
- Objective: Shortened review time of single family homes.
- Timing: By the end of 2025.
- Funding sources: General Fund

Programs to Conserve and Improve Existing Housing Stock

Program 17 Code Enforcement

The City will continue code enforcement efforts to maintain the value and safety of structures. The program addresses substandard structures, accumulation of trash and debris, inoperable vehicles,

graffiti, and land use violations. Programs include, but are not limited to non-owner occupied inspection program, and exploring new methods for eliminating deteriorated or unsightly property conditions in residential areas. The City’s Code Enforcement Department operates on a reactive basis and investigates approximately 700 code cases annually. Based on code enforcement trends, the City estimates that approximately 20 cases annually will be inspected for a variety of safety issues. Code enforcement will investigate and provide information on housing assistance programs in such cases.

Additionally, the City’s Code Enforcement operates the City’s Non-Owner Occupied/Rental Property Program, which consists of an annual exterior inspection to ensure the property is maintained and to check if violations exist and are a habitual condition of the property. If violations are discovered during the exterior inspection, the property owner is notified and given ample time to make corrections. The inspections help to ensure the quality of the rental housing stock in the City. The City will continue to operate this program and will provide property owners with violations information on housing assistance and funding opportunities to improve their units (see Program 18 below).

To evaluate the current housing conditions provide a better understanding of the amount of substandard housing, the City will conduct a ground survey of a sample of units geographically spread throughout the City. At least 30 units across the City will be included, and the survey will be conducted by Q2 2026. A sample of this windshield survey is included in APPENDIX D:.

Responsible Agency:	Community Development/Code Enforcement
Objective:	Maintenance and conservation; provide information on housing assistance to 30 households annually.
Geographic Targeting	Northwestern area of the City
Timing:	Ongoing throughout the planning period
Funding sources:	Self-funding inspection fees CDBG for enhanced services in CDBG census tracts

Program 18 Home Improvement

Neighborhood Housing Services of the Inland Empire (NHSIE) is a non-profit organization that operates a low-cost Homes N’ Hammer program designed to educate residents on minor home improvements and repairs. The four-hour workshop includes: functioning of the home’s major plumbing and electric systems, repair methods, replacing and maintaining drywall, replacing window screens, fixing garbage disposals, toilet mechanisms, health and safety issues and tips for hiring a professional contractor for home repairs, etc.

Neighborhood Partnership Housing Services, Inc. (NPHS) is a non-profit organization that operates a Healthy Homes Grant program. This program provides home safety repair grants to low-income senior homeowners and homeowners with permanent mobility disabilities.

Information on these programs will be provided on the City’s website, including web links to the NHSIE and NPHS websites, and posted biennially in the local newspaper. The City will reach out to NHSIE and NPHS during the planning period to explore partnership options for expanding

programs in Grand Terrace and opportunities for the City to provide technical assistance to homeowners participating in these programs.

Responsible Agency: Community Development/Planning
 Objective: Maintenance and conservation of at least 20 homes
 Timing: Schedule one workshop per year throughout the planning period; post information about these organizations biennially in the local newspaper. Coordination with NHSIE and NPHS annually.
 Geographic Targeting: 15% of assistance to households in the northwest area.
 Funding sources: Private funding
 AFFH Theme: Fair Housing Enforcement and Outreach, Place-based Improvements, Displacement Prevention

Program 19 Place-Based Improvements

The City has multiple projects in its Capital Improvements Plan identified to improve mobility, and active transportation opportunities, and park quality in the northwestern part of the City. The City will continue to prioritize the Capital Improvement Program and implement broader planning efforts, including seeking additional funding. This will serve to continue to improve communities through neighborhood improvements such as enhanced streetscapes, multi-modal and active transportation, pedestrian safety improvements, safe routes to schools, community facilities, park improvements, and other community amenities.

Specific efforts include:

- Street improvement and sidewalk repair (\$1.3 million in pavement rehabilitation and \$160,000 in neighborhood street lighting, sidewalk repair projects along Barton Road)
- Upzoning to allow increased housing choice and opportunities private investment.
- Geographic targeting of assistance programs in northwestern areas of the City.

Responsible Agency: Community Development/Planning
 Objective: Improve lower resource areas of the City through CIP projects, with 20% of funding and improvements in the northwest portion of the City. Implement at least two CIP projects during the planning period.
 Geographic Targeting: Northwestern area of the City
 Timing: As planned in CIP schedule
 Funding sources: CDBG, General Fund
 AFFH Theme: Fair Housing Enforcement and Outreach, Housing Mobility, Place-based Improvements, Displacement Prevention



Programs to Promote Equal Housing Opportunities

Program 20 Fair Housing Outreach and Resources

The City will advertise the services of and collaborate with the County’s contracted fair housing provider, currently the Inland Fair Housing and Mediation Board website. Advertise the information quarterly in the Blue Mountain Outlook. The City will provide information on fair housing on the City’s website.

To assist in the enforcement of fair housing laws, the City will make educational and training resources available to tenants, landowners, homeowners, and any other residents who may be affected by fair housing policy. These materials will include information on fair housing testing, arbitration, reporting health risks and discrimination, best rental practices, and more. The services will include fair housing presentations, mass media communications, and multilingual literature distribution. This will include a workshop at least twice in the planning period. The programs will use alternative formats for fair housing education workshops such as pre-taped videos and/ or recordings. Staff will distribute fair housing pamphlets provided by fair housing organizations at the public information counter at City Hall, at the Senior Center, on the City’s website, and at in person community events as appropriate.

Staff will continue to refer all fair housing complaints to the fair housing service provider.

The City will also participate in the Regional Analysis of Impediments to Fair Housing Choice, which is updated every five years. The City will work with the County to publicize the outreach program for the update.

- Responsible Agency: Community Development/Planning
- Objective: Provide workshops or information fairs with the County fair housing provider or another qualified fair housing provider at least twice in the planning period. Provide fair housing resources or referrals to 50 households annually.
- Timing: Throughout the planning period
- Funding sources: General Fund
- AFFH Theme: Fair Housing Enforcement and Outreach

Program 21 Homeless Assistance and Coordination

The City will continue to participate in and provide staff support for the various homeless programs operated by the San Bernardino County Homeless Partnership, including participation in the Point-in-Time Homeless Survey.

- Responsible Agency: Community Development/Planning
- Objective: Support efforts to reduce homelessness
- Timing: Ongoing throughout the planning period
- Funding sources: General Fund, Filing fees
- AFFH Theme: Place-based Improvements



Quantified Objectives

The City’s quantified objectives for the development, rehabilitation and conservation of housing during the 2021-2029 planning period are summarized in Table 8.36. These objectives recognize the significant reductions in City resources in recent years due to the dissolution of redevelopment agencies and cuts to other housing programs at the county level.

**Table 8.36
Summary of 2021-2029 Quantified Objectives**

Income Category	New Construction	Rehabilitation	Conservation
Extremely Low*	95	0	0
Very Low-Income	94	2	5
Low-Income	92	3	5
Moderate-Income	106	0	5
Above Moderate	243	0	5
Totals	630	5	25

*Local jurisdictions are required to establish an objective for extremely-low-income households and may determine that 50% of the very-low-income need is for extremely-low-income households.

State of California

HEALTH AND SAFETY CODE

Section 17021.5

17021.5. (a) Any employee housing which has qualified, or is intended to qualify, for a permit to operate pursuant to this part may invoke the provisions of this section.

(b) Any employee housing providing accommodations for six or fewer employees shall be deemed a single-family structure with a residential land use designation for the purposes of this section. For the purpose of all local ordinances, employee housing shall not be included within the definition of a boarding house, rooming house, hotel, dormitory, or other similar term that implies that the employee housing is a business run for profit or differs in any other way from a family dwelling. No conditional use permit, zoning variance, or other zoning clearance shall be required of employee housing that serves six or fewer employees that is not required of a family dwelling of the same type in the same zone. Use of a family dwelling for purposes of employee housing serving six or fewer persons shall not constitute a change of occupancy for purposes of Part 1.5 (commencing with Section 17910) or local building codes.

(c) Except as otherwise provided in this part, employee housing that serves six or fewer employees shall not be subject to any business taxes, local registration fees, use permit fees, or other fees to which other family dwellings of the same type in the same zone are not likewise subject. Nothing in this subdivision shall be construed to forbid the imposition of local property taxes, fees for water services and garbage collection, fees for normal inspections, local bond assessments, and other fees, charges, and assessments to which other family dwellings of the same type in the same zone are likewise subject. Neither the State Fire Marshal nor any local public entity shall charge any fee to the owner, operator or any resident for enforcing fire inspection regulations pursuant to state law or regulation or local ordinance, with respect to employee housing which serves six or fewer persons.

(d) For the purposes of any contract, deed, or covenant for the transfer of real property, employee housing which serves six or fewer employees shall be considered a residential use of property and a use of property by a single household, notwithstanding any disclaimers to the contrary. For purposes of this section, "employee housing" includes employee housing defined in subdivision (b) of Section 17008, even if the housing accommodations or property are not located in a rural area, as defined by Section 50101.

(e) The Legislature hereby declares that it is the policy of this state that each county and city shall permit and encourage the development and use of sufficient numbers and types of employee housing facilities as are commensurate with local

needs. This section shall apply equally to any charter city, general law city, county, city and county, district and any other local public entity.

(Amended by Stats. 1993, Ch. 952, Sec. 1. Effective January 1, 1994.)

State of California

HEALTH AND SAFETY CODE

Section 17021.6

17021.6. (a) The owner of any employee housing who has qualified or intends to qualify for a permit to operate pursuant to this part may invoke this section.

(b) Any employee housing consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single family or household, or that is approved pursuant to Section 17021.8, shall be deemed an agricultural land use for the purposes of this section. Except as provided in Section 17021.8, for the purpose of all local ordinances, employee housing shall not be deemed a use that implies that the employee housing is an activity that differs in any other way from an agricultural use. No conditional use permit, zoning variance, or other discretionary zoning clearance shall be required of this employee housing that is not required of any other agricultural activity in the same zone. The permitted occupancy in employee housing in a zone allowing agricultural uses shall include agricultural employees who do not work on the property where the employee housing is located.

(c) Except as otherwise provided in this part, employee housing consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single family or household shall not be subject to any business taxes, local registration fees, use permit fees, or other fees to which other agricultural activities in the same zone are not likewise subject. This subdivision does not forbid the imposition of local property taxes, fees for water services and garbage collection, fees for normal inspections, local bond assessments, and other fees, charges, and assessments to which other agricultural activities in the same zone are likewise subject. Neither the State Fire Marshal nor any local public entity shall charge any fee to the owner, operator, or any resident for enforcing fire inspection regulation pursuant to state law or regulations or local ordinance, with respect to employee housing consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single family or household.

(d) For the purposes of any contract, deed, or covenant for the transfer of real property, employee housing consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single family or household, or that is approved pursuant to Section 17021.8, shall be considered an agricultural use of property, notwithstanding any disclaimers to the contrary. For purposes of this section, "employee housing" includes employee housing defined in subdivisions (b) and (c) of Section 17008, even if the housing accommodations or property are not located in a rural area, as defined by Section 50101.

(e) The Legislature hereby declares that it is the policy of this state that each county and city shall permit and encourage the development and use of sufficient numbers

and types of employee housing facilities as are commensurate with local need. This section shall apply equally to any charter city, general law city, county, city and county, district, and any other local public entity.

(f) If any owner who invokes the provisions of this section or Section 17021.8 fails to maintain a permit to operate pursuant to this part throughout the first 10 consecutive years following the issuance of the original certificate of occupancy, both of the following shall occur:

(1) The enforcement agency shall notify the appropriate local government entity.

(2) The public agency that has waived any taxes, fees, assessments, or charges for employee housing pursuant to this section may recover the amount of those taxes, fees, assessments, or charges from the landowner, less 10 percent of that amount for each year that a valid permit has been maintained.

(g) Subdivision (f) shall not apply to an owner of any prospective, planned, or unfinished employee housing facility who has applied to the appropriate state and local public entities for a permit to construct or operate pursuant to this part prior to January 1, 1996.

(Amended by Stats. 2019, Ch. 866, Sec. 10. (AB 1783) Effective January 1, 2020.)



AGENDA REPORT

MEETING DATE: May 12, 2026

TITLE: First Reading & Introduction of an Ordinance – Zoning Code Amendment (ZCA) 26-01 – Agricultural Employee Housing (Housing Element Program 12)

PRESENTED BY: Gabriel Arguelles, Associate Planner

RECOMMENDATION: **FIRST READING & INTRODUCTION OF AN ORDINANCE APPROVING ZONING CODE AMENDMENT (ZCA) 26-01 AND ENVIRONMENTAL REVIEW (E) 26-05; AND DIRECT STAFF TO RETURN WITH THE ORDINANCE FOR SECOND READING AND ADOPTION; THEREBY AMENDING TITLE 18 (ZONING) OF THE GRAND TERRACE MUNICIPAL CODE, INCLUDING CHAPTERS 18.53 (AG-1 AGRICULTURAL OVERLAY DISTRICT), 18.56 (AG-2 AGRICULTURAL OVERLAY DISTRICT); AND ADDING CHAPTER 18.58 (AGRICULTURAL EMPLOYEE HOUSING), TO IMPLEMENT PROGRAM 12 (EMPLOYEE HOUSING) OF THE CITY'S 2021–2029 HOUSING ELEMENT AND ENSURE CONSISTENCY WITH THE CALIFORNIA EMPLOYEE HOUSING ACT (HEALTH AND SAFETY CODE SECTIONS 17021.5 AND 17021.6)**

2030 VISION STATEMENT:

This staff report supports City Council Goal #5, “Engage in Proactive Communication,” by implementing Program 12 of the City’s 2021–2029 Housing Element, maintaining consistency between the General Plan and the City’s Municipal Code, and providing clear and current development standards consistent with State housing law

BACKGROUND:

City staff is recommending approval of Zoning Code Amendment (ZCA) 26-01 to implement Housing Element Program 12 – Employee Housing. The City of Grand Terrace adopted its 6th Cycle Housing Element (2021–2029), which includes a series of housing programs intended to address the City’s Regional Housing Needs Allocation (RHNA) and remove governmental constraints to housing development. As part of the Housing Element, the City is required to update its Zoning Code to ensure consistency with State housing laws, including those related to agricultural employee housing.

The California Employee Housing Act (Health and Safety Code Sections 17000 through 17062.5) establishes statewide policy encouraging the development of adequate housing for agricultural employees. Under State law, employee housing serving six (6) or fewer employees must be treated the same as a single-family dwelling, and employee housing consisting of up to twelve (12) units or thirty-six (36) beds must be permitted in the same manner as other agricultural uses in the same zone.

To implement these State requirements and fulfill the City’s Housing Element obligations, staff prepared amendments to Title 18 of the Grand Terrace Municipal Code to define agricultural

employee housing, establish development standards, and provide a ministerial review process for qualifying projects.

The Ordinance is included as *Attachment 1*, along with supporting materials including **Exhibit A** – Housing Programs (2021–2029 Housing Element), **Exhibit B** – Health and Safety Code Section 17021.5, and **Exhibit C** – Health and Safety Code Section 17021.6.

Planning Commission

On March 19, 2026, the Planning Commission / Site and Architectural Review Board conducted a duly noticed public hearing to consider Zoning Code Amendment (ZCA) 26-01 and Environmental Review (E) 26-05. Following staff presentation, public testimony, and Commission discussion, the Planning Commission adopted a resolution recommending that the City Council approve the ordinance. During the hearing, Vice Chair Cesena also made a motion to revise Section 18.53.090 of the Municipal Code to expand the temporary grazing provisions from sheep only to allow sheep, goats, cattle, horses, and other similar grazing livestock. That change has been incorporated into the proposed ordinance.

DISCUSSION:

Zoning Code Amendment (ZCA) 26-01 updates Title 18 of the Grand Terrace Municipal Code to establish regulations for agricultural employee housing within the City. The amendment modifies Chapters 18.53 (AG-1 Agricultural Overlay District) and 18.56 (AG-2 Agricultural Overlay District), and adds a new chapter, Chapter 18.58 – Agricultural Employee Housing.

The proposed amendments define agricultural employee housing, establish objective development standards, and create a ministerial review process consistent with the California Employee Housing Act. These updates ensure the City’s Zoning Code remains consistent with State law while providing a clear process for future agricultural employee housing projects within the City’s agricultural overlay districts.

Chapter 18.58 establishes several categories of agricultural employee housing, including small-scale permanent housing, large-scale permanent housing, seasonal housing, and temporary agricultural residences. The chapter also includes standards related to parcel size, unit size, utility service, emergency access, occupancy verification, and ongoing compliance.

These updates help implement Housing Element Program 12, bring the City’s Municipal Code into alignment with State law, and provide clear development standards for future agricultural and housing-related activities within the community.

NOTIFICATION:

Notice of the public hearing for Zoning Code Amendment (ZCA) 26-01 has been properly provided in accordance with applicable provisions of the Grand Terrace Municipal Code, State law, and the City’s adopted public hearing noticing requirements.

CONCLUSION:

Zoning Code Amendment (ZCA) 26-01 implements Program 12 of the City’s 2021–2029 Housing Element and updates Title 18 of the Grand Terrace Municipal Code to ensure consistency with the California Employee Housing Act and other applicable State housing laws. The proposed amendments establish clear definitions, development standards, and a ministerial review process for

agricultural employee housing within the City's agricultural overlay districts.

These updates remove governmental constraints to housing, maintain consistency between the General Plan and the Municipal Code, and provide clear and current development standards for future projects.

Based on the information presented and the Planning Commission's recommendation, staff recommends that City Council conduct first reading of the Ordinance approving Zoning Code Amendment (ZCA) 26-01 and direct staff to return with the Ordinance for second reading and adoption.

ENVIRONMENTAL IMPACT:

The City has reviewed Zoning Code Amendment (ZCA) 26-01 for compliance with the California Environmental Quality Act (CEQA). The proposed amendment consists of updates to the City's Municipal Code to implement State housing law and does not approve any specific development project or authorize any physical improvements. Because the action involves regulatory text changes only, and it can be seen with certainty that the amendment will not result in a significant effect on the environment, the project is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), commonly referred to as the Common Sense Exemption.

FISCAL IMPACT:

Adoption of Zoning Code Amendment (ZCA) 26-01 is not expected to result in any direct fiscal impact to the City. The proposed ordinance updates the City's Municipal Code to remain consistent with State law and does not approve any specific development project. Any future agricultural employee housing projects would be processed through the City's standard application, permitting, and cost recovery procedures.



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Award of Professional Services Agreement to Kittelson & Associates, Inc. for Citywide AB 98 Truck Route Compliance, Inventory, and Signage Plan

PRESENTED BY: Shanita Tillman, Sr. Management Analyst

RECOMMENDATION: **APPROVE AN AGREEMENT WITH KITTELSON & ASSOCIATES, INC. FOR PREPARATION OF A CITYWIDE AB 98 TRUCK ROUTE COMPLIANCE, INVENTORY, AND SIGNAGE PLAN IN THE AMOUNT OF \$189,513; AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM, AND TO MAKE ANY MINOR NON-SUBSTANTIVE CHANGES**

2030 VISION STATEMENT:

- Goal #1: Ensure Fiscal Viability by proactively addressing State mandates and avoiding future compliance costs or penalties.
- Goal #2: Maintain Public Safety by improving truck routing and reducing conflicts with residential areas and sensitive uses.
- Goal #4: Promote Economic Development by ensuring efficient goods movement while balancing community impacts.

BACKGROUND:

The State of California adopted Assembly Bill 98 (AB 98), requiring cities to regulate truck routes, ensure compatibility with sensitive land uses, and provide clear truck route signage. Cities in the warehouse concentration region, including Grand Terrace, were required to meet these standards by January 1, 2026. The City has taken initial steps toward compliance through Zoning Code updates for logistics and warehouse uses.

However, AB 98 also requires cities to evaluate and formalize existing truck routes and signage, which has not yet been completed. This project represents the next phase of compliance and focuses on the City's truck route network and signage.

DISCUSSION:

This project initiates a citywide effort to bring the City into compliance with AB 98 requirements related to truck routing and signage.

The City released an RFP on March 5, 2026, which closed on April 2, 2026, and received six proposals. Following evaluation, Kittelson & Associates, Inc. was ranked highest and is recommended for award.

The consultant will:

- Inventory existing truck routes and signage
- Identify gaps with State requirements
- Analyze truck movement patterns
- Develop a truck route signage plan
- Conduct public outreach
- Prepare an implementation plan with cost estimates and phasing

This item does not approve or change truck routes. It provides the analysis needed for future Council decisions. Completing this work ensures compliance with State law and allows the City to proactively manage truck traffic rather than responding to issues reactively.

ENVIRONMENTAL IMPACT:

Environmental review will be conducted as part of the project in accordance with the California Environmental Quality Act (CEQA), including evaluation of potential impacts such as noise, air quality, and health risks.

FISCAL IMPACT:

The total cost for these services is \$189,513, funded through 10-175-250-000. This is a one-time cost to meet State requirements and avoid potential compliance risks.

AGREEMENT FOR CONTRACT SERVICES

By and Between

CITY OF GRAND TERRACE

and

KITTELSON & ASSOCIATES, INC.

**AGREEMENT FOR CONTRACT SERVICES
BETWEEN THE CITY OF GRAND TERRACE AND
KITTELSON & ASSOCIATES, INC.**

This AGREEMENT FOR CONTRACT SERVICES (herein “Agreement”) is made and entered into this 26th day of May, 2026 by and between the City of Grand Terrace, a California municipal corporation (“City”) and KITTELSON & ASSOCIATES, INC., an Oregon stock corporation (“Consultant”). City and Consultant may be referred to, individually or collectively, as “Party” or “Parties.”

RECITALS

A. City has sought, by issuance of a Request for Proposals or Invitation for Bids, the performance of the services defined and described particularly in Article 1 of this Agreement.

B. Consultant, following submission of a proposal or bid for the performance of the services defined and described particularly in Article 1 of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Grand Terrace’s Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Consultant for performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1. SERVICES OF CONSULTANT

1.1 Scope of Services.

In compliance with all terms and conditions of this Agreement, the Consultant shall provide those services specified in the “Scope of Services” attached hereto as Exhibit “A” and incorporated herein by this reference, which may be referred to herein as the “services” or “work” hereunder. As a material inducement to the City entering into this Agreement, Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Consultant covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be both of good quality as well as fit for the purpose intended. For purposes of this Agreement, the phrase “highest professional standards” shall mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.

1.2 Consultant’s Proposal.

The Scope of Services shall include the Consultant's scope of work or bid which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal and this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law.

Consultant shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

1.4 California Labor Law.

If the Scope of Services includes any "public work" or "maintenance work," as those terms are defined in California Labor Code section 1720 *et seq.* and California Code of Regulations, Title 8, Section 16000 *et seq.*, and if the total compensation is \$1,000 or more, Consultant shall pay prevailing wages for such work and comply with the requirements in California Labor Code section 1770 *et seq.* and 1810 *et seq.*, and all other applicable laws, including the following requirements:

(a) Public Work. The Parties acknowledge that some or all of the work to be performed under this Agreement is a "public work" as defined in Labor Code Section 1720 and that this Agreement is therefore subject to the requirements of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works contracts and the rules and regulations established by the Department of Industrial Relations ("DIR") implementing such statutes. The work performed under this Agreement is subject to compliance monitoring and enforcement by the DIR. Consultant shall post job site notices, as prescribed by regulation.

(b) Prevailing Wages. Consultant shall pay prevailing wages to the extent required by Labor Code Section 1771. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages are on file at City Hall and will be made available to any interested party on request. By initiating any work under this Agreement, Consultant acknowledges receipt of a copy of the Department of Industrial Relations (DIR) determination of the prevailing rate of per diem wages, and Consultant shall post a copy of the same at each job site where work is performed under this Agreement.

(c) Penalty for Failure to Pay Prevailing Wages. Consultant shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Consultant shall, as a penalty to the City, forfeit two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Consultant or by any subcontractor.

(d) Payroll Records. Consultant shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Consultant and each subconsultant to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform the City of the location of the records.

(e) Apprentices. Consultant shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6, and 1777.7 and California Code of Regulations Title 8, Section 200 *et seq.* concerning the employment of apprentices on public works projects. Consultant shall be responsible for compliance with

these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Consultant shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) days after concluding work pursuant to this Agreement, Consultant and each of its subconsultants shall submit to the City a verified statement of the journeyman and apprentice hours performed under this Agreement.

(f) Eight-Hour Work Day. Consultant acknowledges that eight (8) hours labor constitutes a legal day's work. Consultant shall comply with and be bound by Labor Code Section 1810.

(g) Penalties for Excess Hours. Consultant shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Consultant shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker employed in the performance of this Agreement by the Consultant or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Consultant in excess of eight (8) hours per day, and forty (40) hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than one and one-half (1½) times the basic rate of pay.

(h) Workers' Compensation. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees if it has employees. In accordance with the provisions of California Labor Code Section 1861, Consultant certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

Consultant's Authorized Initials _____
Michael Sahimi, Project Manager

(i) Consultant's Responsibility for Subcontractors. For every subcontractor who will perform work under this Agreement, Consultant shall be responsible for such subcontractor's compliance with Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code, and shall make such compliance a requirement in any contract with any subcontractor for work under this Agreement. Consultant shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a review of the certified payroll records of the subcontractor on a periodic basis or upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages. Consultant shall diligently take corrective action to halt or rectify any such failure by any subcontractor.

1.5 Licenses, Permits, Fees and Assessments.

Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, AB 98 – Truck Route Compliance, Inventory, and Signage Plan, Project #33227

against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

1.6 Familiarity with Work.

By executing this Agreement, Consultant warrants that Consultant (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Consultant warrants that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Consultant discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Consultant shall immediately inform the City of such fact and shall not proceed except at Consultant's risk until written instructions are received from the Contract Officer.

1.7 Care of Work.

The Consultant shall adopt reasonable methods during the life of this Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence.

1.8 Further Responsibilities of Parties.

Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless hereafter specified, neither Party shall be responsible for the service of the other.

1.9 Additional Services.

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer (as defined below) to the Consultant, incorporating therein any adjustment in (i) the Contract Sum (or a portion of the compensation due to Consultant) for the actual costs of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any increase in compensation of up to ten percent (10%) of the Contract Sum or \$25,000, whichever is less; or, in the time to perform of up to one hundred eighty (180) days, may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other Consultants. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

1.10 Contract Modifications.

AB 98 – Truck Route Compliance, Inventory, and Signage Plan, Project #33227

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

1.11 Campaign Contributions.

This Agreement is subject to Government Code section 84308 (commonly known as the Levine Act), as amended by Senate Bill 1439 (2022), Senate Bill 1181 (2024), and Senate Bill 1243 (2024); unless the contract is (1) competitively bid; (2) under \$50,000; (3) amendments valued at more than 10 percent of the value of the contract or fifty thousand dollars (\$50,000), whichever is less; and (4) labor contracts, in which case this provision does not apply. Consultant shall disclose any contribution to an elected or appointed City official’s campaign or committee in an amount of more than five hundred dollars (\$500) made within 12 months preceding the Commencement Date, by Consultant, its, her, or his agent, or another party affiliated with Consultant. Consultant shall provide a signed copy of the attached Campaign Contribution Disclosure Form to City prior to, or concurrent with, Consultant's execution of this Agreement and no later than the Commencement Date.

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.

2.1 Contract Sum.

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed **One Hundred Eighty-Nine Thousand Five Hundred Thirteen Dollars and Zero Cents (\$189,513.00)** (the “Contract Sum”), unless additional compensation is approved pursuant to Section 1.9.

2.2 Method of Compensation.

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services, less contract retention; (iii) payment for time and materials based upon the Consultant’s rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub tasks, (b) contract retention is maintained, and (c) the Contract Sum is not exceeded; or (iv) such other methods as may be specified in the Schedule of Compensation.

2.3 Reimbursable Expenses.

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Consultant is required to attend additional meetings to facilitate such coordination, Consultant shall not be entitled to any additional compensation for attending said meetings.

2.4 Invoices.

Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Consultant shall be deemed to have certify compliance with all provisions of this Agreement. The invoice shall contain all information specified in Exhibit "C", and shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, or as provided in Section 7.3, City will use its best efforts to cause Consultant to be paid within forty-five (45) days of receipt of Consultant's correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by City for any invoice provided by the Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.5 Waiver.

Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence.

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

3.2 Schedule of Performance.

Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure.

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

the Parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of this Agreement pursuant to this Section.

3.4 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof ("Term"), except as otherwise provided in the Schedule of Performance (as shown on Exhibit "D" attached hereto). The City Manager may, at his/her sole discretion, extend the Term for 1 additional one-year terms.

ARTICLE 4. COORDINATION OF WORK

4.1 Representatives and Personnel of Consultant.

The following principals of Consultant ("Principals") are hereby designated as being the principals and representatives of Consultant authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

Michael Sahimi, Project Manager

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing principals were a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principals shall be responsible during the Term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. All personnel of Consultant, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the foregoing Principals may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City. Additionally, Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance.

4.2 Status of Consultant.

Consultant shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

4.3 Contract Officer.

The Contract Officer shall be Shanita Tillman or such person as may be designated by the City Manager. It shall be the Consultant's responsibility to assure that the Contract Officer is kept informed of the progress of AB 98 – Truck Route Compliance, Inventory, and Signage Plan, Project #33227

the performance of the services and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.4 Independent Consultant.

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Consultant's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Consultant shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant.

4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of City.

ARTICLE 5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages.

Without limiting Consultant's indemnification of City, and prior to commencement of any services under this Agreement, Consultant shall obtain, provide and maintain at its sole cost and expense during the Term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City.

(a) General Liability Insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

(b) Automobile Liability Insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the services to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.

(c) Professional Liability (errors & omissions) Insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and Consultant agrees to maintain continuous coverage through a period no less than three (3) years after completion of the services required by this Agreement.

(d) Workers' Compensation Insurance. Consultant shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000).

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

(f) Additional Insurance. Policies of such other insurance, as may be required in the Contract Modifications in Exhibit "B".

5.2 General Insurance Requirements.

(a) Proof of Insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the Term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

(b) Duration of Coverage. Consultant shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Services hereunder by Consultant, its agents, representatives, employees or subconsultants.

(c) Primary/Noncontributing. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

(d) City's Rights of Enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

(e) Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or that is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

(f) Waiver of Subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(g) Enforcement of Contract Provisions (non-estoppel). Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

(h) Requirements not Limiting. Requirements of specific coverage features or limits contained in this section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

(i) Notice of Cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

(j) Additional Insured Status. General liability and automobile policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

(k) Prohibition of Undisclosed Coverage Limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved by the City in writing.

(l) Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

(m) Pass Through Clause. Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the services who is brought onto or involved in the services by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the services will be submitted to City for review.

(n) City's Right to Revise Specifications. The City reserves the right at any time during the Term of this Agreement to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

(o) Deductibles / Self-insured Retentions. Any deductibles and self-insured retentions must be declared to and approved by City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to the City, its officers, officials, employees, agents and volunteers, or the Consultant shall provide a financial guarantee satisfactory to the city guaranteeing payment of losses and related investigations, claims administration and defense expense.

(p) Timely Notice of Claims. Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

(q) Additional Insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

5.3 Indemnification.

To the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Consultant is legally liable ("indemnitors"), or arising from Consultant's or indemnitors' reckless or willful misconduct, or arising from Consultant's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

(a) Consultant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Consultant will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Consultant hereunder; and Consultant agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Consultant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Consultant hereunder, Consultant agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.

(d) Consultant shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Consultant shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Consultant in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement.

ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records.

Consultant shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of three (3) years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Consultant's business, custody of the books and records may be given to City, and access shall be provided by Consultant's successor in interest. Notwithstanding the above, the Consultant shall fully cooperate with the City in providing access to the books and records if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

6.2 Reports.

Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the "documents and materials") prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, AB 98 – Truck Route Compliance, Inventory, and Signage Plan, Project #33227

reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the City's sole risk and without liability to Consultant, and Consultant's guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such documents for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom. Moreover, Consultant with respect to any documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for the City.

6.4 Confidentiality and Release of Information.

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

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

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

(d) Consultant shall promptly notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law.

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Bernardino, State of California, or any other appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Bernardino, State of California.

7.2 Disputes; Default.

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant, as determined by the Contract Officer. The cure period may run concurrently with the termination period as provided in Section 7.7, if the option to cure in the alternative to termination. During the period of time that Consultant is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Consultant's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

7.3 Retention of Funds.

Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Consultant to insure, indemnify, and protect City as elsewhere provided herein.

7.4 Waiver.

Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any Party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either Party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

7.6 Legal Action.

In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant shall file a statutory claim pursuant to Government Code Sections 905 et seq. and 910 et seq., in order to pursue a legal action under this Agreement.

7.7 Termination Prior to Expiration of Term.

This Section shall govern any termination of this Agreement except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days' written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Consultant reserves the right to terminate this Agreement at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Consultant may determine. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Consultant has initiated termination, the Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Consultant has initiated termination, the Consultant shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.8 Termination for Default of Consultant.

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

7.9 Attorneys' Fees.

If either Party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorneys' fees on any appeal, and in addition a Party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees.

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

8.2 Conflict of Interest.

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to this Agreement which affects her/his financial interest or the financial interest of any corporation, partnership or association in which (s)he is, directly or indirectly, interested, in violation of any State statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

8.3 Covenant Against Discrimination.

Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class.

8.4 Unauthorized Aliens.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C. § 1101 *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Notices.

Any notice, demand, request, document, consent, approval, or communication either Party desires or is required to give to the other Party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Grand Terrace, 22795 Barton Rd., Grand Terrace, California 92313,

and in the case of the Consultant, to the person(s) at the address designated on the execution page of this Agreement. Either Party may change its address by notifying the other Party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

9.2 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Counterparts and Electronic Signatures.

This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. The words “execution,” “signed,” “signature,” and words of like import in this Agreement or in any other certificate, agreement or document related to this Agreement, shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf”, “tif” or “jpg”) and other electronic signatures in accordance with California Code of Regulations Title 2 Section 22003 (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the California Uniform Electronic Transactions Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

9.4 Integration; Amendment.

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the Parties. It is understood that there are no oral agreements between the Parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the Parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City Council. The Parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

9.5 Severability.

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties hereunder unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

9.6 Warranty & Representation of Non-Collusion.

No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of “financial interest” shall be consistent with State law and shall not include interests found to be “remote” or “noninterests” pursuant to Government Code Sections 1091 or 1091.5. Consultant warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Consultant further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Consultant is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Consultant’s Authorized Initials _____
Michael Sahimi, Project Manager

9.7 Authority.

The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) that entering into this Agreement does not violate any provision of any other agreement to which said Party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

CITY:

CITY OF GRAND TERRACE, a municipal corporation

By:

Konrad Bolowich
City Manager

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Adrian R. Guerra
City Attorney

ATTEST:

Daysi Alcocer
City Clerk

CONSULTANT:

KITTELSON & ASSOCIATES, INC.

By:

Name: Tim Erney
Title: Senior Principal
Email Address: terney@kittelton.com

By:

Name: Larry Van Dyke
Title: Chief Financial Officer
Email Address: lvandyke@kittelton.com
Address: 225 E. Robinson Street, Suite 335
Orlando, FL 32801

Two corporate officer signatures required when Consultant is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED UNLESS EXECUTED UTILIZING DIGITAL SIGNATURE IN ACCORDANCE WITH CALIFORNIA CODE OF REGULATIONS TITLE 2 SECTION 22003. IN ADDITION, THE APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

On _____, 2026 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> CORPORATE OFFICER _____ TITLE(S)	_____ TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL <input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR <input type="checkbox"/> OTHER _____	_____ NUMBER OF PAGES
_____	_____ DATE OF DOCUMENT

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

 SIGNER(S) OTHER THAN NAMED ABOVE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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_____	_____ DATE OF DOCUMENT

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

 SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT “A”

SCOPE OF SERVICES

I. Consultant shall perform the services described in Attachment 1 (“Scope of Services”), including, but not limited to, the following:

A. Provide professional planning, engineering, and environmental services to support the Citywide AB 98 Truck Route Compliance, Inventory, and Signage Plan, including, but not limited to:

1. Conducting a comprehensive inventory of existing truck routes and signage, including field verification, data collection, and mapping of existing conditions.
2. Preparing baseline conditions analysis, including land use, transportation data, sensitive receptors, truck volumes, and safety considerations.
3. Evaluating the City’s existing truck route network for compliance with AB 98 requirements and identifying deficiencies and opportunities for modification.
4. Performing truck route network analysis to develop an optimized truck route system that balances goods movement efficiency with community impacts.
5. Preparing an updated citywide truck route map and supporting technical documentation.
6. Developing a truck route signage plan that identifies required signage, locations, and specifications consistent with CA MUTCD standards, including recommendations for improved visibility and compliance.
7. Preparing a signage implementation plan that includes installation details, phasing strategy, and cost estimates to support near-term and long-term implementation.
8. Conducting public outreach and community engagement consistent with AB 98 requirements, as modified to include:
 - One (1) combined stakeholder meeting
 - Two (2) public study sessions (Planning Commission and City Council)
 - One (1) bilingual online survey
 - Supporting outreach materials and documentation
9. Preparing General Plan Circulation Element amendments to ensure compliance with AB 98 requirements.

10. Conducting environmental review in accordance with CEQA, including technical analysis, documentation, and preparation of appropriate environmental clearance.
11. Providing support for Planning Commission and City Council hearings, including presentations and responses to decision-maker inquiries.
12. Preparing a final AB 98 implementation package documenting compliance, analysis, and recommendations.
13. Coordinating with City staff through a project kickoff meeting and up to three (3) coordination calls scheduled as needed.

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

A. Task 1 Deliverables:

1. Truck route and signage inventory database and mapping
2. Draft and final baseline conditions data memorandum

B. Task 2 Deliverables:

1. Draft and final AB 98 compliance memorandum

C. Task 3 Deliverables:

1. First draft, second draft, and final truck route map and technical memorandum
2. Updated truck route network GIS Shapefile

D. Task 4 Deliverables:

1. Draft and final signage plan, including sign location maps and specifications
2. Draft and final signage implementation plan, including:
 - Sign installation details
 - Schedule
 - Phasing plan
 - Cost estimates

E. Task 5 Deliverables:

1. Outreach and engagement plan, including results memorandum
2. Outreach materials, including:
 - Bilingual outreach flyer
 - Bilingual digital outreach materials
3. Presentation materials for one (1) stakeholder and community meeting
4. Presentation materials for two (2) study sessions
5. One (1) electronic copy of the draft and final SB 18 tribal consultation letter
6. Certified mailing of the SB 18 tribal consultation letter to each Tribal Representative on the NAHC SB 18 list

F. Task 6 Deliverables:

1. Draft and final Circulation Element review and updates memorandum
2. Updated Circulation Element text and truck route exhibit

G. Task 7 Deliverables:

1. CEQA technical reports, recommendation memorandum, and environmental documentation
2. One (1) electronic copy of the Noise technical report
3. One (1) electronic copy of the Air Quality/Health Risk Assessment technical report
4. One (1) electronic copy of the CEQA recommendation memorandum
5. One (1) electronic copy of the administrative draft, revised draft, and final Addendum

H. Task 8 Deliverables:

1. Materials for and attendance at one (1) Planning Commission meeting
2. Materials for and attendance at two (2) City Council meetings

I. Task 9 Deliverables:

1. Final AB 98 Technical Report
2. Final Truck Route Map

3. Final Truck Route GIS data

J. Task 10 Deliverables:

1. Virtual kickoff meeting
2. Data request memorandum
3. Three (3) calls

All deliverables shall be provided in electronic format, and GIS-compatible formats where applicable.

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

- A. Up to three (3) coordination meetings with City staff, scheduled as needed.
- B. Progress updates provided in advance of key deliverables and milestones.
- C. Ongoing communication regarding schedule, risks, data needs, and decision points.

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

V. Consultant shall utilize qualified personnel, including project management, planning, engineering, signage design, outreach, and environmental specialists, as identified in the Consultant's proposal.

VI. Implementation-Focused Deliverables Requirement

- A. The Consultant shall ensure that all planning and analysis directly supports implementation of the truck route signage program. Deliverables shall be structured to avoid unnecessary or excessive planning detail that does not contribute to execution.
- B. At a minimum, the scope shall support implementation by:
 1. Providing planning-level cost ranges and key assumptions early in the project to inform City decision-making.
 2. Identifying a minimum compliance approach compared to a full system buildout to allow the City to evaluate cost-effective implementation strategies.

3. Structuring recommendations to support phased implementation based on priority locations, compliance needs, and available funding.
 4. Delivering an implementation-ready signage plan that includes:
 - Specific sign locations
 - Sign types and specifications
 - Quantities
 - Clear direction for procurement and installation
- C. All recommendations shall be actionable and aligned with the City’s objective of achieving measurable compliance with AB 98 requirements and advancing timely deployment of signage improvements.

EXHIBIT "B"

CONTRACT MODIFICATIONS

(Superseding Contract Boilerplate)

None.

EXHIBIT "C"

SCHEDULE OF COMPENSATION

I. Consultant shall perform the following tasks at the following rates:

	DESCRIPTION	RATE	SUB-BUDGET
Task 1	Existing Conditions and Inventory	Fixed Rate	\$14,591
Task 2	AB 98 Compliance Review	Fixed Rate	\$14,240
Task 3	Truck Route Network Analysis	Fixed Rate	\$16,060
Task 4	Truck Route Signage Plan	Fixed Rate	\$10,100
Task 5	Public Outreach and Engagement	Fixed Rate	\$27,376
Task 6	General Plan Amendment	Fixed Rate	\$5,140
Task 7	Environmental Review (CEQA)	Fixed Rate	\$68,190
Task 8	Public Hearing Support	Fixed Rate	\$13,981
Task 9	Final Implementation Package	Fixed Rate	\$14,840
Task 10	Meetings and Coordination	Fixed Rate	\$4,995
	Total Firm-Fixed Price		\$189,513

TASK	FIRM	KITTELSON		DE NOVO		TOTAL	
		HOURS	COSTS	HOURS	COSTS	HOURS	COSTS
1	Existing Conditions and Truck Route Inventory						
1.1	Truck Route and Sign Inventory	22	\$4,720	0	\$0	22	\$4,720
1.2	Baseline Conditions Data	38	\$9,871	0	\$0	38	\$9,871
	<i>Subtotal Task 1</i>	60	\$14,591	0	\$0	60	\$14,591
2	AB 98 Compliance Review						
2.1	AB 98 Compliance Review	70	\$14,240	0	\$0	70	\$14,240
	<i>Subtotal Task 2</i>	70	\$14,240	0	\$0	70	\$14,240
3	Truck Route Network Analysis						
3.1	Truck Route Network Analysis	76	\$16,060	0	\$0	76	\$16,060
	<i>Subtotal Task 3</i>	76	\$16,060	0	\$0	76	\$16,060
4	Truck Route Signage Plan						
4.1	Signage Plan and Designs	32	\$7,180	0	\$0	32	\$7,180
4.2	Sign Implementation Plan	12	\$2,920	0	\$0	12	\$2,920
	<i>Subtotal Task 4</i>	44	\$10,100	0	\$0	44	\$10,100
5	Public Outreach and Community Engagement						
5.1	Outreach and Engagement Documentation	18	\$4,300	0	\$0	18	\$4,300
5.2	Outreach Materials	30	\$6,000	0	\$0	30	\$6,000
5.3	Outreach and Engagement Meetings	49	\$10,166	0	\$0	49	\$10,166
5.4	Bilingual Online Survey	20	\$4,030	0	\$0	20	\$4,030
5.5	SB 18 Consultation	1	\$230	16	\$2,650	17	\$2,880
	<i>Subtotal Task 5</i>	118	\$24,726	16	\$2,650	134	\$27,376
6	General Plan Circulation Element Amendment						
6.1	General Plan Circulation Element Amendment	24	\$5,140	0	\$0	24	\$5,140
	<i>Subtotal Task 6</i>	24	\$5,140	0	\$0	24	\$5,140
7	Environmental Review (CEQA)						
7.1	Technical Analysis	4	\$920	188	\$34,860	192	\$35,780
7.2	CEQA Review Level Determination	2	\$460	14	\$2,550	16	\$3,010
7.3	CEQA Documentation	2	\$460	168	\$28,940	170	\$29,400
	<i>Subtotal Task 7</i>	8	\$1,840	370	\$66,350	378	\$68,190
8	Public Hearing Support and Adoption Process						
8.1	Public Hearing Support and Adoption Process	30	\$7,996	32	\$5,985	62	\$13,981
	<i>Subtotal Task 8</i>	30	\$7,996	32	\$5,985	62	\$13,981
9	Final AB 98 Implementation Package						
9.1	Final AB 98 Implementation Package	70	\$14,840	0	\$0	70	\$14,840
	<i>Subtotal Task 9</i>	70	\$14,840	0	\$0	70	\$14,840
10	Meetings and Coordination						
10.1	Kickoff Meeting	6	\$1,600	4	\$840	10	\$2,440
10.2	Coordination Calls	8	\$2,135	2	\$420	10	\$2,555
	<i>Subtotal Task 10</i>	14	\$3,735	6	\$1,260	20	\$4,995
	TOTAL	514	\$113,268	424	\$76,245	938	\$189,513

Percentages by Firm	Kittelson		De Novo	
	Hours	Costs	Hours	Costs
	55%	60%	45%	40%

Each task is billed on a firm-fixed basis. Consultant shall not exceed the sub-budget for any task without prior written authorization from the City.

III. Within the budgeted amounts for each Task, and with the approval of the Contract Officer, funds may be shifted from one Task subbudget to another so long as the Contract Sum is not exceeded per Section 2.1, unless Additional Services are approved per Section 1.9.

- IV. The City will compensate Consultant for the services performed upon submission of a valid invoice. Each invoice is to include:**
- A. Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.
 - B. Line items for all materials and equipment properly charged to the Services.
 - C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.
 - D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.
- V. The total compensation for the Services shall not exceed the Contract Sum as provided in Section 2.1 of this Agreement.**
- VI. The Consultant's billing rates for all personnel are attached as Exhibit "C-1".**

EXHIBIT "C-1"

BILLING RATES

TASK	STAFF/ROLE	Tim Erney	Michael Sahimi	Wade Scarborough	Fernando Sotelo	David Laurens	Alex Garbier	Engineer / Planner	Transportation Analyst	Senior Technician	LABOR HOURS	LABOR COSTS	DIRECT COSTS	TOTAL COSTS
		Project Principal	Project Manager	Signage Design Lead	Engagement Lead	Analysis Lead	Inventory Lead							
1 Existing Conditions and Truck Route Inventory														
1.1	Truck Route and Sign Inventory			2			4	16			22	\$4,720		\$4,720
1.2	Baseline Conditions Data	2	4				4	12	8	8	38	\$7,740	\$2,131	\$9,871
Subtotal Task 1		2	4	2	0	0	8	28	8	8	60	\$12,460	\$2,131	\$14,591
2 AB 98 Compliance Review														
2.1	AB 98 Compliance Review	2	4			16		24	16	8	70	\$14,240		\$14,240
Subtotal Task 2		2	4	0	0	16	0	24	16	8	70	\$14,240	\$0	\$14,240
3 Truck Route Network Analysis														
3.1	Truck Route Network Analysis	2	6	4		16		24	16	8	76	\$16,060		\$16,060
Subtotal Task 3		2	6	4	0	16	0	24	16	8	76	\$16,060	\$0	\$16,060
4 Truck Route Signage Plan														
4.1	Signage Plan and Designs		2	6				24			32	\$7,180		\$7,180
4.2	Sign Implementation Plan			4				8			12	\$2,920		\$2,920
Subtotal Task 4		0	2	6	0	0	0	24	0	0	44	\$10,100	\$0	\$10,100
5 Public Outreach and Community Engagement														
5.1	Outreach and Engagement Documentation		2		8				8		18	\$4,300		\$4,300
5.2	Outreach Materials		2		4				12	12	30	\$6,000		\$6,000
5.3	Outreach and Engagement Meetings	1	6		6				24	12	49	\$9,970	\$196	\$10,166
5.4	Bilingual Online Survey		2		2			8	8		20	\$4,030		\$4,030
5.5	SB 18 Consultation		1								1	\$230		\$230
Subtotal Task 5		1	13	0	20	0	0	8	52	24	118	\$24,530	\$196	\$24,726
6 General Plan Circulation Element Amendment														
6.1	General Plan Circulation Element Amendment	2	6					12		4	24	\$5,140		\$5,140
Subtotal Task 6		2	6	0	0	0	0	12	0	4	24	\$5,140	\$0	\$5,140
7 Environmental Review (CEQA)														
7.1	Technical Analysis		2			2					4	\$920		\$920
7.2	CEQA Review Level Determination		2								2	\$460		\$460
7.3	CEQA Documentation		2								2	\$460		\$460
Subtotal Task 7		0	6	0	0	2	0	0	0	0	8	\$1,840	\$0	\$1,840
8 Public Hearing Support and Adoption Process														
8.1	Public Hearing Support and Adoption Process			12		6		12			30	\$7,800	\$196	\$7,996
Subtotal Task 8		0	0	12	0	6	0	12	0	0	30	\$7,800	\$196	\$7,996
9 Final AB 98 Implementation Package														
9.1	Final AB 98 Implementation Package	4	12	2	2	2	2	20	20	6	70	\$14,840		\$14,840
Subtotal Task 9		4	12	2	2	2	2	20	20	6	70	\$14,840	\$0	\$14,840
10 Meetings and Coordination														
10.1	Kickoff Meeting	2	4								6	\$1,600		\$1,600
10.2	Coordination Calls	1	4	1	1	1					8	\$2,135		\$2,135
Subtotal Task 10		3	8	1	1	1	0	0	0	0	14	\$3,735	\$0	\$3,735
TOTAL		16	61	27	23	43	10	152	112	58	514	\$110,745	\$2,523	\$113,268

Hourly Billing Rates	\$340	\$230	\$340	\$305	\$230	\$230	\$195	\$175	\$185
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Direct Cost Assumptions

Task	Description	Unit Cost	#	Total Cost
1.2	Traffic Counts	\$167	12	\$2,000
1.2	Mileage	\$0.725	180	\$131
5.3	Mileage	\$0.725	270	\$196
8.1	Mileage	\$0.725	270	\$196

TASK	STAFF/ROLE	Starla Barker	Tin Cheung	Josh Smith	Erik Anderson	GIS/ Production	LABOR	LABOR	DIRECT	TOTAL
		CEQA Project Manager	Technical Lead	Senior Planner	Associate Planner		HOURS	COSTS	COSTS	COSTS
1 Existing Conditions and Truck Route Inventory										
1.1 Truck Route and Sign Inventory							0	\$0		\$0
1.2 Baseline Conditions Data							0	\$0		\$0
Subtotal Task 1		0	0	0	0	0	0	\$0	\$0	\$0
2 AB 98 Compliance Review										
2.1 AB 98 Compliance Review							0	\$0		\$0
Subtotal Task 2		0	0	0	0	0	0	\$0	\$0	\$0
3 Truck Route Network Analysis										
3.1 Truck Route Network Analysis							0	\$0		\$0
Subtotal Task 3		0	0	0	0	0	0	\$0	\$0	\$0
4 Truck Route Signage Plan										
4.1 Signage Plan and Designs							0	\$0		\$0
4.2 Sign Implementation Plan							0	\$0		\$0
Subtotal Task 4		0	0	0	0	0	0	\$0	\$0	\$0
5 Public Outreach and Community Engagement										
5.1 Outreach and Engagement Documentation							0	\$0		\$0
5.2 Outreach Materials							0	\$0		\$0
5.3 Outreach and Engagement Meetings							0	\$0		\$0
5.4 Bilingual Online Survey							0	\$0		\$0
5.5 SB 18 Consultation		2			10	4	16	\$2,450	\$200	\$2,650
Subtotal Task 5		2	0	0	10	4	16	\$2,450	\$200	\$2,650
6 General Plan Circulation Element Amendment										
6.1 General Plan Circulation Element Amendment							0	\$0		\$0
Subtotal Task 6		0	0	0	0	0	0	\$0	\$0	\$0
7 Environmental Review (CEQA)										
7.1 Technical Analysis		20	60	80	16	12	188	\$34,860		\$34,860
7.2 CEQA Review Level Determination		6	2		6		14	\$2,550		\$2,550
7.3 CEQA Documentation		40	12	40	60	16	168	\$28,940		\$28,940
Subtotal Task 7		66	74	120	82	28	370	\$66,350	\$0	\$66,350
8 Public Hearing Support and Adoption Process										
8.1 Public Hearing Support and Adoption Process		16			16		32	\$5,680	\$305	\$5,985
Subtotal Task 8		16	0	0	16	0	32	\$5,680	\$305	\$5,985
9 Final AB 98 Implementation Package										
9.1 Final AB 98 Implementation Package							0	\$0		\$0
Subtotal Task 9		0	0	0	0	0	0	\$0	\$0	\$0
10 Meetings and Coordination										
10.1 Kickoff Meeting		4					4	\$840		\$840
10.2 Coordination Calls		2					2	\$420		\$420
Subtotal Task 10		6	0	0	0	0	6	\$1,260	\$0	\$1,260
TOTAL		90	74	120	108	32	424	\$75,740	\$505	\$76,245

Hourly Billing Rates	\$210	\$210	\$175	\$145	\$145
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Direct Cost Assumptions

Task	Description	Unit Cost	#	Total Cost
5.5	Postage	\$200	1	\$200
8.1	Mileage	\$0.725	420	\$305

EXHIBIT “D”

SCHEDULE OF PERFORMANCE

I. Consultant shall perform all services timely in accordance with the following schedule:

	<u>Description</u>	<u>Days to Perform</u>
A.	Project Kickoff, Data Request, and Inventory Initiation	30 days from Notice to Proceed (“NTP”)
B.	Existing Conditions, AB 98 Compliance Review, and Baseline Analysis	90 days from NTP
C.	Draft Truck Route Network and Signage Plan	150 days from NTP
D.	Draft Implementation Plan, Outreach Completion, and GP Amendments	210 days from NTP
E.	Environmental Review (CEQA) and Public Hearing Support	270 days from NTP
F.	Final Deliverables and Implementation Package	300 days from NTP

II. Consultant shall deliver the following tangible work products to the City by the following dates.

A. Within 90 days of NTP

- Baseline Conditions Memorandum
- AB 98 Compliance Memorandum

B. Within 150 days of NTP

- Draft Truck Route Map and Technical Memorandum
- Draft Signage Plan (locations and specifications)

C. Within 210 days of NTP

- Draft Signage Implementation Plan (costs, phasing, installation approach)
- Outreach Summary Memorandum
- Draft General Plan Circulation Element Updates

D. Within 270 days of NTP

- Administrative Draft CEQA Document and Technical Reports

E. Within 300 days of NTP

- Final Truck Route Map and GIS Data
- Final Signage Plan and Implementation Plan
- Final CEQA Documentation
- Final AB 98 Implementation Package

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

Our approach to conducting this project is based on our knowledge of the City, our familiarity with AB 98 requirements, our experience in updating General Plans and local truck route maps, and our team’s collective experience conducting CEQA environmental assessments. For each task, we have documented our expectation of information that the City will provide or roles that it will fulfill, as well as identifying deliverables.

Task 1: Existing Conditions and Truck Route Inventory

Task 1.1: Truck Route and Sign Inventory

Upon project initiation, Kittelson will begin our inventory of truck routes and related signage on City streets. First, we will confirm the designated truck routes within and around Grand Terrace. As part of this data collection, we will reach out to the City of Colton and the County of Riverside to confirm our understanding of streets that they designate as truck routes and connect to Grand Terrace city limits. While the City of Colton has published their updated truck routes (as of December 2025), the County of Riverside has not published information for truck routes on streets in unincorporated communities. We will work with County staff to strengthen our understanding of Main Street east of the Riverside Canal plus north/south-oriented streets to the south of Grand Terrace.

We will conduct fieldwork to inventory and review truck-related signage within the City. We will collect information including but not limited to:

- Sign type (regulatory, warning, or guide)
- CA MUTCD designation (if applicable)
- Size (including deviations from current CA MUTCD standards)
- Quality and visibility
- Location, height, and orientation
- Picture

This will be supplemented with separate nighttime fieldwork to assess and photograph each sign’s retroreflectivity.

This information will be submitted as a detailed spreadsheet and aerial maps for City review.

Task 1.2: Baseline Conditions Data

Simultaneously with the truck route and signage inventory, we will collect and map relevant land use, demographic, and transportation data. While the RFP does not include this as a standalone task, we believe there is value in documenting and mapping this data to submit to City staff for their review. This way, we can confirm the validity of baseline assumptions (especially sensitive receptors) before proceeding with analysis and recommendations in Tasks 2 and 3. Information that we will gather and summarize will include:

- Locations of sensitive receptors, including childcare, adult/senior living, parks, and schools
- Existing and proposed land use, including pending and approved projects
- Existing and planned vehicular, public transit, walking, and bicycling facilities
- Existing and future household density
- Disadvantaged communities
- Truck-involved crashes

As part of this task, we propose collecting 24-hour traffic counts and heavy vehicle classification data at up to 12 locations. In addition to informing our understanding of current truck traffic levels and patterns, this data will be used to assess the implications of truck route updates for the CEQA review.

Task 1 Deliverables

- Truck route sign inventory database

- Draft and final baseline conditions data memorandum

Task 2: AB 98 Compliance Review

Upon completing our inventory of existing and baseline transportation, land use, and demographic data, Kittelson will review the existing truck route network to determine its compliance with AB 98 requirements and potential shortcomings compared to the State's requirements, which can be opportunities to modify the truck network. Our review will include looking at the following components of the existing truck network and its interactions:

- Proximity to residential areas
- Proximity to schools, parks, daycares, senior/adult living, and similar uses
- Utilization of non-residential streets (e.g., arterials/thoroughfares or two-lane streets that are primarily commercial in nature)
- Connectivity to truck routes in adjacent jurisdictions (versus stubs or disconnected routes)
- Connectivity to interstate on-/off-ramps
- Efficient connections between existing and future industrial, warehousing, and logistics uses and the state highway system

In addition to specific AB 98 requirements, we will look at the following characteristics to help inform subsequent steps and potential modifications to the network:

- Overlap of truck routes with transit routes/stops and existing or proposed on-street bike facilities
- Proximity to higher density residential areas
- Proximity to disadvantaged communities

In addition to verifying compliance of the City's existing truck route network, we will review the City's zoning code, site design requirements, and General Plan goals and policies to confirm they address AB 98 requirements.

Task 2 Deliverables

- Draft and final AB 98 compliance memorandum

Task 3: Truck Route Network Analysis

Subsequent to and building upon our review of the existing truck route network's AB 98 consistency, we will assess existing and potential future freight travel patterns within and through the city to determine what changes are necessary to the local truck route network to balance efficient goods movement and local quality of life. Information that we will use to understand where and how freight vehicle travel in Grand Terrace will include:

- Truck counts (collected as part of Task 1.2)
- Regional data on goods movement patterns, such as those published by Caltrans, SCAG, County of San Bernardino, SBCOG, and SBCTA
- Big Data sources such as Replica to illustrate origins-destinations and trends for trucks that currently travel through the city
- Existing truck-generating uses, as well as where shifts may occur in these uses that would affect local truck origins and destinations
- Sufficiency of intersection and street segment design including appropriate vertical and horizontal clearance for safe truck movement
- Planned vehicle capacity and design improvements
- Locations with a history of truck crashes, including truck-pedestrian and truck-bicyclist crashes

As part of this task, we will confirm if adjacent jurisdictions are currently considering changes to their local truck routes that would affect our analysis.

Task 3 Deliverables

- First draft, second draft, and final truck route map and technical memorandum
- Updated truck route GIS Shapefile

Task 4: Truck Route Signage Plan

Subsequent to preparing the updated truck route map, we will prepare a truck route signage plan and accompanying implementation plan for the new truck route network, which may include streets that are currently not on the City’s designated truck network.

Task 4.1: Signage Plan and Designs

We will prepare a truck signage plan for the updated citywide truck route network. The signing plan will be developed using scaled aerial photography as a base, depicting the proposed location of each sign, sign details (including image and CA MUTCD designation), and other relevant data. Depending on the proposed changes to the truck route network, the signage plan could include additions or replacements of signs including truck route entry signs, confirmation signs, and end signs, as well as signs prohibiting trucks; if necessary, we will note where existing signs must be removed (for example, on a street removed from the truck route network).

The state specifically requires cities to provide “conspicuous” truck signage. And as we learned from our work on similar efforts, community feedback often includes trucks traveling on prohibited roads, which can be due to a lack of driver awareness of existing signage. Based on the results of our preliminary outreach and engagement (described in more detail in Task 5), we will explore ways to increase conspicuity for proposed signs. The most recent update to the CA MUTCD provides options for increasing the visibility of signs that are compliant with its standards, such as flags, yellow retroreflective sheeting, supplemental beacons, and border LEDs.

Task 4.2: Sign Implementation Plan

We will prepare a sign implementation plan for the updated truck route map and truck signage plan that will include information such as the sign installation details, schedule, phasing plan, and cost estimates. A potential approach to the phasing plan can include prioritizing locations with added or modified truck routes, identified substandard signage, or locations identified by the community as experiencing compliance-related issues.

Task 4 Deliverables

- Draft and final signage plan and sign location maps
- Draft and final sign implementation plan (sign installation details, schedule, phasing plan, and cost estimates)

Task 5: Public Outreach and Community Engagement

The State’s new requirements include a significant focus on engaging the community, as noted in AB 98:

- The city or county shall provide opportunities for the involvement of citizens, California Native American Indian tribes, public agencies, public utility companies, and civic, educational, and other community groups through public hearings and any other means the planning agency deems appropriate, consistent with Section 65351.
- The city or county shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the changes required pursuant to this section.

The City's RFP includes two joint public outreach study sessions with the Planning Commission and the City Council, as well as outreach materials such as a flyer. Given our experience on similar efforts in the region, we have found that additional, more focused engagement early in the process is necessary when considering changes to local truck networks. For example, through our engagement for Fontana's AB 98 update, we received input that extended beyond the truck route map, including information on specific locations experiencing truck violations. This feedback informed both signage recommendations and enforcement efforts. Providing early opportunities for the community to share their perspectives outside of a commission or council study session demonstrates that concerns are being considered throughout the process, helps set realistic expectations, and meets the requirements of AB 98. Accordingly, our proposed scope of work includes engagement efforts such as workshops and an online mapping survey.

Task 5.1: Outreach and Engagement Documentation

At the beginning of this process, Kittelson will prepare an outreach and engagement plan that will include the following items for City approval:

- Stakeholder notification list
- Proposed locations and formats for workshops
- Graphics scheme for physical and digital materials
- Proposed dates for events and material distribution

In addition to resident and community groups (such as Colton Joint Unified School District and the Grand Terrace Lions Club), stakeholders on the notification list can include industry stakeholders (such as the Grand Terrace Chamber of Commerce and Wilden Pump & Engineering Company).

Upon completion of the outreach and engagement efforts, we will prepare a memorandum summarizing participation levels and comments at each event.

Task 5.2: Outreach Materials

We will prepare a bilingual project flyer that can be distributed both physically and digitally throughout the AB 98 update process, which may include information such as:

- Why the City is undertaking this effort
- Project timeline
- A link or QR code to the City's project webpage
- Links to online surveys

We will also prepare a bilingual graphic template that can be updated throughout the process and posted on the City's social media and other online channels, to provide updates on upcoming opportunities to participate.

Task 5.3: Outreach and Engagement Meetings

Given AB 98's requirements to diligently engage the public, we propose including a focused in-person or virtual meeting early in the process to understand conditions and needs affecting the truck network signage and related efforts. Kittelson will lead and present at one meeting with residents and local stakeholder groups such as homeowners (to understand their concerns and priority locations related to truck traffic) and major logistics operators (to understand their existing needs and issues related to operating trucks on city streets, as well as their key routes and origins/destinations).

This focused meeting will supplement the two (2) joint public outreach sessions with the Planning Commission and City Council (that the Kittelson team will lead and present at).

Task 5.4: Bilingual Online Survey

To support the City's engagement, at the beginning of the project, we will prepare a bilingual (English and Spanish) survey; this will be for resident and for truck operators in the city. The purpose of the survey would be to learn about the respective groups'

priorities, needs, and key locations. The survey can include an online map for dropping pins and comments. This map, which can be distributed with support from local stakeholder groups, is a crucial tool for engaging residents and stakeholders that cannot attend scheduled outreach events.

Task 5.5: SB 18 Consultation

Under Senate Bill (SB) 18, the City is required to consult with California Native American tribes regarding the proposed amendment to the General Plan. De Novo will contact the Native American Heritage Commission (NAHC) and request a SB 18 tribal contact list. Upon receiving the contact list, De Novo will draft letters to those tribes on the list and provide for City review, and then revise and finalize the letters and mail the letters via certified mail to the Tribal Representatives provided by the NAHC. Note, this scope of work assumes that the City will respond to and meet with tribal representatives if consultations are requested.

Task 5 Deliverables

- Outreach and engagement plan
- Outreach and engagement results memorandum
- Bilingual public outreach flyer
- Bilingual digital outreach materials
- Presentation materials for one (1) stakeholder and community meeting
- Presentation materials for two (2) study sessions
- One (1) electronic copy of the draft and final SB 18 tribal consultation letter
- Certified mailing of the SB 18 tribal consultation letter to each Tribal Representative on the NAHC SB 18 list

Task 6: General Plan Circulation Element Amendment (AB 98 Compliance)

The State now requires that a general plan both identify truck routes and include requirements that logistics/warehousing projects use the defined truck routes. In addition to preparing a truck route map to be inserted in the Circulation Element as a new exhibit, we will prepare text changes to the Circulation Element to fulfill State requirements. This could include drafting a new goods movement section, goal, and accompanying policies and actions, or incorporating them into an existing circulation goal. Existing goals, policies, and actions will also be reviewed to determine if revisions (or deletions) are suggested. Note that this will not include any changes to other General Plan elements, such as the Land Use Element.

Task 6 Deliverables

- Draft and final Circulation Element review and updates memorandum
- Updated Circulation Element text and truck route exhibit

Task 7: Environmental Review (CEQA)

Updates to the truck route network and corresponding updates to the General Plan is a discretionary project requiring environmental review pursuant to CEQA. Modifications to the truck routes will likely result in shifts in truck traffic, concentrating truck travel along specific routes. It is anticipated the proposed modifications would involve avoiding or reducing to the extent possible truck trips within areas of sensitive receptors. The following work program will inform modifications to the truck routes and provide information needed to determine the appropriate CEQA review.

Task 7.1: Technical Analysis

To inform modifications to the truck routes and support the CEQA analysis, De Novo will prepare the following technical analysis:

Noise

Up to six (6) 24-hour noise measurements (long-term) and up to ten (10) 20-minute noise measurements (short-term) will be conducted to document baseline conditions along existing truck routes to calibrate the roadway noise model. The locations of the noise measurements will be determined in conjunction with City staff.

Existing and Existing plus truck traffic noise levels affected by the modifications to the truck routes will be calculated using FHWA modeling techniques to determine the increase in ambient noise levels. Existing and future noise levels will be modeled along identified truck routes using the SoundPLAN using the FHWA's Traffic Noise Model calculations and traffic noise contour maps that graphically represent Existing and Buildout traffic noise modeling results will be prepared. The traffic noise modeling results will be evaluated relative to the City's Noise/Land Use Compatibility Matrix.

A technical report documenting the existing noise environment, predicted future noise environment, and potential Project impacts pursuant to the City's General Plan, Municipal Code, and CEQA significance thresholds will be prepared to support the CEQA compliance determination.

Air Quality and Health Risk Assessment

Working with the Project team and City staff, up to three (3) of the highest volume truck trip concentration areas with closest proximity to sensitive receptors along the proposed truck routes will be identified as a sample to conduct a health risk assessment screening analysis. The results of this assessment will provide important information in understanding if the proposed modifications to the truck routes will result in a potential health risk to sensitive receptors. If the results of the three highest volume truck trip concentration areas are not exceeded, it can be concluded that thresholds would not be exceeded along the truck routes. However, if the analysis exceeds the health risk thresholds within the sample areas, additional sites/areas may need to be analyzed to determine the extent of impacts. A separate scope and fee would be required for this additional analysis. A technical report documenting the air quality and health risk assessment findings will be prepared to support the CEQA compliance determination.

Task 7.2: CEQA Review Level Determination

To supplement the noise, air quality, and health risk technical analyses, Kittelson will assess the near- and long-term level of service (LOS) implications of the rerouted truck traffic compared to traffic impacts identified in the General Plan EIR, as well as analyze potential near- and long-term VMT impacts for informational purposes.

In addition to the technical analysis, De Novo will review modifications to the truck routes and any additional revisions to the City's Circulation Element relative to the CEQA guidelines and provide a recommendation as to the appropriate CEQA clearance documentation. We will prepare a memorandum documenting the type of CEQA document recommended for the City's consideration. This task assumes a meeting with City staff and legal counsel to confirm the environmental review and CEQA documentation.

Task 7.3: CEQA Documentation

Based on our experience with similar projects and for purposes of the scope of work, we anticipate an Addendum to the City of Grand Terrace General Plan Update FEIR will be prepared. However, if as part of Task 7.3 it is determined the Project would qualify for a CEQA Exemption or requires preparation of an Initial Study/(Mitigated) Negative Declaration, De Novo will modify the work program as needed to provide a legally defensible CEQA document. If it is determined that the CEQA clearance documentation will be more extensive or involve a reduced scope of work (compared to the Addendum work program and budget), an adjustment to the task order and budget will be provided.

Preparation of Administrative Draft Addendum

De Novo will prepare an Administrative Draft Addendum to the General Plan FEIR for the City's review. The Addendum will include an Introduction, Description of the Proposed Project, Summary of the General Plan FEIR conclusions and comparative environmental analysis of the proposed Project, and Addendum Finding. The Environmental Analysis will provide analysis and cite substantial evidence that supports the City's determination that the proposed Project does not meet the criteria for

preparing a subsequent or supplemental EIR under CEQA Guidelines Section 15162, if applicable. The Environmental Analysis will provide a summary of impacts associated with the proposed actions, as described in the FEIR, and includes an analysis of the potential impacts associated with the proposed General Plan Circulation Element amendments. As the Project would not provide for any changes to the development potential already analyzed by the General Plan FEIR, and no physical development or improvements are proposed, preparation of technical studies beyond those identified in Task 7.1 would not occur. This comparative analysis provides the City with the factual basis for determining whether any changes in the Project, any changes in circumstances, or any new information since the General Plan FEIR was certified would require additional environmental review or preparation of a Subsequent EIR or Supplemental EIR.

Preparation of Revised Draft Addendum

De Novo will respond to one complete set of consolidated comments from City staff on the Administrative Draft Addendum. The Revised Draft Addendum will be provided to City staff with all revisions made in track changes to assist in review of the document.

Preparation of Final Addendum

De Novo will respond to a second review of the Addendum. This task assumes substantive comments will be raised as part of the Administrative Draft Addendum task. Upon approval, De Novo will prepare the Final Addendum for consideration by the Planning Commission and City Council.

Task 7 Deliverables

- One (1) electronic copy of the Noise technical report
- One (1) electronic copy of the Air Quality/Health Risk Assessment technical report
- One (1) electronic copy of the CEQA recommendation memorandum
- One (1) electronic copy of the administrative draft, revised draft, and final Addendum

Task 8: Public Hearing Support and Adoption Process

The Kittelson team will support City staff with Planning Commission and City Council hearings and presentations throughout the process. In addition to providing content for staff to incorporate into staff reports and presentations, we will attend and present at these hearings and support staff in responding to commissioner and councilmember questions. We will prepare materials and attend up to one (1) Planning Commission hearing and two (2) City Council meetings.

Task 8 Deliverables

- Materials for and attendance at one (1) Planning Commission meeting
- Materials for and attendance at two (2) City Council meetings

Task 9: Final AB 98 Implementation Package

We will prepare a final technical document containing the information prepared for Tasks 1 through 8 and confirming the City's compliance with State requirements. In addition to containing the documentation, plans, and information prepared to date, the report will summarize key analyses and findings, as well as include an executive summary with a checklist verifying that the City meets each component of these new State requirements. In addition to the final report, our final submission package will include a standalone truck route map for City distribution, a shapefile of the final citywide truck route network, and other data collected during this process.

Task 9 Deliverables

- Final AB 98 Technical Report
- Final Truck Route Map

- Final Truck Route GIS data

Task 10: Meetings and Coordination

Task 10.1: Kickoff Meeting

Upon receiving Notice to Proceed (NTP), Kittelson will schedule and facilitate a virtual kickoff meeting with City of Grand Terrace staff to confirm the City's goals, expectations, deliverables, work plan, review cycles, schedule, and communication protocols. Following this kickoff meeting, Kittelson will submit a data request list to City staff.

Task 10.2: Coordination Calls

After the kickoff meeting, Kittelson will hold up to three (3) check-in calls with City staff, as needed.

Task 10 Deliverables

- Virtual kickoff meeting
- Data request memorandum
- Three (3) calls



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Award Agreement to Pineda General Construction, Inc for Public Works Building Renovation Project

PRESENTED BY: Ruben Montano, Public Works Project Manager

RECOMMENDATION: **AWARD THE PUBLIC WORKS BUILDING RENOVATION PROJECT CONTRACT IN THE AMOUNT OF \$48,000; AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT AND ANY RELATED DOCUMENTS, SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM**

2030 VISION STATEMENT:

The staff report supports goal # 4 Develop and Implement Successful Partnerships.

BACKGROUND:

The building, formerly known as the EOC Building, was originally used as the City's first City Hall and has more recently been used for storage. The City is now proposing to renovate the building to serve as a maintenance and code enforcement office, along with a staff locker room and break area.

In April 2026, the City issued a Request for Proposals (RFP) for the renovation. The project includes upgrades such as flooring, windows, wall finishes, restroom improvements (including a shower and sink), kitchen cabinetry, and related electrical and plumbing work. The goal is to improve functionality and provide a usable workspace for staff.

DISCUSSION:

This project was advertised for bid on April 21, 2026, and bids closed on April 29, 2026. The City received four bid responses; however, one bid was rejected due to incompleteness.

The project consists of renovating an existing City facility to improve working conditions and repurpose the building to better meet operational needs. The scope of work includes demolition, framing, finishes, and system upgrades, including plumbing, drywall, and electrical improvements.

Pineda General Construction, Inc. submitted the lowest responsive bid in the amount of \$82,495. Following negotiations and revisions to the project scope to remain within the mid-year budget allowance of \$50,000, staff recommends awarding the contract to Pineda General Construction, Inc., as the lowest responsive and responsible bidder, in accordance with public contracting requirements.

ENVIRONMENTAL IMPACT:

The proposed project has been reviewed in accordance with the California Environmental Quality Act (CEQA) and has been determined to have no significant environmental impact, as the work consists of minor interior renovations to an existing facility.

FISCAL IMPACT:

The total project cost of \$48,000 will be funded through the City's approved budget under the Public Works/Capital Improvement account, with no anticipated long-term financial impact beyond routine maintenance.

AGREEMENT FOR PUBLIC WORKS SERVICES

By and Between

CITY OF GRAND TERRACE

and

PINEDA GENERAL CONSTRUCTION, INC.

**AGREEMENT FOR PUBLIC WORKS SERVICES
BETWEEN THE CITY OF GRAND TERRACE AND
PINEDA GENERAL CONSTRUCTION, INC.**

This AGREEMENT FOR PUBLIC WORKS SERVICES (herein “Agreement”) is made and entered into this 26th day of May, 2026 by and between the City of Grand Terrace, a California municipal corporation (“City”) and Pineda General Construction, Inc., a California corporation (“Contractor”). City and Contractor may sometimes be referred to herein, individually as a “Party” or collectively, as the “Parties.”

RECITALS

A. The City of Grand Terrace (“City”) is authorized to enter into this Agreement for a public project or maintenance work pursuant to Chapter 3.26 of the Grand Terrace Municipal Code (“GTMC”), which establishes bidding and contracting procedures in conformance with the Uniform Public Construction Cost Accounting Act (Public Contract Code section 22000 et seq.). The City solicited and received bids in accordance with the formal bidding procedures set forth in GTMC section 3.26.050, and the contract is awarded to the lowest responsible bidder as required by law.

B. Contractor, following submission of a proposal or bid for the performance of the services defined and described particularly in Article 1 of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Grand Terrace Municipal Code and California state law, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Contractor for performance of the services described herein and desire that the terms of that performance be as particularly defined and described herein.

E. **Campaign Contributions:** This Agreement is subject to Government Code section 84308 (commonly known as the Levine Act), as amended by Senate Bill 1439 (2022), Senate Bill 1181 (2024), and Senate Bill 1243 (2024); unless the contract is (1) competitively bid; (2) under \$50,000; (3) amendments valued at more than 10 percent of the value of the contract or fifty thousand dollars (\$50,000), whichever is less; and (4) labor contracts, in which case this provision does not apply. Contractor shall disclose any contribution to an elected or appointed City official’s campaign or committee in an amount of more than five hundred dollars (\$500) made within 12 months preceding the Commencement Date, by Contractor, its, her, or his agent, or another party affiliated with Contractor. Contractor shall provide a signed copy of the attached Campaign Contribution Disclosure Form to City prior to, or concurrent with, Contractor’s execution of this Agreement and no later than the Commencement Date.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1. WORK OF CONTRACTOR

1.1 Scope of Work.

Contractor shall perform all of the work, furnish all labor, materials, equipment, tools, utility services, and transportation, and comply with all of the specification and requirements set forth in the Project Documents for the Project (as each such terms are defined below), in compliance with all terms and conditions of this Agreement, and as described in the “Scope of Work” attached hereto as Exhibit “A” and incorporated herein by this reference, which may be referred to herein as the “services” or “work” hereunder. As a material inducement to the City entering into this Agreement, Contractor represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the work required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Contractor shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Contractor covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be both of good quality as well as fit for the purpose intended. For purposes of this Agreement, the phrase “highest professional standards” shall mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.

1.2 Project Documents.

The Scope of Work shall include the proposal and any other documents submitted from Contractor to the City for the project entitled **Public Works Building Renovation Project** (the “Project”), including any documents or exhibits referenced therein (collectively, “Project Documents”), all of which are incorporated herein by this reference. In the event of any inconsistency between the terms of the Project Documents and this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law.

Contractor shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

1.4 Compliance with California Labor Law.

(a) Public Work. The Parties acknowledge that the work to be performed under this Agreement is a “public work” as defined in Labor Code Section 1720 and that this Agreement is therefore subject to the requirements of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works contracts and the rules and regulations established by the Department of Industrial Relations (“DIR”) implementing such statutes. The work performed under this Agreement is subject to compliance monitoring and enforcement by the DIR. Contractor shall post job site notices, as prescribed by state law and DIR regulations. Pursuant to Labor Code Section 1771.1, Contractor and all subcontractors must be registered with, and pay an annual fee to, the DIR prior to and during the performance of any work under this Agreement. Contractor shall notify the City in writing immediately, and in no case more than twenty-four (24) hours, after receiving any information that

Contractor's or any of its subcontractors' DIR registration status has been suspended, revoked, expired, or otherwise changed.

(b) Prevailing Wages. Contractor shall pay prevailing wages to the extent required by Labor Code Section 1771. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages are on file at City Hall and will be made available to any interested party on request. By initiating any work under this Agreement, Contractor acknowledges receipt of a copy of the DIR determination of the prevailing rate of per diem wages, and Contractor shall post a copy of the same at each job site where work is performed under this Agreement.

(c) Penalty for Failure to Pay Prevailing Wages. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to the City, forfeit two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Contractor or by any subcontractor.

(d) Payroll Records. Contractor shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Contractor and each subcontractor to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform the City of the location of the records.

(e) Apprentices. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6, and 1777.7 and California Code of Regulations Title 8, Section 200 *et seq.* concerning the employment of apprentices on public works projects. Contractor shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Contractor shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) days after concluding work pursuant to this Agreement, Contractor and each of its subcontractors shall submit to the City a verified statement of the journeyman and apprentice hours performed under this Agreement.

(f) Eight-Hour Work Day. Contractor acknowledges that eight (8) hours labor constitutes a legal day's work. Contractor shall comply with and be bound by Labor Code Sections 1810 and 1811. As required under Labor Code Section 1812, Contractor and each of its subcontractors shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by them in connection with the work performed under the terms of this Agreement.

(g) Penalties for Excess Hours. Contractor shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Contractor shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker employed in the performance of this Agreement by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Contractor in excess of eight (8) hours per day, and forty (40) hours during any one week shall be permitted upon public work upon

compensation for all hours worked in excess of eight (8) hours per day at not less than one and one-half (1½) times the basic rate of pay.

(h) Workers' Compensation. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees if it has employees. In accordance with the provisions of California Labor Code Section 1861, Contractor certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

Contractor's Authorized Initials _____
Arturo J. Pineda
Owner

(i) Contractor's Responsibility for Subcontractors. For every subcontractor who will perform work under this Agreement, Contractor shall be responsible for such subcontractor's compliance with Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code, and shall make such compliance a requirement in any contract with any subcontractor for work under this Agreement. Contractor shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a review of the certified payroll records of the subcontractor on a periodic basis or upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages. Contractor shall diligently take corrective action to halt or rectify any such failure by any subcontractor.

1.5 Licenses, Permits, Fees and Assessments.

Contractor shall obtain at its sole cost and expense such licenses, permits, registrations, and approvals as may be required by law for the performance of the services required by this Agreement. Contractor shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Contractor's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

1.6 Familiarity with Work.

(a) By executing this Agreement, Contractor warrants that Contractor (i) has thoroughly investigated and considered the scope of work to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Contractor warrants that Contractor has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder.

(b) Pursuant to Public Contract Code Section 7104, Contractor shall promptly, and before the following conditions are disturbed, notify the City, in writing, of any: (i) material Contractor believes may be hazardous waste as defined in Section 25117 of the Health & Safety Code required to be removed to a Class I, II, or III disposal site in accordance with existing law; (ii) subsurface, unknown or latent conditions at the Project site, materially different from those indicated by information about the Project site made available to bidders prior to the deadline for submitting bids on the Project; or (iii) unknown physical conditions at the Project site of any unusual nature, different from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Agreement, and will materially affect the performance of the services hereunder.

(c) City shall promptly investigate the conditions, and if it finds that the conditions do materially differ, or do involve hazardous waste, and cause a decrease or increase in Contractor's cost of, or the time required for, the performance of any part of the work, the City shall issue a Change Order per Section 1.10 of this Agreement.

(d) In the event that a dispute arises between City and Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in Contractor's cost of, or time required for, performance of any part of the work, Contractor shall not be excused from any scheduled completion date set, but shall proceed with all work to be performed under this Agreement. Contractor shall retain any and all rights provided either by contract or by law, which pertain to the resolution of disputes and protests between the Parties.

(e) City will compensate Contractor to the extent required by Government Code Section 4215 by issuing a Change Order per Section 1.10 of this Agreement.

1.7 Protection and Care of Work and Materials.

The Contractor shall adopt reasonable methods, including providing and maintaining storage facilities, during the life of this Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as caused by City's own negligence. Stored materials shall be reasonably accessible for inspection. Contractor shall not, without City's consent, assign, sell, mortgage, hypothecate, or remove equipment or materials which have been installed or delivered and which may be necessary for the completion of the work.

1.8 Warranty.

Contractor warrants all work under this Agreement (which for purposes of this Section shall be deemed to include unauthorized work which has not been removed or corrected and any non-conforming construction or materials incorporated into the work) to be of good quality and free from any defective or faulty material and workmanship. Contractor agrees that for a period of one year (or the period of time specified elsewhere in this Agreement, or the Project Documents, or in any guarantee or warranty provided by any manufacturer or supplier of equipment or materials incorporated into the work, whichever is later) after the date of final acceptance by the City for the Project, Contractor shall within ten (10) days after being notified in writing by the City of any defect in the work or non-conformance of the work to the requirements under this Agreement, commence and prosecute with due diligence all work necessary to fulfill

the terms of the warranty at its sole cost and expense. Contractor shall act as soon as requested by the City in response to any emergency condition or situation. In addition, Contractor shall, at its sole cost and expense, repair, remove and replace any portions of the work (or work of other subcontractors) damaged by its defective work or which becomes damaged in the course of repairing or replacing defective work. For any work so corrected, Contractor's obligation hereunder to correct defective work shall be reinstated for an additional one year period, commencing with the date of acceptance of such corrected work. Contractor shall perform such tests as the City may require to verify that any corrective actions, including, without limitation, redesign, repairs, and replacements comply with the requirements of this Agreement. All costs associated with such corrective actions and testing, including the removal, replacement, and reinstatement of equipment and materials necessary to gain access, shall be the sole responsibility of the Contractor. All warranties and guarantees of subcontractors, suppliers and manufacturers with respect to any portion of the work, whether express or implied, are deemed to be obtained by Contractor for the benefit of the City, regardless of whether or not such warranties and guarantees have been transferred or assigned to the City by separate agreement and Contractor agrees to enforce such warranties and guarantees, if necessary, on behalf of the City. In the event that Contractor fails to perform its obligations under this Section, or under any other warranty or guaranty under this Agreement or the Project Documents, to the reasonable satisfaction of the City, the City shall have the right to correct and replace any defective or non-conforming work and any work damaged by such work or the replacement or correction thereof at Contractor's sole expense. Contractor shall be obligated to fully reimburse the City for any expenses incurred hereunder upon demand.

1.9 Inspection by City.

In connection with the performance of this Agreement, the City shall have the authority to enter the worksite at any time for the purpose of identifying the existence of conditions, either actual or threatened, that may present a danger or hazard to any and all employees. The Contractor agrees that the City, in its sole authority and discretion, may order the immediate abatement of any and all conditions that may present an actual or threatened danger or hazard to any and all employees at the worksite. Contractor acknowledges the provisions of Section 6400 of the Labor Code, which requires that employers shall furnish employment and a place of employment that is safe and healthful for all employees working therein. In the event the City identifies the existence of any condition that presents an actual or threatened danger or hazard to any or all employees at the worksite, the City is hereby authorized to order the immediate abatement of that actual or threatened condition pursuant to this Section.

The City may also, at its sole authority and discretion, issue an immediate stop work order to the Contractor to ensure that no employee working at the worksite is exposed to a dangerous or hazardous condition. Any stop work order issued by the City to the Contractor in accordance with the provisions of this section shall not give rise to any claim or cause of action for delay damages by the Contractor or the Contractor's agents or subcontractors against the City.

1.10 Additional Work and Change Orders.

(a) City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Work or make changes to the work by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written change order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum, and/or (ii)

the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor (“Change Order”). All Change Orders must be signed by the Contractor and Contract Officer prior to commencing the extra work thereunder.

(b) Any increase in compensation of up to ten percent (10%) of the Contract Sum or \$25,000, whichever is less; or any increase in the time to perform of up to one hundred eighty (180) days may be approved by the Contract Officer, provided that such increase does not materially affect the work in a manner or materially and detrimentally affect the interest of the City. Any greater increases, taken either separately or cumulatively, must be approved by the City Council.

(c) Any adjustment in the Contract Sum for a Change Order must be in accordance with the rates set forth in the Schedule of Compensation in Exhibit “C”. If the rates in the Schedule of Compensation do not cover the type of work in the Change Order, the cost of such work shall not exceed an amount agreed upon in writing and signed by Contractor and Contract Officer. If the cost of the Change Order cannot be agreed upon, the City will pay for actual work of the Change Order that is completed to the satisfaction of the City, as follows:

(i) Labor: The cost of labor shall be the actual cost for wages of workers and subcontractors performing the work for the Change Order at the time such work is done. The use of labor classifications that would increase the cost of such work shall not be permitted.

(ii) Materials and Equipment: The cost of materials and equipment shall be at cost to Contractor or the lowest current price for which such materials and equipment are reasonably available at the time the work is done, whichever is lower.

(iii) Daily Reporting: If the cost of the extra work cannot be agreed upon, the Contractor must provide a daily report that includes all invoices for labor, materials and equipment costs for the work under the Change Order. The daily report must include: list of names of workers, classifications, and hours worked; description and list of quantities of materials used; type of equipment, size, identification number, and hours of operation, including loading and transportation, if applicable; description of other City authorized services and expenditures in such detail as the City may require. Failure to submit a daily report by the close of the next working day may, at the City’s sole and absolute discretion, waive the Contractor’s rights to payment for the work performed for that day.

(d) It is expressly understood by Contractor that the provisions of this Section 1.10 shall not apply to services specifically set forth in the Scope of Work. Contractor hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Work may be more costly or time consuming than Contractor anticipates and that Contractor shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other contractors.

(e) No claim for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

1.11 Contractor Modifications.

Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the “Contractor Modifications” attached hereto as Exhibit “B” and PW Agreement – Pineda General Construction, Inc. (Public Works Building Renovation Project) May 26, 2026

incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit “B” and any other provisions of this Agreement, the provisions of Exhibit “B” shall govern.

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.

2.1 Contract Sum.

Subject to any limitations set forth in this Agreement, City agrees to pay Contractor the amounts specified in the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed **Forty-Eight Thousand Dollars and Zero Cents (\$48,000.00)** (the “Contract Sum”), unless additional compensation is approved pursuant to Section 1.10.

2.2 Method of Compensation.

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services less the contract retention; (iii) payment for time and materials based upon the Contractor’s rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub tasks, (b) contract retention is maintained and (c) the Contract Sum is not exceeded; or (iv) such other methods as may be specified in the Schedule of Compensation.

2.3 Reimbursable Expenses.

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Contractor at all Project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Contractor is required to attend additional meetings to facilitate such coordination, Contractor shall not be entitled to any additional compensation for attending said meetings.

2.4 Invoices.

Each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City’s Finance Director and/or the Contract Officer. By submitting an invoice for payment under this Agreement, Contractor is certifying compliance with all provisions of the Agreement. The invoice shall contain all information specified in Exhibit “C”, include a copy of Contractor’s certified payroll and proof that the certified payroll has been submitted to the DIR, and shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Contractor shall also submit a list of the prevailing wage rates for all employees and subcontractors providing services under this Agreement, as applicable, with Contractor’s first invoice. Contractor shall not invoice City for any duplicate services performed by more than one person.

City shall, as soon as practicable, independently review each invoice submitted by the Contractor to determine whether the work performed and expenses incurred are in compliance

with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Contractor which are disputed by City, or as provided in Section 7.3, City will cause Contractor to be paid within thirty (30) days of receipt of Contractor's correct and undisputed invoice; however, Contractor acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event that City does not cause Contractor to be paid within thirty (30) days of receipt of an undisputed and properly submitted invoice, Contractor shall be entitled to the payment of interest to the extent allowed under Public Contract Code Section 20104.50. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Contractor, not later than seven (7) days after receipt by the City, for correction and resubmission. Returned invoices shall be accompanied by a document setting forth in writing the reasons why the payment request was rejected. Review and payment by the City of any invoice provided by the Contractor shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.5 Waiver.

Payment to Contractor for work performed pursuant to this Agreement shall not be deemed to waive any defects in the work performed by Contractor.

2.6 Retention.

City will deduct a five percent (5%) retention from all progress payments. In accordance with Public Contract Code Section 22300, which is hereby incorporated into this Agreement, City shall permit the substitution of securities for any moneys withheld by City to ensure performance under this Agreement. The retention held by the City shall be released within sixty (60) days after the date of completion of the work and the Project, as required by Government Code Section 7107. In the event of a dispute between City and Contractor, City may withhold from the final payment an amount not to exceed one hundred fifty percent (150%) of the disputed amount.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence.

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

3.2 Schedule of Performance.

Contractor shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed ("NTP") by the Contract Officer and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Contractor, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure.

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, PW Agreement – Pineda General Construction, Inc. (Public Works Building Renovation Project) May 26, 2026

litigation, and/or acts of any governmental agency, including the City, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Inspection and Final Acceptance.

City may inspect and accept or reject any of Contractor's work under this Agreement, either during performance or when completed. City shall reject or finally accept Contractor's work within forty-five (45) days after submitted to City. City shall accept work by a timely written acceptance, otherwise work shall be deemed to have been rejected. If City finds that Contractor's work does not meet the requirements and standards set forth in this Agreement, Contractor shall remedy any defects in the work at Contractor's sole expense, following notice by the City. City's acceptance shall be conclusive as to such work except with respect to latent defects, fraud and such gross mistakes as to amount to fraud. Acceptance of any work by City shall not constitute a waiver of any of the provisions of this Agreement including, but not limited to, Articles 1 and 5, pertaining to warranty and indemnification and insurance, respectively.

3.5 Term.

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

ARTICLE 4. COORDINATION OF WORK

4.1 Representatives and Personnel of Contractor.

The following principals of Contractor ("Principals") are hereby designated as being the principals and representatives of Contractor authorized to act on its behalf with respect to the work specified herein and make all decisions in connection therewith:

Arturo J. Pineda, Owner

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing Principals were a substantial inducement for City to enter into this Agreement. Therefore, the Principals shall be responsible during the term of this Agreement for directing all activities of Contractor and devoting sufficient time to personally supervise the services hereunder. All personnel of Contractor, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the Principals may not be replaced nor may their responsibilities be substantially reduced by Contractor without the express written approval of City. Additionally, Contractor shall make every reasonable effort to maintain the stability and continuity of Contractor's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Contractor shall notify City of any changes in

Contractor's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance.

4.2 Status of Contractor.

Contractor shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Contractor shall not at any time or in any manner represent that Contractor or any of Contractor's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Contractor, nor any of Contractor's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Contractor expressly waives any claim Contractor may have to any such rights.

4.3 Contract Officer.

The Contract Officer shall be Ruben Montano, or such person as may be designated by the City Manager. It shall be the Contractor's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Contractor shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.4 Independent Contractor.

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in, or authority over, the selection, discharge, supervision or control of Contractor's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Contractor shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Contractor in its business or otherwise or a joint venturer or a member of any joint enterprise with Contractor.

4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability and reputation of Contractor, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Contractor shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. All subcontractors shall obtain, at its or Contractor's expense, such licenses, permits, registrations and approvals (including from the City) as may be required by law for the performance of any services or work under this Agreement. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted

hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Contractor, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Contractor or any surety of Contractor of any liability hereunder without the express consent of City.

ARTICLE 5. INSURANCE, INDEMNIFICATION AND BONDS

5.1 Insurance Coverages.

Without limiting Contractor's indemnification obligations to the City (as set forth below), and prior to commencement of any services under this Agreement, Contractor shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City.

(a) General Liability Insurance. Contractor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted. The Product and Completed Operations coverage under the policy shall extend a minimum of three (3) years after completion of the Project. Coverage shall be included on behalf of the insured for covered claims arising out of the actions of independent contractors. If the insured is using subcontractors, the policy must include work performed "by or on behalf" of the insured. The policy shall contain no language that would invalidate or remove the insurer's duty to defend or indemnify for claims or suits expressly excluded from coverage. The policy shall specifically provide for a duty to defend on the part of the insurer.

(b) Automobile Liability Insurance. Contractor shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Contractor arising out of or in connection with the services to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.

(c) Professional Liability (errors & omissions) Insurance. Contractor shall maintain professional liability insurance that covers the services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and Contractor agrees to maintain continuous coverage through a period no less than three (3) years after completion of the services required by this Agreement.

(d) Workers' Compensation Insurance. Contractor shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000).

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

(f) Additional Insurance. Policies of such other insurance, as may be required in the Contractor Modifications in Exhibit “B”.

5.2 General Insurance Requirements.

(a) Proof of Insurance. Contractor shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers’ compensation. Insurance certificates and endorsements must be approved by City’s Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

(b) Duration of Coverage. Contractor shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the services hereunder by Contractor, its agents, representatives, employees or subcontractors.

(c) Primary/noncontributing. Coverage provided by Contractor shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City’s own insurance or self-insurance shall be called upon to protect it as a named insured.

(d) City’s Rights of Enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Contractor or City will withhold amounts sufficient to pay premium from Contractor payments. In the alternative, City may cancel this Agreement.

(e) Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or that is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders’ Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best’s Key Rating Guide, unless otherwise approved by the City’s Risk Manager.

(f) Waiver of Subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Contractor or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Contractor hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subcontractors.

(g) Enforcement of Contract Provisions (non-estoppel). Contractor acknowledges and agrees that any actual or alleged failure on the part of the City to inform

Contractor of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

(h) Requirements Not Limiting. Requirements of specific coverage features or limits contained in this section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any Party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Contractor maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

(i) Notice of Cancellation. Contractor agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

(j) Additional Insured Status. General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

(k) Prohibition of Undisclosed Coverage Limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

(l) Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

(m) Pass Through Clause. Contractor agrees to ensure that its subconsultants, subcontractors, and any other party involved with the Project who is brought onto or involved in the Project by Contractor, provide the same minimum insurance coverage and endorsements required of Contractor. Contractor agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Section. Contractor agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the Project will be submitted to City for review.

(n) City's Right to Revise Specifications. The City reserves the right at any time during the term of this Contract to change the amounts and types of insurance required by giving the Contractor ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Contractor, the City and Contractor may renegotiate Contractor's compensation.

(o) Self-Insured Retentions. Any self-insured retentions must be declared to and approved by City. City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by City.

(p) Timely Notice of Claims. Contractor shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Contractor's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

(q) Additional Insurance. Contractor shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

5.3 Indemnification.

To the full extent permitted by law, Contractor agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, injuries or death of any person (including workers and the public), losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work provided herein of Contractor, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Contractor is legally liable ("indemnitors"), or arising from Contractor's or indemnitors' reckless or willful misconduct, or arising from Contractor's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

(a) Contractor will defend any action or actions filed in connection with any of said claims or liabilities (with legal counsel approved by City) and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Contractor will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities; and Contractor agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Contractor for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Contractor hereunder, Contractor agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.

In addition, Contractor agrees to indemnify, defend and hold harmless the Indemnified Parties from, any and all claims and liabilities for any infringement of patent rights, copyrights or trademark on any person or persons in consequence of the use by the Indemnified Parties of articles to be supplied by Contractor under this Agreement, and of which the Contractor is not the patentee or assignee or has not the lawful right to sell the same.

Contractor shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Contractor shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or

omission, or reckless or willful misconduct of Contractor in the performance of professional services and work hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Contractor and shall survive termination of this Agreement.

Contractor's obligations under this Section shall apply regardless of whether or not such claims or liabilities were caused in part or contributed to by the City or any Indemnified Parties. In instances where City or its Indemnified Parties is shown to have been actively negligent and where City's active negligence accounts for only a percentage of the liability involved, the obligation of Contractor will be for that entire portion or percentage of liability not attributable to the active negligence of the City.

5.4 Notification of Third-Party Claims.

City shall timely notify Contractor of the receipt of any third-party claim relating to the work under this Agreement. City shall be entitled to recover from Contractor its reasonable costs incurred in providing such notification.

5.5 Performance and Labor Bonds.

Concurrently with execution of this Agreement, Contractor shall deliver to the City, the following:

(a) A performance bond in the amount of the Contract Sum of this Agreement, in the form provided by the City Clerk, which secures the faithful performance of this Agreement ("Performance Bond").

(b) A labor and materials bond in the amount of the Contract Sum of this Agreement, in the form provided by the City Clerk, which secures the payment of all persons furnishing labor and/or materials in connection with the work under this Agreement ("Payment Bond").

Both the Performance Bond and Payment Bond required under this Section 5.5 shall contain the original notarized signature of an authorized officer of the surety and affixed thereto shall be a certified and current copy of his/her power of attorney. The bonds shall be unconditional and remain in force during the entire term of this Agreement.

5.6 Sufficiency of Insurer or Surety.

Insurance and bonds required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best's Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances. In addition, the insurance carrier must be currently authorized by the Insurance Commissioner to transact business of insurance or be on the List of Approved Surplus Line Insurers issued by the State of California. If this Agreement continues for more than 3 years duration, or in the event the Risk Manager determines that the PW Agreement – Pineda General Construction, Inc. (Public Works Building Renovation Project) May 26, 2026

work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Contractor agrees that the minimum limits of the insurance policies and the bonds required by Section 5.5 may be changed accordingly upon receipt of written notice from the Risk Manager.

5.7 Substitution of Securities.

Pursuant to Public Contract Code Section 22300, substitution of eligible equivalent securities for any funds withheld to ensure performance under this Agreement may be permitted at the request and sole expense of the Contractor. Alternatively, the Contractor may, pursuant to an escrow agreement in a form prescribed by Public Contract Code Section 22300, request payment of retentions funds earned directly to the escrow agent at the sole expense of the Contractor.

5.8 Release of Securities.

City shall release the Performance and Payment Bonds when the following have occurred:

- (a) Contractor has made a written request for release and provided evidence of satisfaction of all other requirements under Article 5 of this Agreement;
- (b) the work for the Project has been finally accepted by the City; and
- (c) after passage of the time within which lien claims are required to be made pursuant to applicable laws; if lien claims have been timely filed, City shall hold the Payment Bond until such claims have been resolved, Contractor has provided statutory bond, or otherwise as required by applicable law.

ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records.

Contractor shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies, certified and accurate copies of payroll records in compliance with all applicable laws, or other documents relating to the disbursements charged to City and services performed hereunder (the “books and records”), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of 3 years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Contractor’s business, custody of the books and records may be given to City, and access shall be provided by Contractor’s successor in interest. Notwithstanding the above, the Contractor shall fully cooperate with the City in providing access to the books and records if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

6.2 Reports.

Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Contractor hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Contractor agrees that if Contractor becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Contractor is providing design services, the cost of the Project being designed, Contractor shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Contractor is providing design services, the estimated increased or decreased cost estimate for the Project being designed.

6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the “documents and materials”) prepared by Contractor, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Contractor will be at the City’s sole risk and without liability to Contractor, and Contractor’s guarantee and warranties shall not extend to such use, reuse or assignment. Contractor may retain copies of such documents for its own use. Contractor shall have an unrestricted right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Contractor fails to secure such assignment, Contractor shall indemnify City for all damages resulting therefrom. Moreover, Contractor with respect to any documents and materials that may qualify as “works made for hire” as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed “works made for hire” for the City.

6.4 Confidentiality and Release of Information.

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

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

(c) If Contractor, or any officer, employee, agent or subcontractor of Contractor, provides any information or work product in violation of this Agreement, then City

shall have the right to reimbursement and indemnity from Contractor for any damages, costs and fees, including attorneys' fees, caused by or incurred as a result of Contractor's conduct.

(d) Contractor shall promptly notify City should Contractor, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law.

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Bernardino, State of California, or any other appropriate court in such county, and Contractor covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Bernardino, State of California.

7.2 Disputes.

(a) Default; Cure. In the event that Contractor is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Contractor for any work performed after the date of default. Instead, the City may give notice to Contractor of the default and the reasons for the default. The notice shall include the timeframe in which Contractor may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant, in the sole and absolute discretion of the Project Manager. During the period of time that Contractor is in default, the City shall hold all invoices and shall proceed with payment on such invoices only when the default is cured to the satisfaction of the City. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Contractor does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Contractor's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

(b) Dispute Resolution. This Agreement is subject to the provisions of Article 1.5 (commencing at Section 20104) of Division 2, Part 3 of the California Public Contract Code regarding the resolution of public works claims of less than \$375,000. Additionally, Section 9204 of the California Public Contract Code prescribes a process for negotiation and mediation to resolve disputes on construction claims. Article 1.5 mandates certain procedures for the filing of claims and supporting documentation by the Contractor, for the response to such claims by the City, for a mandatory meet and confer conference upon the request of the Contractor, for mandatory non-binding mediation in the event litigation is commenced, and for mandatory judicial

arbitration upon the failure to resolve the dispute through mediation. This Agreement hereby incorporates the provisions of Article 1.5 as though fully set forth herein and the intent of this Section is to implement Sections 20104 *et seq.* and Section 9204 of the California Public Contract Code with respect to any such claims by Contractor. This Section shall be construed to be consistent with said statutes.

For purposes of these procedures, the term “claim(s)” means a separate demand by the Contractor, after the City has denied Contractor’s timely and duly made request for payment for extra work and/or a time extension, for (A) a time extension, (B) payment of money or damages arising from work done by or on behalf of the Contractor pursuant to this Agreement and payment of which is not otherwise expressly provided for or the Contractor is not otherwise entitled to, or (C) an amount the payment of which is disputed by the City.

7.3 Retention of Funds.

Contractor hereby authorizes City to deduct from any amount payable to Contractor (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Contractor’s acts or omissions in performing or failing to perform Contractor’s obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Contractor, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Contractor to insure, indemnify, and protect City as elsewhere provided herein.

7.4 Waiver.

Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any Party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Contractor shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either Party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

7.6 Legal Action.

In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to

compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Contractor shall file a claim pursuant to Government Code Sections 905 *et seq.* and 910 *et seq.*, in order to pursue a legal action under this Agreement.

7.7 Liquidated Damages.

Since the determination of actual damages for any delay in performance of this Agreement would be extremely difficult or impractical to determine in the event of a breach of this Agreement, the Contractor and its sureties shall be liable for and shall pay to the City the sum of One Thousand Dollars and Zero Cents (\$1,000.00) as liquidated damages for each working day of delay in the performance of any of the services required hereunder, as specified in the Schedule of Performance (Exhibit "D"). The City may withhold from any monies payable on account of services performed by the Contractor any accrued liquidated damages. Pursuant to Government Code Section 4215, Contractor shall not be assessed liquidated damages for delay in completion of the Project when such delay was caused by the failure of the public agency or owner of the utility to provide for removal or relocation of utility facilities.

7.8 Termination Prior to Expiration of Term.

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Contractor, except that where termination is due to the fault of the Contractor, the period of notice may be such shorter time as may be determined by the Contract Officer. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating Party need not provide the non-terminating Party with the opportunity to cure pursuant to Section 7.2.

7.9 Termination for Default of Contractor.

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

7.10 Attorneys' Fees.

If either Party to this Agreement is required to initiate or defend or made a Party to any action or proceeding in any way connected with this Agreement, the prevailing Party in such

action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a Party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

7.11 Unfair Business Practices Claims.

In entering into this Agreement, Contractor offers and agrees to assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. § 15) or under the Cartwright Act (Chapter 2, (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials related to this Agreement. This assignment shall be made and become effective at the time the City renders final payment to the Contractor without further acknowledgment by the Parties.

ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees.

No officer or employee of the City shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

8.2 Conflict of Interest.

Contractor covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Contractor's performance of services under this Agreement. Contractor further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Contractor agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to this Agreement which effects his / her financial interest or the financial interest of any corporation, partnership or association in which he/her is, directly or indirectly, interested, in violation of any State statute or regulation. The Contractor warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

8.3 Covenant Against Discrimination.

Contractor covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual
PW Agreement – Pineda General Construction, Inc. (Public Works Building Renovation Project) May 26, 2026

orientation, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Contractor shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class.

8.4 Unauthorized Aliens.

Contractor hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C. § 1101 *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Contractor so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Contractor hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Notices.

Any notice, demand, request, document, consent, approval, or communication either Party desires or is required to give to the other Party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Grand Terrace, 22795 Barton Rd., Grand Terrace, California 92313, and in the case of the Contractor, to the person at the address designated on the execution page of this Agreement. Either Party may change its address by notifying the other Party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section. All correspondence relating to this Agreement shall be serialized consecutively.

9.2 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Counterparts and Electronic Signatures.

This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. The words "execution," "signed," "signature," and words of like import in this Agreement or in any other certificate, agreement or document related to this Agreement, shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, "pdf", "tif" or "jpg") and other electronic signatures in accordance with California Code of Regulations Title 2 Section 22003 (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the California Uniform Electronic Transactions Act and any PW Agreement – Pineda General Construction, Inc. (Public Works Building Renovation Project) May 26, 2026

other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

9.4 Integration; Amendment.

This Agreement including the attachments hereto (and the documents incorporated herein) is the entire, complete and exclusive expression of the understanding of the Parties. It is understood that there are no oral agreements between the Parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the Parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Contractor and by the City Council. The Parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void. Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein, and this Agreement shall be read and enforced as though it were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon application of either Party, this Agreement shall forthwith be amended to make such insertion or correction/

9.5 Severability.

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties hereunder unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

9.6 Warranty & Representation of Non-Collusion.

No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of “financial interest” shall be consistent with State law and shall not include interests found to be “remote” or “noninterests” pursuant to Government Code Sections 1091 or 1091.5. Contractor warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Contractor further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Contractor is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Contractor's Authorized Initials _____
Arturo J. Pineda
Owner

9.7 Corporate Authority.

The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other agreement to which said Party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

CITY:
CITY OF GRAND TERRACE, a municipal corporation

By:

Konrad Bolowich
City Manager

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By:

Adrian R. Guerra
City Attorney

ATTEST:

By:

Daysi Alcocer
City Clerk

CONTRACTOR:

PINEDA GENERAL CONSTRUCTION, INC., a
California corporation

By:

Name: Arturo J. Pineda
Title: Owner
Email: jpinedagc@gmail.com

By:

Name: (Insert Name)
Title: (Insert Title)
Email: Email Address
Address: 22063 Rosary Avenue
Nuevo, CA 92567_____

Two corporate officer signatures required when Contractor is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONTRACTOR'S SIGNATURES SHALL BE DULY NOTARIZED UNLESS EXECUTED UTILIZING DIGITAL SIGNATURE IN ACCORDANCE WITH CALIFORNIA CODE OF REGULATIONS TITLE 2 SECTION 22003. IN ADDITION, THE APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONTRACTOR'S BUSINESS ENTITY.

EXHIBIT "A"

SCOPE OF WORK

- I.** Contractor shall perform the following services to the interior of the Public Works building:
- (a) Convert rear window to 3' commercial steel door (including stucco repairs as needed);
 - (b) Close off closet opening in bedroom;
 - (c) Install new water/drain line for fridge/ice maker;
 - (d) Repair drywall as needed throughout;
 - (e) Texture all ceilings and walls;
 - (f) Paint all walls, ceiling, and existing doors;
 - (g) Install new shower, toilet and pedestal sink at bathroom
 - (h) Replace eight (8) existing electrical outlets;
 - (i) Replace ceiling light fixtures with LED lights; and
 - (j) Install new laminate plank flooring and baseboards throughout the building, excluding garage (877 square feet total).
- II.** Brief description of the work to be performed:
- Contractor shall renovate the interior of the Public Works building, located at 22795 Barton Rd B, Grand Terrace, CA 92313.
- III.** In addition to the requirements of Section 6.2, during performance of the work, Contractor will keep the City apprised of the status of performance by delivering status reports, as may be required by the City from time to time.
- IV.** All work is subject to review and acceptance by the City, and must be revised by the Contractor without additional charge to the City until found satisfactory and accepted by City.
- V.** Contractor shall provide safe and continuous passage for pedestrian and vehicular traffic in accordance with the Work Area Traffic Control Handbook (WATCH), latest edition; and shall observe and perform all traffic control safe protocols while working in the public right of way and upon any City facilities.

EXHIBIT "B"

**CONTRACT MODIFICATIONS
(Superseding Contract Boilerplate)**

None.

EXHIBIT "C"

SCHEDULE OF COMPENSATION

I. Contractor shall perform all work at the rates set forth in the Project Documents submitted as part of Contractor's Proposal, and listed below:

Division	Description	Amount
01	General Requirements	\$14,975. [±]
02	Demolition	\$2,500. [±]
06	Framing	\$6,500. [±]
08	Doors & Windows	\$7,500. [±]
09	Finishes	\$34,020. [±]
22	Plumbing	\$10,000. [±]
23	HVAC	\$ — N/A
26	Electrical	\$7,000. [±]
TOTAL BASE BID		\$82,495.[±]

← No HVAC Per Questions Released

CSI DIVISION BREAKDOWN (WITH QUANTITIES)

DIVISION 01 — GENERAL REQUIREMENTS

Item	Description	Qty	Unit	Unit Cost	Total
01.10	Mobilization	1	LS	\$	\$9,975. [±]
01.20	Project Duration (Allow 6-8 weeks)	1	LS	\$	\$1,000. [±]
01.30	Temporary Utilities	1	LS	\$	\$1,000. [±]
01.40	Dumpster (Allow 2 hauls)	2	EA	\$	\$2,000. [±]
01.50	Site Protection	1	LS	\$	\$1,000. [±]

DIVISION 02 — DEMOLITION

Item	Description	Qty	Unit
02.10	Interior Wall Demo	120	LF
02.20	Door/Opening Removal	3	EA
02.30	Demo Existing Slider Opening (Door #8 area ~8'-0")	1	EA
02.40	Finish Removal (Allowance)	300	SF

*Includes haul-off & disposal

DIVISION 06 — FRAMING

Item	Description	Qty	Unit
06.10	New 2x4 Walls (8'-0" height)	150	LF
06.20	Headers (doors/windows)	6	EA
06.30	Door #8 Opening Reframe (reduce from 8' to ~3')	1	EA
06.40	Blocking/Backing	1	LS

DIVISION 08 — OPENINGS

Item	Description	Qty	Unit
08.10	Interior Doors (2'-0"–2'-8")	6	EA
08.11	Interior Door Hardware Sets	6	EA

DOOR #8 (REVISED – CRITICAL)

Item	Description	Qty	Unit
08.20	New Entry Door – 3'-0" x 6'-8"	1	EA
08.21	Exterior Frame (weather-rated)	1	EA
08.22	Threshold + Weather Seals	1	EA
08.23	Hardware (lockset, closer)	1	EA
08.24	Exterior Trim & Waterproofing	1	EA

REQUIRED SPEC:

- Insulated exterior metal door
- Commercial-grade hardware
- Remove sliding door scope

WINDOWS

Item	Description	Qty	Unit
08.40	New Window Type F (6'x3')	1	EA
08.41	Existing Window Modifications	3	EA
08.42	Window Trim & Install	4	EA

DIVISION 09 — FINISHES

Item	Description	Qty	Unit
09.10	Drywall (new + patch)	800	SF
09.20	Interior Paint (full walls)	1,500	SF
09.30	Ceiling Paint	900	SF
09.40	Flooring Patch/Repair	200	SF

DIVISION 22 — PLUMBING

Item	Description	Qty	Unit
22.10	Lavatory Install	1	EA
22.20	Water Closet Install	1	EA
22.30	Shower Install (60"x30")	1	EA
22.40	Water Lines	80	LF
22.50	Drain Lines	60	LF

DIVISION 23 — HVAC

Item	Description	Qty	Unit
23.10	Duct Modifications	40	LF
23.20	Register Relocations	3	EA
23.30	Air Balance	1	LS

DIVISION 26 — ELECTRICAL

Item	Description	Qty	Unit
26.10	Power Outlets	8	EA
26.20	Data Outlets	4	EA
26.30	Lighting Adjustments	6	EA
26.40	Circuit Tie-ins	2	EA

ALLOWANCES

Item	Description	Amount
AL-01	Finish Repairs Unknown Conditions	\$3,000
AL-02	Electrical Unknown Conditions	\$2,000

EXCLUSIONS

- Structural engineering (if required)
- Hazardous material abatement
- Permit fees (unless noted)

NOTES

1. DIR Registration (active)
2. General Liability Insurance
3. Workers Comp
4. Prevailing wage compliance
5. Schedule commitment
6. Contractor to verify all quantities in field
7. Include all labor, materials, equipment, permits (unless noted), supervision, and overhead
8. Provide unit pricing where indicated
9. Include taxes and insurance
10. Include prevailing wage burden in pricing

- II.** A retention of five percent (5%) shall be held from each payment as a contract retention to be paid as part of the final payment upon satisfactory completion of services.
- III.** Within the budgeted amounts for each item in the Project Documents, and with the approval of the Contract Officer, funds may be shifted from one item's subbudget to another so long as the Contract Sum is not exceeded per Section 2.1.
- IV.** The City will compensate Contractor for the services performed upon submission of a valid invoice. Each invoice is to include:
 - A.** Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.
 - B.** Line items for all materials and equipment properly charged to the services.

- C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.
 - D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the services.
- V. The total compensation for the services shall not exceed the Contract Sum, as provided in Section 2.1 of this Agreement.

EXHIBIT “D”

SCHEDULE OF PERFORMANCE

- I.** Contractor shall perform all work timely in accordance with plans and specifications as provided in Exhibit “A”.
- II.** Contractor shall perform all work timely and in accordance with a Project Schedule to be provided by the Contractor and Contract Officer and subject to written approval by the Contract Officer. All contracted work must be completed no later than May 26, 2027.
- III.** The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.

PERFORMANCE BOND

WHEREAS, the CITY OF GRAND TERRACE, (“City”), has awarded to PINEDA GENERAL CONSTRUCTION, INC., as Contractor (“Principal”), a Contract for the work entitled and described as follows: Public Works Building Renovation Project;

WHEREAS, the Contractor is required under the terms of said Contract to furnish a bond for the faithful performance of the Contract;

NOW, THEREFORE, we the undersigned Contractor and Surety, are held and firmly bound unto the City in the sum of **Forty-Eight Thousand Dollars and Zero Cents (\$48,000.00)**, this amount being not less than one hundred percent (100%) of the total Contract price, lawful money of the United States of America, for payment of which sum well and truly be made we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents. In case suit is brought upon this bond, the Surety will pay a reasonable attorney’s fee to the City in an amount to be fixed by the court.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if the hereby bound Contractor, or its heirs, executors, administrators, successors, or assigns, shall in all things stand and abide by, well and truly keep and perform all undertakings, terms, covenants, conditions, and agreements in the said Contract and any alteration thereof, made as therein provided, all within the time and in the manner designated and in all respects according to their true intent and meaning, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

FURTHER, the said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, or modification of the Contract Documents or of the work to be performed thereunder shall in any way affect its obligations on this bond, and it does hereby waive notice of such change, extension of time, alteration, or modification of the Contract Documents or of the work to be performed thereunder.

Executed on _____, 2026.

PRINCIPAL

(Seal if Corporation) By _____

Title _____

(Attach Acknowledgment of Authorized Representative of Principal)

Any claims under this bond may be addressed to:

_____ (name and address of Surety)

_____ (name and address of Surety's agent for service
of
process in California, if different from above)

_____ (telephone number of Surety's agent in
California)

(Attach Acknowledgment)

SURETY

By _____
(Attorney-in-Fact)

APPROVED:

(Attorney for CITY)

NOTICE:

No substitution or revision to this bond form will be accepted. Sureties must be authorized to do business in and have an agent for service of process in California. Certified copy of Power of Attorney must be attached.

PAYMENT BOND
(Labor and Material Bond)

WHEREAS, the CITY OF GRAND TERRACE, (“City”), has awarded to PINEDA GENERAL CONSTRUCTION, INC., as Contractor (“Principal”), a Contract for the work entitled and described as follows: Public Works Building Renovation Project;

WHEREAS, said Contractor is required to furnish a bond in conjunction with said Contract, to secure the payment of claims of laborers, mechanics, material men, and other persons as provided by law;

NOW, THEREFORE, we the undersigned Contractor and Surety, are held and firmly bound unto the City in the sum of **Forty-Eight Thousand Dollars and Zero Cents (\$48,000.00)**, this amount being not less than one hundred percent (100%) of the total Contract price, lawful money of the United States of America, for payment of which sum well and truly be made we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents. In case suit is brought upon this bond, the Surety will pay a reasonable attorney’s fee to the City in an amount to be fixed by the court.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if said Contractor, its heirs, executors, administrators, successors, assigns, or subcontractor fails to pay: (1) for any work, materials, services, provisions, provender, or other supplies, or for the use of implements of machinery, used in, upon, for, or about the performance of the work to be done, or for any work or labor thereon of any kind; (2) for work performed by any of the persons named in Civil Code Section 9100; (3) for any amounts due under the Unemployment Insurance Code with respect to work or labor performed under the contract; and/or (4) for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the Contractor and/or its subcontractors pursuant to Section 13020 of the Unemployment Insurance Code with respect to such work and labor, then the Surety herein will pay for the same in an amount not exceeding the sum specified in this bond, otherwise the above obligation shall be void.

This bond shall inure to the benefit of any of the persons named in Civil Code Section 9100 so as to give a right of action to such persons or their assigns in any suit brought upon the bond. Moreover, if the City or any entity or person entitled to file stop payment notices is required to engage the services of an attorney in connection with the enforcement of this bond, each shall be liable for the reasonable attorney’s fees incurred, with or without suit, in addition to the above sum.

Said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, or modification of the Contract Documents or of the work to be performed thereunder shall in any way affect its obligations on this bond, and it does hereby waive notice of such change, extension of time, alteration, or modification of the Contract Documents or of the work to be performed thereunder.

Executed on _____, 2026.

PRINCIPAL

(Seal if Corporation)

By _____

Title _____

(Attach Acknowledgment of Authorized Representative of Principal)

Any claims under this bond may be addressed to:

_____ (name and address of Surety)

_____ (name and address of Surety's agent for service of process in California, if different from above)

_____ (telephone number of Surety's agent in California)

(Attach Acknowledgment)

SURETY

By _____
(Attorney-in-Fact)

APPROVED:

(Attorney for CITY)

NOTICE:

No substitution or revision to this bond form will be accepted. Sureties must be authorized to do business in and have an agent for service of process in California. Certified copy of Power of Attorney must be attached.

WORKERS COMPENSATION INSURANCE CERTIFICATE

Description of Contract: **City of Grand Terrace
Project: Public Works Building Renovation Project**

Type of Insurance: Workers' Compensation and
Employers' Liability Insurance

THIS IS TO CERTIFY that the following policy has been issued by the below-stated company in conformance with the requirements of Article 5 of the Contract and is in force at this time, and is in a form approved by the Insurance Commissioner.

The Company will give at least 30 days' written notice to the City and Engineer/Architect prior to any cancellation of said policy.

<u>POLICY NUMBER</u>	<u>EXPIRATION DATE</u>	<u>LIMITS OF LIABILITY</u>
		Workers' Compensation: Statutory Limits Under the Laws of the State of California
		Employers' Liability:
		\$ _____ Each Accident
		\$ _____ Disease - Policy Limit
		\$ _____ Disease - Each Employee

Named Insured (Contractor) Insurance Company

Street Number Street Number

City and State City and State

By _____
(Company Representative)

(SEE NOTICE ON NEXT PAGE)

Insurance Company Agent for Service
of Process in California:

Name

Agency

Street Number

City and State

Telephone Number

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend, or alter the coverage afforded by the policy listed herein.

This is to certify that the policy has been issued to the named insured for the policy period indicated, notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions, and conditions of such policy.

NOTICE:

No substitution or revision to the above certificate form will be accepted. If the insurance called for is provided by more than one insurance company, a separate certificate in the exact above form shall be provided for each insurance company.

**ADDITIONAL INSURED ENDORSEMENT
COMPREHENSIVE GENERAL LIABILITY**

Name and address of named insured ("Named Insured")

Name and address of Insurance Company ("Company")

General description of agreement(s), permit(s), license(s), and/or activity(ies) insured

Notwithstanding any inconsistent statement in the policy to which this endorsement is attached (the "Policy") or in any endorsement now or hereafter attached thereto, it is agreed as follows:

1. The _____ ("Public Agency"), its elected officials, officers, attorneys, agents, employees, and volunteers are additional insureds (the above named additional insureds are hereafter referred to as the "Additional Insureds") under the Policy in relation to those activities described generally above with regard to operations performed by or on behalf of the Named Insured. The Additional Insureds have no liability for the payment of any premiums or assessments under the Policy.

2. The insurance coverages afforded the Additional Insureds under the Policy shall be primary insurance, and no other insurance maintained by the Additional Insureds shall be called upon to contribute with the insurance coverages provided by the Policy.

3. Each insurance coverage under the Policy shall apply separately to each Additional Insured against whom claim is made or suit is brought except with respect to the limits of the Company's liability.

4. Nothing in this contract of insurance shall be construed to preclude coverage of a claim by one insured under the policy against another insured under the policy. All such claims shall be covered as third-party claims, i.e., in the same manner as if separate policies had been issued to each insured. Nothing contained in this provision shall operate to increase or replicate the Company's limits of liability as provided under the policy.

5. The insurance afforded by the Policy for contractual liability insurance (subject to the terms, conditions and exclusions applicable to such insurance) includes liability assumed by the Named Insured under the indemnification and/or hold harmless provision(s) contained in or executed in conjunction with the written agreement(s) or permit(s) designated above, between the Named Insured and the Additional Insureds.

6. The policy to which this endorsement is attached shall not be subject to cancellation, change in coverage, reduction of limits (except as the result of the payment of claims), or non-renewal except after written notice to Public Agency, by certified mail, return receipt requested, not less than thirty (30) days prior to the effective date thereof. In the event of Company's failure to comply with this notice provision, the policy as initially drafted will continue in full force and effect until compliance with this notice requirement.

7. Company hereby waives all rights of subrogation and contribution against the Additional Insureds, while acting within the scope of their duties, from all claims, losses and liabilities arising out of or incident to the perils insured against in relation to those activities described generally above with regard

to operations performed by or on behalf of the Named Insured regardless of any prior, concurrent, or subsequent active or passive negligence by the Additional Insureds.

8. It is hereby agreed that the laws of the State of California shall apply to and govern the validity, construction, interpretation, and enforcement of this contract of insurance.

9. This endorsement and all notices given hereunder shall be sent to Public Agency at: City Manager, City of Grand Terrace, 22795 Barton Rd., Grand Terrace, California 92313.

10. Except as stated above and not in conflict with this endorsement, nothing contained herein shall be held to waive, alter or extend any of the limits, agreements, or exclusions of the policy to which this endorsement is attached.

TYPE OF COVERAGES TO WHICH THIS ENDORSEMENT ATTACHES	POLICY PERIOD FROM/TO	LIMITS OF LIABILITY

11. Scheduled items or locations are to be identified on an attached sheet. The following inclusions relate to the above coverages. Includes:

- | | |
|---|--|
| <input type="checkbox"/> Contractual Liability | <input type="checkbox"/> Explosion Hazard |
| <input type="checkbox"/> Owners/Landlords/Tenants | <input type="checkbox"/> Collapse Hazard |
| <input type="checkbox"/> Manufacturers/Contractors | <input type="checkbox"/> Underground Property Damage |
| <input type="checkbox"/> Products/Completed Operations | <input type="checkbox"/> Pollution Liability |
| <input type="checkbox"/> Broad Form Property Damage | <input type="checkbox"/> Liquor Liability |
| <input type="checkbox"/> Extended Bodily Injury | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Broad Form Comprehensive General Liability Endorsement | <input type="checkbox"/> _____ |
| | <input type="checkbox"/> _____ |

12. A deductible or self-insured retention (*check one*) of \$ _____ applies to all coverage(s) except: _____ (*if none, so state*). The deductible is applicable per claim or per occurrence (*check one*).

13. This is an occurrence or claims made policy (*check one*).

14. This endorsement is effective on _____ at 12:01 a.m. and forms a part of Policy Number _____.

(signatures on following page)

I, _____ (*print name*), hereby declare under penalty of perjury under the laws of the State of California, that I have the authority to bind the Company to this endorsement and that by my execution hereof, I do so bind the Company.

Executed _____, 20 _____

Signature of Authorized Representative

Telephone No.: (_____) _____

(Original signature only; no facsimile signature or initialed signature accepted)

**ADDITIONAL INSURED ENDORSEMENT
AUTOMOBILE LIABILITY**

Name and address of named insured ("Named Insured")

Name and address of Insurance Company ("Company")

General description of agreement(s), permit(s), license(s), and/or activity(ies) insured

Notwithstanding any inconsistent statement in the policy to which this endorsement is attached (the "Policy") or in any endorsement now or hereafter attached thereto, it is agreed as follows:

1. The _____ ("Public Agency"), its elected officials, officers, attorneys, agents, employees, and volunteers are additional insureds (the above named additional insureds are hereafter referred to as the "Additional Insureds") under the Policy in relation to those activities described generally above with regard to operations performed by or on behalf of the Named Insured. The Additional Insureds have no liability for the payment of any premiums or assessments under the Policy.

2. The insurance coverages afforded the Additional Insureds under the Policy shall be primary insurance, and no other insurance maintained by the Additional Insureds shall be called upon to contribute with the insurance coverages provided by the Policy.

3. Each insurance coverage under the Policy shall apply separately to each Additional Insured against whom claim is made or suit is brought except with respect to the limits of the Company's liability.

4. Nothing in this contract of insurance shall be construed to preclude coverage of a claim by one insured under the policy against another insured under the policy. All such claims shall be covered as third-party claims, i.e., in the same manner as if separate policies had been issued to each insured. Nothing contained in this provision shall operate to increase or replicate the Company's limits of liability as provided under the policy.

5. The insurance afforded by the Policy for contractual liability insurance (subject to the terms, conditions and exclusions applicable to such insurance) includes liability assumed by the Named Insured under the indemnification and/or hold harmless provision(s) contained or executed in conjunction with the written agreement(s) or permit(s) designated above, between the Named Insured and the Additional Insureds.

6. The policy to which this endorsement is attached shall not be subject to cancellation, change in coverage, reduction of limits (except as the result of the payment of claims), or non-renewal except after written notice to Public Agency, by certified mail, return receipt requested, not less than thirty (30) days prior to the effective date thereto. In the event of Company's failure to comply with this notice provision, the policy as initially drafted will continue in full force and effect until compliance with this notice requirement.

7. Company hereby waives all rights of subrogation and contribution against the Additional Insureds, while acting within the scope of their duties, from all claims, losses and liabilities arising out of or incident to the perils insured against in relation to those activities described generally above with regard

to operations performed by or on behalf of the Named Insured regardless of any prior, concurrent, or subsequent active or passive negligence by the Additional Insureds.

8. It is hereby agreed that the laws of the State of California shall apply to and govern the validity, construction, interpretation, and enforcement of this contract of insurance.

9. This endorsement and all notices given hereunder shall be sent to Public Agency at:

City Manager
City of Grand Terrace
22795 Barton Rd.
Grand Terrace, California 92313

10. Except as stated above and not in conflict with this endorsement, nothing contained herein shall be held to waive, alter or extend any of the limits, agreements, or exclusions of the policy to which this endorsement is attached.

<u>TYPE OF COVERAGES TO WHICH THIS ENDORSEMENT ATTACHES</u>	<u>POLICY PERIOD FROM/TO</u>	<u>LIMITS OF LIABILITY</u>

11. Scheduled items or locations are to be identified on an attached sheet. The following inclusions relate to the above coverages. Includes:

- Any Automobiles
- All Owned Automobiles
- Non-owned Automobiles
- Hired Automobiles
- Scheduled Automobiles
- Garage Coverage
- Truckers Coverage
- Motor Carrier Act
- Bus Regulatory Reform Act
- Public Livery Coverage
- _____
- _____

12. A deductible or self-insured retention (*check one*) of \$ _____ applies to all coverage(s) except: _____ (*if none, so state*). The deductible is applicable per claim or per occurrence (*check one*).

13. This is an occurrence or claims made policy (*check one*).

14. This endorsement is effective on _____ at 12:01 a.m. and forms a part of Policy Number _____.

(signatures on following page)

I, _____ (*print name*), hereby declare under penalty of perjury under the laws of the State of California, that I have the authority to bind the Company to this endorsement and that by my execution hereof, I do so bind the Company.

Executed _____, 2026.

Signature of Authorized Representative

(Original signature only; no facsimile signature or initialed signature accepted)

Telephone No.: (_____) _____

**ADDITIONAL INSURED ENDORSEMENT
EXCESS LIABILITY**

Name and address of named insured (“Named Insured”)

Name and address of Insurance Company (“Company”)

General description of agreement(s), permit(s), license(s), and/or activity(ies) insured

Notwithstanding any inconsistent statement in the policy to which this endorsement is attached (the “Policy”) or in any endorsement now or hereafter attached thereto, it is agreed as follows:

1. The _____ (“Public Agency”), its elected officials, officers, attorneys, agents, employees, and volunteers are additional insureds (the above named additional insureds are hereafter referred to as the “Additional Insureds”) under the Policy in relation to those activities described generally above with regard to operations performed by or on behalf of the Named Insured. The Additional Insureds have no liability for the payment of any premiums or assessments under the Policy.

2. The insurance coverages afforded the Additional Insureds under the Policy shall be primary insurance, and no other insurance maintained by the Additional Insureds shall be called upon to contribute with the insurance coverages provided by the Policy.

3. Each insurance coverage under the Policy shall apply separately to each Additional Insured against whom claim is made or suit is brought, except with respect to the limits of the Company's liability.

4. Nothing in this contract of insurance shall be construed to preclude coverage of a claim by one insured under the policy against another insured under the policy. All such claims shall be covered as third-party claims, i.e., in the same manner as if separate policies had been issued to each insured. Nothing contained in this provision shall operate to increase or replicate the Company's limits of liability as provided under the policy.

5. The insurance afforded by the Policy for contractual liability insurance (subject to the terms, conditions and exclusions applicable to such insurance) includes liability assumed by the Named Insured under the indemnification and/or hold harmless provision(s) contained in or executed in conjunction with the written agreement(s) or permit(s) designated above, between the Named Insured and the Additional Insureds.

6. The policy to which this endorsement is attached shall not be subject to cancellation, change in coverage, reduction of limits (except as the result of the payment of claims), or non-renewal except after written notice to Public Agency, by certified mail, return receipt requested, not less than thirty (30) days prior to the effective date thereto. In the event of Company's failure to comply with this notice provision, the policy as initially drafted will continue in full force and effect until compliance with this notice requirement.

7. Company hereby waives all rights of subrogation and contribution against the Additional Insureds, while acting within the scope of their duties, from all claims, losses and liabilities arising out of or incident to the perils insured against in relation to those activities described generally above with regard to operations performed by or on behalf of the Named Insured regardless of any prior, concurrent, or subsequent active or passive negligence by the Additional Insureds.

8. It is hereby agreed that the laws of the State of California shall apply to and govern the validity, construction, interpretation, and enforcement of this contract of insurance.

9. This endorsement and all notices given hereunder shall be sent to Public Agency at:

City Manager
City of Grand Terrace
22795 Barton Rd.
Grand Terrace, California 92313

10. Except as stated above and not in conflict with this endorsement, nothing contained herein shall be held to waive, alter or extend any of the limits, agreements, or exclusions of the policy to which this endorsement is attached.

<u>TYPE OF COVERAGES TO WHICH THIS ENDORSEMENT ATTACHES</u>	<u>POLICY PERIOD FROM/TO</u>	<u>LIMITS OF LIABILITY</u>
---	------------------------------	----------------------------

-
- Following Form
 - Umbrella Liability
 - _____

11. Applicable underlying coverages:

<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>AMOUNT</u>
--------------------------	-------------------	---------------

12. The following inclusions, exclusions, extensions or specific provisions relate to the above coverages: _____

13. A deductible or self-insured retention (*check one*) of \$ _____ applies to all coverage(s) except: _____ (*if none, so state*). The deductible is applicable per claim or per occurrence (*check one*).

14. This is an occurrence or claims made policy (*check one*).

15. This endorsement is effective on _____ at 12:01 a.m. and forms a part of Policy Number _____.

(signatures on following page)

I, _____ (*print name*), hereby declare under penalty of perjury under the laws of the State of California, that I have the authority to bind the Company to this endorsement and that by my execution hereof, I do so bind the Company.

Executed _____, 2026.

Signature of Authorized Representative

(Original signature only; no facsimile signature or initialed signature accepted)

Telephone No.: (_____) _____



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Senior Transportation Program Agreement with Omnitrans

PRESENTED BY: Shanita Tillman, Sr. Management Analyst

RECOMMENDATION: **APPROVE THE TWO-YEAR AGREEMENT WITH OMNITRANS FOR THE CITY'S SENIOR TRANSPORTATION PROGRAM IN THE AMOUNT OF \$116,784.41 FOR FISCAL YEAR 2026-27 AND \$120,289.28 FOR FISCAL YEAR 2027-28, FOR A TOTAL AGREEMENT AMOUNT OF \$237,073.69; AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM**

2030 VISION STATEMENT:

This item supports Goal #4, "Develop and Implement Successful Partnerships," by leveraging regional transportation funding to maintain and enhance mobility services for Grand Terrace seniors and individuals with disabilities.

BACKGROUND:

On December 16, 2015, the City of Grand Terrace entered into a partnership with Valley Transportation Services (VTrans), the Consolidated Transportation Services Agency (CTSA) for the San Bernardino Valley, to support senior transportation services within the community. On August 1, 2016, all rights and obligations were transferred from VTrans to Omnitrans, which became the region's designated CTSA.

Since 2018, the City and Omnitrans have maintained consecutive two-year funding agreements utilizing Measure I Regional Mobility Partnership Program (RMP) funds to offset operational costs associated with the City's Senior Transportation Program. Most recently, on June 25, 2024, the City approved its fifth biennial agreement with Omnitrans to continue transportation services for Grand Terrace seniors.

DISCUSSION:

Omnitrans' Measure I Regional Mobility Partnership Program provides funding assistance to support transportation services for seniors and individuals with disabilities throughout the San Bernardino Valley region. The proposed agreement will continue supporting operational expenses associated with the City's Senior Transportation Program, including the senior bus driver salary and benefits, vehicle maintenance, driver training, office supplies, and energy costs associated with operating the City's electric senior bus. The agreement also includes the required local funding match consistent with RMP program guidelines.

The City's Senior Transportation Program provides transportation access for senior residents to the Senior Center, grocery stores, medical appointments, recreational activities, and community

excursions. The program continues to improve accessibility and participation for seniors throughout the community, particularly residents within senior housing developments, while also expanding transportation opportunities through specialized trips.

ENVIRONMENTAL IMPACT:

Approval of the agreement will not result in an environmental impact.

FISCAL IMPACT:

The proposed agreement totals \$237,073.69, including \$116,784.41 for Fiscal Year 2026-27 and \$120,289.28 for Fiscal Year 2027-28. The City is responsible for the required 20% operational match under the Omnitrans Regional Mobility Partnership Program guidelines. Funding will be charged to the Senior Bus Program Fund 65 and was included within the proposed Fiscal Year 2026-27 budget. The program also includes approximately \$35,560 in in-kind volunteer support, which is used to offset a portion of the City's required local match over the two-year term.

**FUNDING AGREEMENT
BETWEEN
OMNITRANS
AND
CITY OF GRAND TERRACE**

This Funding Agreement for Measure I funds (“**Agreement**”) by and between City of Grand Terrace (“**Grand Terrace**”), City of Grand Terrace and Omnitrans, a Joint Powers Authority and a Consolidated Transportation Services Agency (“**Omnitrans**”), is entered into this 1st day of July 2026. City of Grand Terrace and Omnitrans are sometimes individually referred to as “**Party**” and collectively as “**Parties.**”

RECITALS

WHEREAS, in its capacity as the Consolidated Transportation Services Agency (“**CTSA**”) for the San Bernardino Valley, Omnitrans has the ability to provide Measure I funds to other entities for projects that improve mobility for persons with disabilities, senior citizens, and persons of low income; and

WHEREAS, Grand Terrace currently operates its Senior Transportation Program; and

WHEREAS, Grand Terrace would like to continue Senior Transportation Program; and

WHEREAS, Omnitrans desires to provide Grand Terrace funds to continue Senior Transportation Program, on a reimbursable basis, for the City of Grand Terrace; and

WHEREAS, the parties wish to enter into this Agreement to document the terms and conditions of Omnitrans funding of the Senior Transportation Program Project.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Project Description: Senior Transportation Program: Curb-to-Curb Transportation program for Seniors between their homes and the Grand Terrace Senior Center.we56
2. This Agreement will be for a term of two (2) years and shall expire on June 30, 2028, unless otherwise terminated as provided for in this Agreement or extended by written agreement between the parties.

3. Funding Amount: The amount to be paid to the City of Grand Terrace under this Agreement will not exceed \$189,660.01 in operating expenses, with annual not to exceed amounts of \$93,428.19 in Fiscal Year 2027 and \$96,231.82 in Fiscal Year 2028. Unless agreed to in advance by the parties pursuant to a written amendment. In no instance will Omnitrans be liable for any payments or costs for work in excess of these amounts, nor for costs not listed in Project Budget, attached hereto as Exhibit B.

4. Payment:

- a. On a monthly basis, Grand Terrace will provide Omnitrans with an invoice for reimbursement pursuant to Subsections 4.b. and 4.c., below.
- b. Payments for operating expenses to Grand Terrace hereunder will be made in arrears. Grand Terrace will submit a detailed and properly documented invoice for reimbursement not more often than monthly, which invoice will include: (i) a description of the work performed; and (ii) a detailed accounting of costs incurred.
- c. Payments for capital expenses, including but not limited to vehicles, may be requested in advance, upon presentation of a valid vendor invoice for such purchases
- d. Grand Terrace will be notified within ten (10) business days following receipt of its invoice by Omnitrans of any circumstances or data in Grand Terrace's invoice that would cause withholding of approval and subsequent payment. Grand Terrace's invoice will include documentation of reimbursable expenses and billed items sufficient for Omnitrans, in its opinion, to substantiate billings. Omnitrans reserves the right to withhold payment of disputed amounts.
- e. At no time shall payments from Omnitrans be used to supplant any existing funding source for Grand Terrace's Program. Grand Terrace shall notify Omnitrans of any potential loss of funding for the existing Grand Terrace services within ten (10) business days of learning of the funding loss.

5. Progress Reports: Grand Terrace will provide Omnitrans with monthly Project Milestones updates on the Senior Transportation Program Project, as set forth in Exhibit A. In cooperation with Omnitrans, Grand Terrace shall develop national ridership data reporting mechanisms sufficient for reporting as part of the NTD (National Transit Database) reporting system, and shall provide such data to Omnitrans monthly.

6. Advisory Committee Participation: Grand Terrace shall attend and participate in advisory committee meetings, as mutually agreed upon by Omnitrans and the San Bernardino County Transportation Authority.

7. Compliance with Laws: Grand Terrace will comply with all applicable federal, state, and local laws, codes, ordinances, regulations, orders, circulars, and directives, including, without limitation: (i) all regulatory requirements associated with the funding provided to the Grand Terrace for this Project; (ii) all disability laws; and (iii) non-discrimination and equal opportunity laws. Any failure by Grand Terrace to comply with such laws may result in the termination of this Agreement or such other remedy as Omnitrans deems appropriate.

8. Independent Contractor: Grand Terrace, and the agents and employees of Grand Terrace, in the performance of this Agreement, will act as and be independent contractors, and not officers, employees, or agents of Omnitrans. Grand Terrace, its officers, employees, agents, and contractors, if any, will have no power to bind or commit Omnitrans to any decision or course of action, and will not represent to any person or business that they have such power. Grand Terrace has and will retain the right to exercise full control of the supervision of the Grand Terrace Project, and over the employment, direction, compensation, and discharge of all persons assisting in the performance of the work funded by this Agreement. Grand Terrace will be solely responsible for all matters relating to the payment of its employees and contractors, including but not limited to, compliance with all laws, statutes, and regulations governing such matters.

9. Termination:

- a. Omnitrans may terminate this Agreement for cause by giving Grand Terrace a notice of default and intention to terminate the Agreement (“Termination Notice”). The notice will be deemed served and effective for all purposes on the date it is deposited in the U.S. mail, certified, return receipt requested, addressed to Grand Terrace at the address indicated in Section 20 below.
- b. Upon receipt of a Termination Notice, Grand Terrace shall have 30 days in which to cure the stated violation(s) and to provide to Omnitrans sufficient evidence that the violations have been cured. If Grand Terrace has not cured within 30 days of such notice or has not provided sufficient evidence of such to Omnitrans, the Agreement shall be terminated, effective immediately.
- c. Omnitrans may also terminate this Agreement in the event of Measure I or federal grant funding shortfall, upon 15 days written notice. Such notice will be served and effective as set forth in Subsection 9.a., herein.
- d. Omnitrans may also terminate this Agreement in the event of a funding shortfall for Grand Terrace’s Senior Transportation Program or the failure to provide notice to Omnitrans of such funding shortfall, as required pursuant to section 4.e. In the event

Grand Terrace fails to provide the notice required pursuant to section 4.e., Omnitrans is not required to give Grand Terrace an opportunity to cure such violation.

- e. If Omnitrans issues a Termination Notice or terminates this Agreement due to a funding shortfall, Omnitrans will reimburse Grand Terrace for work actually performed up to the effective date of the Termination Notice, subject to the limitations in Section 4, and less any compensation to Omnitrans for damages suffered as a result of Grand Terrace's failure to comply with the terms of this Agreement. If program funding is discontinued by either Omnitrans or Grand Terrace prior to a Measure I funded vehicle reaching the end of its useful life, at Omnitrans' sole discretion Grand Terrace must either return the vehicle(s) to Omnitrans or reimburse Omnitrans for the fair market value of the vehicle(s).
- f. Grand Terrace will have the right to terminate this Agreement in the event Omnitrans is unable to make required payments. In such event, Grand Terrace will provide Omnitrans with seven (7) days' written notice of termination. The notice will be deemed served and effective on the date it is deposited in the U.S. mail, certified, return receipt requested, addressed to Omnitrans at the address indicated in Section 20. Omnitrans will make payment to Grand Terrace through the date of termination, subject to the provisions of Section 4 above, and less any compensation to Omnitrans for damages suffered as a result of Grand Terrace's failure to comply with the terms of this Agreement.

10. Assignment: The parties understand that Omnitrans entered into this Agreement based on the Senior Transportation Program Project proposed by Grand Terrace. Therefore, without the prior express written consent of Omnitrans, this Agreement is not assignable by Grand Terrace either in whole or in part.

11. Binding Agreement: This Agreement will be binding on the parties hereto, their assigns, successors, administrators, executors, and other representatives.

12. Time: Time is of the essence in this Agreement and will follow the Project Milestones timeline set forth in Exhibit A, unless modified pursuant to Section 13.

13. Amendments: No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein, will be binding on any of the parties hereto.

14. Contractors and Subcontractors: Grand Terrace will be fully responsible for all work performed by its contractors and subcontractors. Omnitrans reserves the right to review and approve any contract or agreement to be funded in whole or in part using funds provided under

this Agreement in excess of \$25,000. Grand Terrace shall incorporate the terms of this Agreement, including without limitation the indemnification and insurance provisions, into any subcontractor agreement funded by this Agreement.

15. Indemnification. Grand Terrace shall defend, indemnify and hold Omnitrans, its directors, officials, officers, employees, agents and/or volunteers free and harmless from any and all liability from loss, damage, or injury to property or persons, including wrongful death, in any manner arising out of or incident to any acts, omissions or willful misconduct of Grand Terrace or any of its directors, officials, officers, employees, agents, volunteers, or service providers arising out of or in connection with Grand Terrace's performance of this Agreement, including, without limitation, the payment of consequential damages and attorneys' fees. Further, Grand Terrace shall defend, at its own expense, including the payment of attorneys' fees, Omnitrans, its officials, officers, employees, agents and/or volunteers in any legal action based upon such acts, omissions or willful misconduct. Grand Terrace shall reimburse Omnitrans, its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

16. Insurance. Grand Terrace shall require all contractors or consultants hired to perform work or services on the Project to obtain, and require their sub-consultants and sub-contractors to obtain, insurance of Grand Terrace and in the amounts described below and satisfactory to Omnitrans. Grand Terrace may satisfy its insurance obligations herein through participation in a program of self-insurance. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Project, whichever occurs last. Upon request, Grand Terrace will provide written certificates evidencing compliance to Omnitrans.

- a. Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Project or be no less than two times the occurrence limit. Such insurance shall:
- b. Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.
- c. Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 each accident.

17. Audit: An independent auditor shall audit Grand Terrace's use of Senior Transportation Program Project funds no less than annually. Grand Terrace agrees to supply Omnitrans with a copy of any audit of Senior Transportation Program Project related activities performed.

18. Retention and Inspection of Records

- a. Grand Terrace, including any contractors or subcontractors, will retain all driver training records and vehicle maintenance and safety records.
- b. Omnitrans or its designee will have the right to review, obtain, copy, and audit all books, records, computer records, accounts, documentation and any other materials pertaining to performance of this Agreement (collectively "Records"), including any Records in the possession of any contractors or subcontractors. Grand Terrace agrees to provide Omnitrans or its designee with any relevant information requested and will permit Omnitrans or its designees access to its premises, upon reasonable notice, during normal business hours, for the purpose of interviewing employees and inspecting and copying such Records for the purpose of determining compliance with any applicable federal and state laws and regulations.
- c. Grand Terrace further agrees to maintain all Senior Transportation Program Project Records for a period of four (4) years after final payment under the Agreement or four (4) years from the conclusion or resolution of any and all audits or litigation relevant to this Agreement and any amendments, whichever is later. If so directed by Omnitrans upon expiration of this Agreement, Grand Terrace will cause all Records relevant to the Project to be delivered to Omnitrans as depository.

19. Signs: Grand Terrace will include the Omnitrans logo and/or Measure I signage on Project related marketing materials and on vehicles operated with Omnitrans funding, including:

- a. Vehicles purchased or operated with Measure I funds shall display signs clearly visible to riders indicating the vehicle is funded in part through Measure I funding.
- b. Signage must conform with approved Measure I signage and be approved by Omnitrans.

20. Notices. All notices hereunder shall be in writing and shall be effective upon receipt. All notices and communications, including invoices, between the Parties to this Agreement shall be either personally delivered, sent by first-class mail, return receipt requested, or sent by overnight express delivery service, postage or other charges fully prepaid, as follows:

TO OMNITRANS:

TO CITY OF GRAND TERRACE:

Omnitrans
1700 West Fifth Street
San Bernardino, CA 92411
ATTN: Director Strategic Development

City of Grand Terrace
22795 Barton Rd
Grand Terrace Ca. 92313

21. Waivers: No waiver of any breach of this Agreement will be held to be a waiver of any prior or subsequent breach. The failure of Omnitrans to enforce at any time the provisions of this Agreement or to require at any time performance by Grand Terrace of these provisions, will in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of Omnitrans to enforce these provisions.

22. Litigation: Grand Terrace will notify Omnitrans immediately of any claim or action undertaken by it or against it that affects or may affect this Agreement or Omnitrans and will take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of Omnitrans.

23. Non-Liability of Omnitrans: Omnitrans shall not be liable to Grand Terrace or any third party for any claim for loss of profits or consequential damages. Further, Omnitrans shall not be liable to Grand Terrace or any third party for any loss, cost, claim or damage, either direct or consequential, allegedly arising from a delay in performance or failure to perform under this Agreement. There are no third-party beneficiaries to this Agreement

24. Costs and Attorneys' Fees: If either party commences any legal action against the other party arising out of this Agreement or the performance thereof, the prevailing party in such action may recover its reasonable litigation expenses, including court costs, expert witness fees, discovery expenses, and reasonable attorneys' fees.

25. Governing Law and Choice of Forum: This Agreement will be administered and interpreted under California law as if written by both parties. Any litigation arising from this Agreement will be brought in the Superior Court of San Bernardino County.

26. Integration: This Agreement represents the entire understanding of Omnitrans and Grand Terrace Grand Terrace as to those matters contained herein and supersedes all prior negotiations, representations, or agreements, both written and oral. This Agreement may not be modified or altered except in accordance with Section 13.

27. Severability: If any term or provision of this Agreement or the application thereof to any person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable, will not be affected thereby, and each term and provision of this Agreement will be valid and will be enforced to the fullest extent permitted by law, unless the exclusion of such term or provision, or the application of such term or provision, would result in such a material change so as to cause completion of the obligations contemplated herein to be unreasonable.

28. Headings: The headings of the various sections of this Agreement are intended solely for convenience of reference and are not intended to explain, modify, or place any interpretation upon any of the provisions of this Agreement.

29. Authority: Each person signing this Agreement on behalf of a party hereby certifies, represents, and warrants that he or she has the authority to bind that party to the terms and conditions of this Agreement.

30. Ownership; Permission: Omnitrans represents and warrants that all materials used in the performance of the Project work, including, without limitation, all computer software materials and all written materials, are either produced or owned by Grand Terrace or that all required permissions and license agreements have been obtained and paid for by Grand Terrace. Grand Terrace will defend, indemnify and hold harmless Omnitrans and its directors, officers, employees, and agents from any claim, loss, damage, cost, liability, or expense to the extent of any violation or falsity of the foregoing representation and warranty.

31. Counterparts: This Agreement may be executed in multiple counterparts, each of which will constitute an original, and all of which taken together will constitute one and the same instrument.

32. Press Releases: Grand Terrace will obtain Omnitrans' prior written approval of any press releases, or other public outreach materials, that include any reference to Omnitrans or depiction of the Omnitrans logo.

IN WITNESS WHEREOF, the PARTIES hereto have executed this Agreement, as of the date first appearing above.

By:

Erin Rogers
CEO/General Manager
Omnitrans

Konrad Bolowich
City Manager
Grand Terrace

Approved as to form:

Omnitrans Legal Counsel

Legal Counsel of City of G.Terrace

EXHIBIT A

Project Narrative

The City of Grand Terrace operates a Senior Transportation Program designed to provide safe, reliable, and accessible door-to-door transportation for seniors and individuals with disabilities who experience mobility limitations. The program operates Monday through Friday and provides transportation to the Senior Center, medical appointments, pharmacies, grocery stores, and other essential destinations that support health, independence, and quality of life. Transportation services also support participation in Senior Center activities, nutrition programs, and community wellness services. The transportation program is an ongoing and essential City service that continues to experience steady demand. For the upcoming funding cycle, the city will maintain its core services while making modest operational enhancements to ensure service continuity and efficiency. These enhancements include limited expansion to serve individuals with disabilities of any age for essential trips, transportation to food pantries.

EXHIBIT B

Project Budget

OPERATING EXPENSES PROPOSED PROJECT BUDGET FORM



Agency Name:
Project Title:

Cirty of Grand Terrace
Senior Transportation Program

EXPENSES	Position % Time	Jul '26 - Jun '27	Jul '27 - Jun '28	TOTAL
Salaries by Position (include benefits):				
(Example: drivers, scheduler, trainer etc.)				
A. Shuttle Driver	100%	\$ 51,287.00	\$ 56,536.00	\$ 107,823.00
B. Employee Benefits	100%	\$ 34,283.25	\$ 35,291.66	\$ 69,574.91
C. Senior Management Analyst - Program Oversight	7%	\$ 7,000.00	\$ 7,000.00	\$ 14,000.00
D. Management Analyst - Transportation Operations Support	5%	\$ 2,500.00	\$ 1,500.00	\$ 4,000.00
Total Salaries & Benefits		\$ 95,070.25	\$ 100,327.66	\$ 195,397.91
Non-Personnel Expenses:				
(Example: fuel, rent, insurance, utilities etc.)				
A. Electric Bus Vehicle Supplies, Maintenance, and Repairs		\$ 2,100.00	\$ 2,000.00	\$ 4,100.00
B. Minivan Vehicle Supplies, Maintenance, and Repairs		\$ 4,143.00	\$ 4,507.40	\$ 8,650.40
C. Cost to Charge the Vehicle		\$ 3,500.00	\$ 3,500.00	\$ 7,000.00
D. Training and Certifications		\$ 500.00	\$ 500.00	\$ 1,000.00
E. Office Supplies and Uniforms		\$ 1,000.00	\$ 1,000.00	\$ 2,000.00
F. Communications		\$ 660.00	\$ 700.00	\$ 1,360.00
G. IT Support 50%, RecDesk 33%, GrantNavigator 33%		\$ 4,250.00	\$ 2,026.16	\$ 6,276.16
Total Non-Personnel Expenses		\$ 16,153.00	\$ 14,233.56	\$ 30,386.56
Administrative Overhead (calculated at 5%)		\$ 5,561.16	\$ 5,728.06	\$ 11,289.22
TOTAL PROJECT EXPENSES		\$ 116,784.41	\$ 120,289.28	\$ 237,073.69
REVENUES				
Agency Match (Cash)				
(Example: General Fund, CDBG, Donations, etc)				
A. General Fund		\$ 5,839.22	\$ 6,014.46	\$ 11,853.68
Total Cash Match (must be at least 5%)		\$ 5,839.22	\$ 6,014.46	\$ 11,853.68
Cash Match %		5.00%	5.00%	5.00%
Agency Match (In-Kind)				
Salaries by Position (include benefits):				
A. Volunteer Support – Approximately 440 volunteer hours annually, valued using the California Value of Volunteer Time rate applicable to each program year (currently \$40.14/hour), based on volunteer availability during the first year.				
		\$ 17,517.00	\$ 18,043.00	\$ 35,560.00
Total In-Kind Match		\$ 17,517.00	\$ 18,043.00	\$ 35,560.00
Calculated Measure I Portion (not to exceed 80%)		80.00%	80.00%	80.00%

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AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Public Hearing on Staffing Vacancies Pursuant to Assembly Bill 2561

PRESENTED BY: Michelle Fuentes, Sr. Management Analyst

RECOMMENDATION: **RECEIVE AND FILE THIS REPORT AS REQUIRED BY ASSEMBLY BILL 2561 (AB 2561), WHICH OUTLINES THE CITY'S STAFFING LEVELS, HIRING AND RETENTION PRACTICES, AND BARRIERS TO RECRUITMENT IN COMPLIANCE WITH STATE LAW**

2030 VISION STATEMENT:

This staff report supports Goal #5; Engage in proactive communication.

BACKGROUND:

Assembly Bill 2561 (AB 2561), effective January 1, 2025, requires local government agencies with recognized employee organizations representing non-exempt employees to hold a public hearing at least once per fiscal year regarding staffing vacancies and recruitment and retention efforts.

The purpose of the hearing is to provide transparency regarding workforce challenges, hiring practices, and efforts to recruit and retain employees. If a recognized bargaining unit has a vacancy rate of 20% or greater, and the employee organization requests it, additional information must be provided, including applicant data, average recruitment timelines, and opportunities to improve compensation and working conditions.

This public hearing is being conducted in compliance with AB 2561 prior to adoption of the City's FY 2026–27 budget.

DISCUSSION:

The City of Grand Terrace currently has 11 non-exempt, union-represented positions, with zero vacant positions. This vacancy rate is below the 20% threshold identified in AB 2561. The City also has 12 exempt, non-union positions, all of which are currently filled. No recognized employee organization has requested additional information pursuant to AB 2561.

To support recruitment and retention efforts, the City continues to advertise employment opportunities through the City's official website and GovernmentJobs.com, a widely used public sector recruitment platform. The average time to complete the hiring process from the date a position is posted to a final hire is approximately two months, depending on the classification and recruitment needs of the position. The City continues to evaluate compensation and organizational needs to remain competitive within the regional labor market while balancing fiscal constraints as a smaller

municipality.

The City has experienced a significant reduction in employee turnover over the past several fiscal years, reflecting improved workforce stability and retention efforts across departments. Employee turnover has decreased from 62% in FY 2021–22 to 9% in FY 2024–25. This improvement has helped maintain operational continuity, preserve institutional knowledge, and reduce the frequency of recruitments.

In addition to recruitment and retention efforts, the City continues to invest in employee development and workplace safety through annual training opportunities. Current and upcoming trainings include Workplace Harassment Prevention, CPR/AED/First Aid and Fire Extinguisher Certification, Traffic Control Technician training, Leadership Fundamentals, and Emergency Preparedness and Fire Extinguisher Safety training. These trainings are intended to support employee growth, workplace safety, and overall organizational effectiveness.

Although the City currently has no vacancies, recruitment and retention challenges remain common among smaller agencies. Limited staffing levels, budget constraints, and reduced opportunities for upward mobility can impact long-term recruitment competitiveness when compared to larger neighboring agencies.

The City remains committed to maintaining staffing stability, improving recruitment practices, and supporting employee retention within its financial and operational capacity.

ENVIRONMENTAL IMPACT:

There is no environmental impact associated with this item.

FISCAL IMPACT:

There is no direct cost to holding this public hearing. Any future financial impacts, such as changes to compensation or staffing levels, would be considered as part of the City’s standard budget development process and subject to Council approval.



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Discussion and Possible Reconsideration of Zoning Code Amendment (ZCA) 26-02, General Plan Amendment (GPA) 26-01, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 – Establishment of the R3-40 High Density Multiple Family Residential District and Housing Element Rezoning

PRESENTED BY: Adrian Guerra, City Attorney, Gabriel Arguelles, Associate Planner

RECOMMENDATION: **PASS A MOTION TO RECONSIDER APPROVAL OF ZONING CODE AMENDMENT (ZCA) 26-02, GENERAL PLAN AMENDMENT (GPA) 26-01, ZONE CHANGE (ZC) 26-01, AND ENVIRONMENTAL REVIEW (E) 26-03 – ESTABLISHMENT OF THE R3-40 HIGH DENSITY MULTIPLE FAMILY RESIDENTIAL DISTRICT AND HOUSING ELEMENT REZONING**

2030 VISION STATEMENT:

This staff report supports City Council Goal #3, “Promote Economic Development” by encouraging the City to prepare for future development by updating zoning and development codes; and City Council Goal #5, “Engage in Proactive Communication” by encouraging public participation regarding land use and development activities.

BACKGROUND:

City Council did not pass the motion to approve Zoning Code Amendment (ZCA) 26-02, General Plan Amendment (GPA) 26-01, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 to implement Program 1 of the City’s 2021–2029 Housing Element at its May 12, 2026 public hearing. The hearing was adjourned for continuation on May 26, 2026. The proposed amendments were intended to establish the R3-40 High Density Multiple Family Residential District and rezone a total of approximately 97 acres throughout the City to allow residential development at a density of 20 to 40 dwelling units per acre.

As a result, the item was continued to the next City Council meeting on May 26, 2026, for discussion and possible reconsideration. This staff report discusses ramifications the City will likely face in failing to adopt a compliant Housing Element, including disqualification from eligibility for state grants; carryover/combined RHNA from the 6th Cycle to 7th Cycle, at least doubling the amount that must be zoned to R3-40; risk of litigation from the state, private parties, and nonprofit organizations; significant financial penalties; loss of permitting authority; court receivership; and inability to deny new projects inconsistent with the General Plan or Zoning, including Builder’s Remedy vulnerability.

By this staff report, City staff recommends that the City Council move to reconsider approval of Zoning Code Amendment (ZCA) 26-02, General Plan Amendment (GPA) 26-01, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 – Establishment of the R3-40 High Density Multiple Family Residential District and Housing Element Rezoning and, if a motion for reconsideration

passes, continue the matter to a future re-noticed hearing to ensure the public is properly informed prior to final action.

To assist the City Council and public in understanding the proposed rezoning program and the potential consequences associated with continued Housing Element noncompliance, additional background materials have been provided with this report. *Attachment 1* contains the May 12, 2026 City Council staff report and associated rezoning materials previously considered by the City Council. *Attachment 2* provides supplemental background information regarding the Housing Element rezoning program, including General Plan and Housing Element framework, development assumptions, theoretical buildout capacity, and recent State housing legislation. *Attachment 3* includes a recent article regarding enforcement actions and penalties imposed on the City of Huntington Beach related to Housing Element noncompliance.

DISCUSSION:

I. CONSEQUENCES OF NONCOMPLIANCE

If the City does not have a housing element in compliance with State Housing Element Law, the City may face serious consequences, including but not limited to:

- Disqualification from eligibility for state grants
- Carryover/Combined RHNA from 6th Cycle to 7th Cycle – at least doubling the amount that must be zoned to R3-40.
- Risk of litigation
- Financial penalties
- Loss of permitting authority
- Court receivership
- Inability to deny new projects inconsistent with General Plan or Zoning (Builder's Remedy)

State Grants. Noncompliance results in ineligibility or delay in receiving state funds that require a compliant housing element as a prerequisite, including, but not limited to, the following:

- Infill Infrastructure Grant Program
- SB 1 Caltrans Sustainable Communities Grants
- Permanent Local Housing Allocation Program
- Local Housing Trust Fund Program
- Affordable Housing and Sustainable Communities Program

Eligibility for these funding sources is tied, in part, to Housing Element compliance and/or compliance with annual reporting obligations under Government Code section 65400. In addition, the City's refusal to adopt the necessary zoning amendments required to complete the Housing Element process may jeopardize grant funding the City has already received. Under the Regional Early Action Planning Grants of 2021 ("REAP 2.0") program, failure to complete required Housing Element implementation actions could subject the City to repayment obligations or other enforcement actions related to previously awarded grant funds.

RHNA Carryover. If a local government fails to provide enough sites or rezone to meet their previous RHNA allocation, that "unmet need" is carried over to the next cycle. This means that Grand Terrace

will not only have to rezone in two years to accommodate the higher 7th Cycle RHNA but will also need to additionally accommodate the 6th Cycle RHNA, at least doubling the potential number of units that the Grand Terrace must zone for.

By adopting the zoning and maintaining a compliant Housing Element, all of the potential 6th Cycle units that have not been developed during the 6th Cycle (through 2029) will be allowed to count toward the 7th Cycle RHNA requirement. There is a good chance that Grand Terrace would not have to rezone additional lands for the 7th Cycle Housing Element.

Lawsuits. Jurisdictions that do not meet their housing element requirements may face additional financial and legal ramifications. HCD may notify the California Office of the Attorney General, which may bring suit for violations of State Housing Element Law.

Local governments with noncompliant housing elements are vulnerable to litigation from housing rights' organizations, developers, and HCD. If a jurisdiction faces a court action stemming from its lack of compliance and either loses or settles the case, it often must pay substantial attorney fees to the plaintiff's attorneys in addition to the fees paid to its own attorneys. Potential consequences of lawsuits include:

- Mandatory compliance within 120 days,
- Suspension of local control on building matters, and
- Court approval of housing developments.

Financial Penalties. Further, state law provides for court-imposed penalties for persistent noncompliance, including financial penalties. Under Government Code section 65585, subdivision (l)(1), such penalties may be imposed following a judicial finding of noncompliance, issuance of a compliance order or judgment, and continued failure to comply with that order for a period of 12 months. The statute establishes a minimum fine of \$10,000 per month, up to \$100,000 per month. If a jurisdiction remains noncompliant for an additional six months, a court may multiply those penalties by a factor of six, up to \$600,000 per month. Further financial implications are discussed in the Fiscal Impact section below.

Loss of Permitting Authority. Other potential ramifications could include the loss of local land use authority to a court-appointed agent. Courts have authority to take local government residential and nonresidential permit authority to bring the jurisdiction's General Plan and housing element into substantial compliance with State law. The court may suspend the locality's authority to issue building permits or grant zoning changes, variances, or subdivision map approvals – giving local governments a strong incentive to bring their housing element into compliance.

For example, a defective housing element may freeze the City's ability to issue permits for non-residential construction or development, as a finding of consistency with the general plan is not valid when a general plan is incomplete or inadequate. (See, e.g., *Resource Defense Fund v. County of Santa Cruz* (1982) 133 Cal.App.3d 800, 806; *Camp v. Board of Supervisors* (1981) 123 Cal.App.3d 334, 358.) Accordingly, a city without a valid housing element would not be able to approve most development projects. (See, e.g., *Urban Habitat Program*, Case No. RG 06 293831 [instituting a ban on city approval of development projects until a settlement agreement had been reached with the Attorney General and the housing advocacy organizations].)

Court Receivership. Government Code sections 65585 and 65587 authorize courts to impose

additional remedies for persistent noncompliance with State Housing Element Law, including appointment of a receiver or other agent. Generally, such remedies may occur following: (1) a judicial finding that the housing element does not substantially comply with State law; (2) issuance of a court order or judgment directing the jurisdiction to come into compliance; and (3) continued failure to comply with that order. Pursuant to Government Code section 65585, subdivision (l), the court retains jurisdiction to ensure compliance and may impose escalating enforcement measures if noncompliance persists. Under Government Code section 65587, the court may appoint a receiver with authority to take actions necessary to remedy identified deficiencies and achieve substantial compliance, including actions related to housing element programs, rezoning, and other implementing land use regulations.

Builders Remedy

Failure to maintain a substantially compliant Housing Element may expose the City to applications submitted pursuant to the “Builder’s Remedy” provisions of Government Code Section 65589.5(d)(5), commonly referred to as the Housing Accountability Act. Under Builder’s Remedy, jurisdictions without a substantially compliant Housing Element are significantly limited in their ability to deny qualifying housing development projects based on inconsistency with local zoning standards or General Plan land use designations.

As a result, developers may propose qualifying residential or mixed-use projects at densities, heights, and intensities that would otherwise not be permitted under the City’s zoning regulations. The California Department of Housing and Community Development (HCD) and the California Attorney General have both indicated an intent to aggressively enforce Builder’s Remedy protections and challenge local actions that unlawfully impede qualifying housing projects.

The City of Grand Terrace’s Housing Element compliance deadline was October 15, 2021. Because the Housing Element was not found to be in substantial compliance by the statutory deadline, the City has remained subject to Builder’s Remedy provisions pending completion of the required rezoning program identified in Program 1 of the Housing Element.

Under Builder’s Remedy, qualifying affordable housing projects where at least 20 percent of the units are affordable to lower-income households, or where 100 percent of the units are affordable to moderate-income households, may not be denied based on inconsistency with the City’s zoning code or General Plan land use designations unless specific statutory findings can be made. Under State law, qualifying Builder’s Remedy projects may only be denied if the project has a specific adverse impact upon public health or safety that cannot be mitigated without rendering the project unaffordable, violates State or federal law and there is no feasible method to comply without rendering the project unaffordable, is located on qualifying agricultural or resource preservation land, or lacks adequate water or wastewater infrastructure to serve the development.

As the City remains non-compliant until completion of the required rezonings, Grand Terrace is currently subject to Builder’s Remedy applications. This means a developer may propose residential development at densities and heights exceeding current zoning limitations so long as the project satisfies applicable affordability thresholds.

Adoption of the proposed rezoning program would restore the City’s ability to regulate residential development through objective zoning standards, including limitations related to density, height, setbacks, design, and site development. Under the City’s current noncompliant status, a developer could propose a substantially higher-density residential project that exceeds the standards contemplated under the proposed R3-40 zoning district. Adoption of the proposed rezoning would instead establish enforceable development standards, including a maximum density of 40 dwelling

units per acre, a maximum height of 45 feet, and applicable setback and development requirements.

Adopting the new zoning gives the City the power to shape what these developments will look like, and will limit proposed projects to the standards that have been developed. As an example, at this time a developer could propose a 10-story building at 100 dwelling units per acre on any parcel in the City, and the City would not have the ability to deny such a project. By adopting the zoning to achieve housing element compliance, developers would be limited to the proposed standards, and projects could be denied should they exceed 40 du/ac or exceed 45 feet in height, or do not meet the required setbacks or other development standards.

The City has already received two Builder's Remedy project proposals submitted following preliminary applications in December 2024:

- 12466 Michigan Street (APN: 1167-181-09): Proposed 30-unit mobile home park development on approximately 33,000 square feet within the General Commercial (GC) zone.
- 21600 Walnut Avenue (APN: 0275-281-08): Proposed 119-unit mobile home park development on approximately 4.3 acres within the M2 Industrial zone.

These projects are proposed at approximately 40 dwelling units per acre and 28 dwelling units per acre, respectively, in areas where residential development is not currently permitted under the City's zoning regulations. As long as the Housing Element remains noncompliant, qualifying Builder's Remedy projects may not be subject to many local zoning standards, including restrictions related to permitted uses, density, and certain development regulations.

HCD Fines

HCD wrote specifically in a notice of violation letter to the City of Grand Terrace that "HCD may notify the California Office of the Attorney General, which may bring suit for violations of State Housing Element Law... [and the] government code establishes a minimum fine of \$10,000 per month, up to \$100,000 per month. If a jurisdiction remains noncompliant, a court can multiply those penalties by a factor of six. Other potential ramifications could include the loss of local land use authority to a court-appointed agent".

If the City fails to pay such fines in a timely manner, the court can order the State Controller to "intercept any available state and local funds and direct such funds to the Building Homes and Jobs Trust Fund to correct the jurisdiction's failure to pay." (Gov. Code § 65585(l)(1).) If the City continues to be in noncompliance for three months after the imposition of fines, the court can multiply the fines above by 3 and can similarly order the intercept of funds. Continue failure to comply within 6 months of the initial imposition of fines, the fines can be increased by a factor of 6 times the original fine and, further, the court can order actions necessary to bring the Housing Element into compliance. Nevertheless, the court can also consider mitigating circumstances, such as a good faith effort by the City. (Gov. Code § 65585(m).) However, a failure to adopt a compliant Housing Element would weigh against any finding of good faith compliance. As previously noted in correspondence sent directly to the City, the City has been advised of the potential fines associated with continued noncompliance. If imposed at an increased rate of up to six times the base amount, such penalties could reach as high as \$600,000 per month.

This extreme cost to the City would affect all property owners, and not just those within the rezone area.

REAP Grant

This year, SCAG made available a REAP funding grant that must be used by December 2026. The City was proactive in coordinating with SBCTA to utilize this opportunity to fund the rezoning efforts. Requirements to qualify for the REAP funding is that the project go beyond state law. Projects that only meet minimum state requirements do not meet the threshold requirement for “Transformational Planning and Implementation Activities.” The reason the rezoning qualified for this grant is because it included proposed rezoning beyond the 24 acres required to meet the RHNA. Reducing the rezoning below the 97 acres may result in the grant needing to be repaid by the City, in the amount of \$154,000.

The REAP grant also requires any funded project to be implemented through adoption by a deliberative body. Therefore, if the rezone is not adopted by the Grand Terrace City Council, the grant is likely to need to be repaid as the minimum requirement will not be met.

6th Cycle Rezoning

If the City fails to meet the 6th Cycle rezone requirements, a revised plan to meet the RHNA will need to be developed at the responsibility of the City. Housing Element Program 1 says the City will rezone approximately 97 acres to high density residential. If the City decides to rezone different sites than the selected RHNA sites, or a total area less than the 97 acres, the rezoning process would need to be restarted, and the City would need to coordinate with HCD to determine if a housing element amendment would be required. A new zone and potential housing element amendment would not be covered by the REAP grant and would be at cost to the City.

7th Cycle Rezoning

One of the purposes of rezoning beyond the required 24 acres to meet the 6th Cycle RHNA is to preemptively put zoning in place that can accommodate the 7th Cycle RHNA. The 7th Cycle Housing element for the City of Grand Terrace is due on October 15, 2029. It is typically recommended that a jurisdiction begin work on their housing element 2 years in advance of the statutory deadline. As the 6th Cycle rezoning is late, City would need to begin work on the next housing element very soon, it was a more cost effective approach to combine the rezoning efforts. There are also benefits of lesser requirements for zoning standards when the zoning is in place prior to adoption of the housing element.

There are already jurisdictions in northern California that have been assigned their 7th Cycle RHNA, with an over 200% increase since the 6th Cycle. If the City does not achieve rezoning beyond the 6th Cycle requirement now, while it is being covered by REAP funding, the City would likely need to accomplish 7th Cycle rezoning as well in the next couple years at cost to the City.

Environmental Review (CEQA)

The Housing Element rezoning program is exempt from the California Environmental Quality Act (CEQA) pursuant to Senate Bill 131 (SB 131), which applies to rezonings necessary to implement an adopted Housing Element. The rezoning does not approve any specific development project, but instead establishes the zoning framework necessary to maintain compliance with State Housing Element law.

Failure to complete the rezoning program identified in Program 1 of the adopted Housing Element may result in additional environmental review requirements and increased costs to the City. The

current rezoning effort relies on the statutory exemption associated with implementation of the adopted Housing Element program. If the rezoning process is delayed or restarted in the future, additional environmental analysis, technical studies, consultant work, and public review processes may be required depending on the timing, scope, and regulatory circumstances at that time.

Future development on rezoned properties would still be subject to separate project-level review and environmental analysis, including evaluation of traffic, utilities, drainage, public services, air quality, noise, and other environmental considerations, as applicable.

Legal Fees

Local governments with noncompliant housing elements are vulnerable to litigation from housing rights' organization, developers, and HCD. Many jurisdictions have received lawsuits from housing advocates such as CalHDF, YIMBY Law, or the League of Women Voters. If a jurisdiction faces a court action stemming from its lack of compliance and either loses or settles the case, it often must pay substantial attorney fees to the plaintiff's attorneys in addition to the fees paid to its own attorneys. Potential consequences of lawsuits include mandatory compliance within 120 days, suspension of local control on building matters, and court approval of housing developments.

Enforcement by the Attorney General

HCD may notify the City and the California Attorney General's office ("AG") regarding any violation of Housing Element Law by the City. (Gov. Code § 65585(j).) The AG will then be able to initiate a lawsuit against the City for violations of Housing Element Law. (Gov. Code §§ 65585(j), (k), (l).) If the AG declines to initiate litigation, then HCD may initiate litigation against the City for violations of Housing Element Law. (Gov. Code § 65585(o).)

In 2010, the City of Pleasanton entered into a settlement agreement exceeding \$2 million in litigation brought by the California Attorney General and housing advocacy organizations concerning the City's Housing Element and growth management policies. (See *Urban Habitat Program v. City of Pleasanton* (2008) 164 Cal.App.4th 1561; Alameda County Superior Court Case No. RG06293831.) The settlement required the City to revise its Housing Element, modify growth management restrictions, and implement additional affordable housing measures. Similarly, housing advocacy organizations have successfully challenged Housing Elements and related housing policies in other California jurisdictions, resulting in settlement agreements, revised Housing Elements, and compliance measures adopted pursuant to State Housing Element Law. (See, e.g., *Peninsula Interfaith Action v. City of Menlo Park* (San Mateo County Superior Court Case No. CIV513882).)

In addition to judicial compliance orders and statutory penalties, jurisdictions may also face substantial financial liability through attorney's fees awards arising from Housing Element litigation. One of the most significant examples is *Kennedy Commission v. City of Huntington Beach* (2023) 91 Cal.App.5th 436, in which the California Court of Appeal upheld an attorney's fees award of approximately \$3.53 million against the City following years of litigation concerning affordable housing obligations and Housing Element compliance. The court found that the litigation was instrumental in compelling the City to adopt a revised Housing Element that complied with State law and provided additional affordable housing opportunities. Litigation began in 2015 and was finally decided in 2023. The \$3.5 million cost to the City is only one portion of the costs incurred. The City also would have incurred its own attorney's fees and any litigation fees and costs (e.g., expert retention, consultant retention, deposition costs, filing pleadings, etc.), resulting in well over \$3.5 million dollars actually spent.

More recently, in *The People of California, et al. v. The City of Huntington Beach et al.*, HCD and the Attorney General's Office initiated litigation against the City of Huntington Beach to enforce state

housing laws after the City refused to zone for its mandated 13,368 housing units and failed to adopt a compliant housing element plan. Although the City filed multiple countersuits challenging the constitutionality of the Housing Element Law, all were dismissed. As a result of the lawsuit against the City, Huntington Beach was ordered to pay financial penalties of initially \$170,000, plus \$50,000 per month to the state until it complies with state housing mandates. The \$50,000 monthly fine is slated to go into a state's Building Homes and Jobs Trust Fund that could spur housing production in other cities. Huntington Beach taxpayers will lose over \$1,600 a day until city leaders get a state approved housing plan in place. (See *Attachment 3*.)

Such litigation demonstrates that prolonged resistance to Housing Element compliance may expose jurisdictions not only to court oversight and statutory penalties, but also to significant financial consequences, including substantial attorney's fees awards.

Enforcement by Private Parties

Pursuant to Government Code Section 65587, a private party may bring a lawsuit to enforce Housing Element Law and any deadlines required under Government Code Section 65583. The court's review in that instance will be to determine whether the Housing Element, or any subsequent action, substantially complies with the requirements of Housing Element Law.

If the court finds an action of the City to be inconsistent with its Housing Element, the City must bring its action into compliance within 60 days and the court will retain jurisdiction to enforce its decision. (Gov. Code § 65587(c).) If the court determines that the 60-day period would be an undue hardship upon the City, then it can extend the deadline by an additional 60 days.

If the court finds that the City has failed to complete its rezoning to be consistent with its Housing Element by the statutory deadlines, the court can order the rezoning to be complete within 60 days or the earliest time consistent with public hearing notice requirements. (Gov. Code § 65597(d)(1).) The court retains jurisdiction for enforcement purposes. If the court finds that the order has not been carried out, then court can issue further orders to ensure that Housing Element Law is complied with, "including ordering, after considering the equities of the circumstances presented by all parties, that any rezoning required be completed within 60 days or the earliest time consistent with public hearing notice requirements in existence at the time the action was filed and may impose sanctions ..." on the City. (Gov. Code § 65587(d)(1).)

Enforcement by Nonprofit Entities

Californians for Homeownership, Inc. brought a string of Petitions against cities, generally alleging failure to adopt a compliant Housing Element by the statutory deadline or failure to identify adequate housing sites consistent with State Housing Element Law. The organization stated that the cities targeted for litigation were selected because they were significantly behind their peers in the Housing Element process, had demonstrated resistance to adequate housing planning, or both. In these actions, the nonprofit sought court orders requiring expedited compliance with Housing Element Law, judicial declarations establishing the cities' noncompliance, and enforcement of statutory penalties applicable to noncompliant jurisdictions. Such penalties may include limitations on a city's ability to deny qualifying housing projects, potential loss of local land use authority, court oversight of development approvals, suspension of certain nonresidential permitting activities, and judicial approval of housing projects that have been delayed or denied by the jurisdiction.

The litigation consistently resulted in outcomes favorable to the nonprofit organization rather than the subject cities. In *Californians for Homeownership v. City of Beverly Hills* (Case No. 23STCP00143), the court granted the petition after finding deficiencies in the City's Housing Element, including inadequate identification of housing sites, and ordered the City to bring both its Housing Element and

zoning ordinance into compliance within specified timeframes. The City's appeal was subsequently denied. In cases against the Cities of Bradbury, Claremont, Fullerton, La Mirada, Laguna Hills, South Pasadena, and Vernon, stipulated judgments were entered for Californians for Homeownership and against each public entity, requiring the jurisdictions to adopt and submit compliant Housing Elements to the California Department of Housing and Community Development (HCD) by court-ordered deadlines. (See *Californians for Homeownership v. City of Bradbury*, Los Angeles County Superior Court Case No. 22STCP01381; *Californians for Homeownership v. City of Claremont*, Los Angeles County Superior Court Case No. 22STCP03414; *Californians for Homeownership v. City of Fullerton*, Orange County Superior Court Case No. 30-2022-01281840-CU-WM-CJC; *Californians for Homeownership v. City of La Mirada*, Los Angeles County Superior Court Case No. 22STCP03418; *Californians for Homeownership v. City of Laguna Hills*, Orange County Superior Court Case No. 30-2022-01255365-CU-WM-CJC; *Californians for Homeownership v. City of South Pasadena*, Los Angeles County Superior Court Case No. 22STCP01388.)

Additional litigation against Manhattan Beach challenged the adequacy of the City's adopted Housing Element, including reliance on nonvacant sites without sufficient evidence of redevelopment feasibility; although that matter was later dismissed, the litigation nevertheless required the City to address identified deficiencies. (See *Californians for Homeownership v. City of Manhattan Beach*, Los Angeles County Superior Court Case No. 22STCP01417.) Similarly, litigation against La Habra Heights was dismissed after the City belatedly prepared and submitted a draft Housing Element for HCD review. (See *Californians for Homeownership v. City of La Habra Heights*, Los Angeles County Superior Court Case No. 22STCP01394.) Collectively, these cases demonstrate the increasing willingness of nonprofit housing organizations to pursue enforcement litigation against noncompliant jurisdictions and the substantial legal and regulatory consequences that may result from failure to timely adopt and maintain a compliant Housing Element.

II. RECONSIDERATION PROCESS AND PROCEDURE

Under the City's adopted parliamentary procedure, consistent with *Rosenberg's Rules of Order* and as set forth in the City's Council Protocols and Procedures, a motion to reconsider an action may only be made by a member who voted on the prevailing side of the original action. The motion requires a second, which may be made by any City Council Member. Once properly made and seconded, the motion is debatable but not amendable.

A motion to reconsider is in order at the time of the original action or later in a continued public meeting, subject to recognition by the presiding officer. The purpose of reconsideration is to allow the City Council to re-open and re-examine a matter previously decided.

If the motion to reconsider is not made and seconded, or if it is made and fails, the original action of the City Council remains in full force and effect.

ENVIRONMENTAL IMPACT:

The City Council is discussing the possible reconsideration of Zoning Code Amendment (ZCA) 26-02, General Plan Amendment (GPA) 26-01, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 related to the Housing Element rezoning program. Pursuant to CEQA Guidelines Section 15060(c)(2) and Section 15378, the discussion and possible reconsideration action does not constitute a "project" under CEQA because it does not commit the City to a definite course of action resulting in a potentially significant physical impact on the environment.

FISCAL IMPACT:

If the City elects not to reconsider approval of Zoning Code Amendment (ZCA) 26-02, General Plan Amendment (GPA) 26-01, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 – Establishment of the R3-40 High Density Multiple Family Residential District and Housing Element Rezoning, the City will likely be exposed to significant costs.

Costs anticipated include, but are not limited to:

- Up to a \$600,000 monthly fine from HCD
- Repayment of the REAP grant to SCAG for the 6th Cycle rezoning program (\$154,000)
- Costs to revise 6th cycle rezoning
- Cost of possible amendments to the 6th Cycle Housing Element
- Cost of possible amendments to the Land Use Element
- Costs of 7th Cycle rezoning program
- Litigation fees, including the City's attorney's fees, fees for litigation, and Plaintiff's attorney's fees (approx. \$25,000 to over \$1 million)
- Loss of taxpayer money
- Potential financial impacts associated with Builder's Remedy applications and the loss of local control over qualifying housing developments.

In addition to the costs described above, the City has already incurred expenses, including attorneys' fees and City staff time, in connection with preparing additional memoranda supporting approval of the Housing Element between the May 12, 2026 City Council meeting and the May 26, 2026 City Council meeting. If the motion to reconsider is approved, the City will incur additional costs associated with re-noticing the item for final action. The City's grant funding is also nearing depletion, meaning the City will need to pay the Consultant directly once those funds are exhausted. This could result in significant costs if the City does not pass the motion to reconsider.



AGENDA REPORT

MEETING DATE: May 12, 2026

TITLE: First Reading & Introduction of an Ordinance approving Zone Code Amendment (ZCA) 26-02, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 and adopting a Resolution approving General Plan Amendment (GPA) 26-01

PRESENTED BY: Hannah Kreitman AICP Planner, Daniel Wery Principal Community Planner & Gabriel Arguelles, Assistant Planner

RECOMMENDATION: **FIRST READING & INTRODUCTION OF AN ORDINANCE APPROVING ZONING CODE AMENDMENT (ZCA) 26-02, ZONE CHANGE (ZC) 26-01, AND ENVIRONMENTAL REVIEW (E) 26-03, ADOPT THE RESOLUTION APPROVING GENERAL PLAN AMENDMENT (GPA) 26-01; AND DIRECT STAFF TO RETURN WITH THE ORDINANCE FOR SECOND READING AND ADOPTION; THEREBY AMENDING THE GENERAL PLAN LAND USE ELEMENT AND LAND USE MAP, THE CITY ZONING MAP, AND TITLE 18 (ZONING) OF THE GRAND TERRACE MUNICIPAL CODE TO ESTABLISH THE R3-40 HIGH DENSITY MULTIPLE FAMILY RESIDENTIAL DISTRICT, ALLOW RESIDENTIAL DEVELOPMENT AT A DENSITY OF 20 TO 40 DWELLING UNITS PER ACRE, AND REZONE APPROXIMATELY 97.1 ACRES OF PROPERTY LOCATED THROUGHOUT THE CITY TO THE R3-40 DESIGNATION, CONSISTENT WITH PROGRAM 1 (ADEQUATE SITES) OF THE CITY'S 2021–2029 HOUSING ELEMENT**

2030 VISION STATEMENT:

This staff report supports the City Council's 2030 Vision, including Goal #3, "Promote Economic Development," and Goal #5, "Engage in Proactive Communication," by updating the City's General Plan, Zoning Map, and Municipal Code to implement the Housing Element and provide clear, consistent development standards. The proposed rezoning establishes a framework for future housing opportunities, supports reinvestment in underutilized properties, and ensures the City remains compliant with State housing requirements while maintaining transparency and responsiveness to community input.

SUMMARY:

City staff is recommending approval of Zoning Code Amendment (ZCA) 26-02, General Plan Amendment (GPA) 26-01, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 to implement Program 1 of the City's 2021–2029 Housing Element. The proposed amendments establish the R3-40 High Density Multiple Family Residential District and rezone a total of approximately 97 acres throughout the City to allow residential development at a density of 20 to 40 dwelling units per acre.

The proposed amendments are required to address a shortfall in available housing sites and to demonstrate that the City has adequate capacity to accommodate its Regional Housing Needs Allocation (RHNA). The rezone ensures consistency with State Housing Element law by providing sufficient sites at appropriate densities, including sites that allow for by-right residential development when affordability requirements are met.

In addition to meeting State requirements, the proposed rezoning increases overall housing capacity beyond the City's RHNA, providing a buffer to maintain compliance throughout the planning period and better position the City for the upcoming 7th Cycle Housing Element. This also includes updates to the Zoning Code to address nonconforming uses and structures and ensure compatibility with existing residential development.

The City Council Ordinance for Zoning Code Amendment (ZCA) 26-02, Zone Change (ZC) 26-01, and Environmental Review (E) 26-03 are included as *Attachment 1*, along with the proposed Zoning Map (**Exhibit A**), Notice of Exemption (**Exhibit B**), and SB 131 Statutory Exemption Report (**Exhibit C**).

The City Council Resolution for General Plan Amendment (GPA) 26-01 is included as *Attachment 2*, along with the proposed Land Use Element (**Exhibit D**) and Land Use Map (**Exhibit E**).

The RHNA Sites Inventory Map is included as Attachment 3.

BACKGROUND:

The Housing Element is one of eight mandatory elements of the General Plan and, under California State law, must be updated every eight years. The City of Grand Terrace is currently within the 6th Cycle Housing Element planning period (2021–2029), which was adopted on March 25, 2025. The City is now approximately five years into the eight-year cycle and must complete required implementation programs while also preparing for the upcoming 7th Cycle Housing Element.

As part of the 6th Cycle, the City was assigned a Regional Housing Needs Allocation (RHNA) of 630 units, consisting of 189 very low-income units, 92 low-income units, 106 moderate-income units, and 243 above moderate-income units. To remain in compliance

with State law, the City must demonstrate that it has adequate sites, at appropriate densities, to accommodate this housing need.

Program 1 of the adopted Housing Element, Adequate Sites to Accommodate Regional Housing Needs, requires the City to address a shortfall of available housing sites through rezoning. This includes rezoning approximately 97 acres throughout the City to allow higher-density residential development under a new R3-40 High Density Multiple Family Residential District, permitting 20 to 40 dwelling units per acre. A portion of these sites, approximately 24.2 acres across 20 parcels, has been specifically identified to meet the City's RHNA requirements.

Currently, the City's residential development is predominantly composed of low-density, single-family neighborhoods, with limited opportunities for higher-density multifamily housing. The introduction of the R3-40 zone is intended to expand housing opportunities by allowing a broader mix of housing types, including multifamily and mixed-income developments, in appropriate locations.

The proposed rezoning increases the City's overall housing capacity beyond the minimum RHNA requirement. By planning for additional capacity, the City is creating flexibility and helping ensure compliance throughout the remainder of the Housing Element cycle. This approach is intentional, as the City is addressing current 6th Cycle requirements while also positioning itself for the upcoming 7th Cycle by reducing the likelihood that additional rezonings will be needed to address future net losses or RHNA allocations.

State law requires that sites that are rezoned to meet the RHNA allow for by-right residential development when at least 20 percent of the units are affordable to lower-income households. This includes 24 acres of the 97.1 acre rezoned, as denoted in the Housing Element. These sites must also have a minimum density of at least 20 units per acre and development standards that ensure the sites can realistically accommodate housing.

Following adoption of the Housing Element, the California Department of Housing and Community Development (HCD) issued a letter of conditional compliance on May 22, 2025, indicating that full compliance is contingent upon completion of the rezoning identified in Program 1. On December 17, 2025, the City and consultants from Michael Baker International met with HCD to discuss the rezoning schedule and compliance timeline. HCD indicated that failure to complete the required rezoning by the end of April 2026 would likely result in consequences, which may consist of possible disqualification from state funding, carryover and combination of 6th Cycle and 7th Cycle RHNA pursuant to Government Code §65584.09, fines or penalties, litigation, court receivership, loss of local permitting authority, and the inability to deny new projects inconsistent with the General Plan or zoning, also known as "Builder's Remedy." The Housing Element will be deemed substantially compliant once the rezonings are completed.

To support implementation efforts, the City has secured funding through the Southern California Association of Governments (SCAG) Regional Early Action Planning (REAP

2.0) Grant, which must be utilized in 2026. All costs associated with this rezoning effort are fully funded through the REAP 2.0 Grant, including preparation of the zoning amendments, updates to the City’s Objective Design Standards, and the development of preapproved Accessory Dwelling Unit (ADU) plans.

The following key milestones have occurred to date:

- March 25, 2025: Adoption of the 2021–2029 Housing Element
- May 22, 2025: HCD Conditional Compliance Letter Issued
- December 17, 2025: HCD Compliance and Enforcement Meeting
- January 27, 2026: Joint Planning Commission / City Council Study Session
- February 5, 2026: Property Owner / Community Study Session
- April 2, 2026: Planning Commission Recommendation

Yield Calculation

For the purposes of determining the number of units likely to be built on each site identified in the Housing Element, a percent yield of the maximum potential density on each site is estimated, as development at the full maximum density is less likely. A percent yield is determined based on factors such as site-specific constraints, environmental constraints, regional development trends, and existing uses on the site. Based on regional trends, Grand Terrace assumed a 70 percent yield on sites designated to meet the RHNA. This yield calculation may vary on the additionally rezoned sites depending on site specific characteristics.

A realistic rate of development (the annual rate of construction and household occupancy), based on the Southern California Association of Government’s (SCAG) estimate of 5,700 households in Grand Terrace by the year 2050 and the 4,900 current households in the City, is 800 units that would be absorbed over 25 years at an average rate of 32 units per year.

NO NET LOSS

State law requires the City to maintain adequate housing capacity throughout the planning period, commonly referred to as “No Net Loss.” If a site is developed at a lower density or intensity, or for different incomes than were projected in the housing element, the City must make up any “lost” capacity below the City’s RHNA allocation of 630 units within 6 months. For example, if a site is projected in the Housing Element for 100 units and a project is developed for 70 units, there would be a “net loss” of 30 units of capacity. The City must either rezone or identify a new site for the “net loss” of 30 units within 6 months. Alternatively, if a site is projected in the housing element for 100 lower income units, and

a project is developed for 100 market rate units, there would be a “net loss” of 100 lower income units. While the City will continue to monitor development activity and remaining capacity, the proposed rezoning provides sufficient capacity to meet the RHNA and reduces the likelihood that additional rezonings will be necessary. A mid-cycle review in 2026 will evaluate the City’s progress toward meeting its housing goals.

If a proposed market-rate project were to lead to a loss of lower income capacity, the City would identify an appropriate site to replace the capacity. The City is including sufficient rezoning to address potential net losses. Upon approval of a market-rate project that results in a net loss, the City would include a finding identifying the rezoned sites as replacements. This availability of additional rezoned sites prevents the City from having to complete a rezoning within 180 days, potentially multiple times over depending on the number and type of projects the City receives. This will be tracked in the Annual Progress Report (APR).

ANALYSIS:

This section provides a discussion of the proposed Ordinances amending Title 18 (Zoning) of the Grand Terrace Municipal Code, along with associated amendments to the General Plan Land Use Element and Land Use Map, and the City Zoning Map, to establish the R3-40 High Density Multiple Family Residential District and implement the City’s 2021–2029 Housing Element.

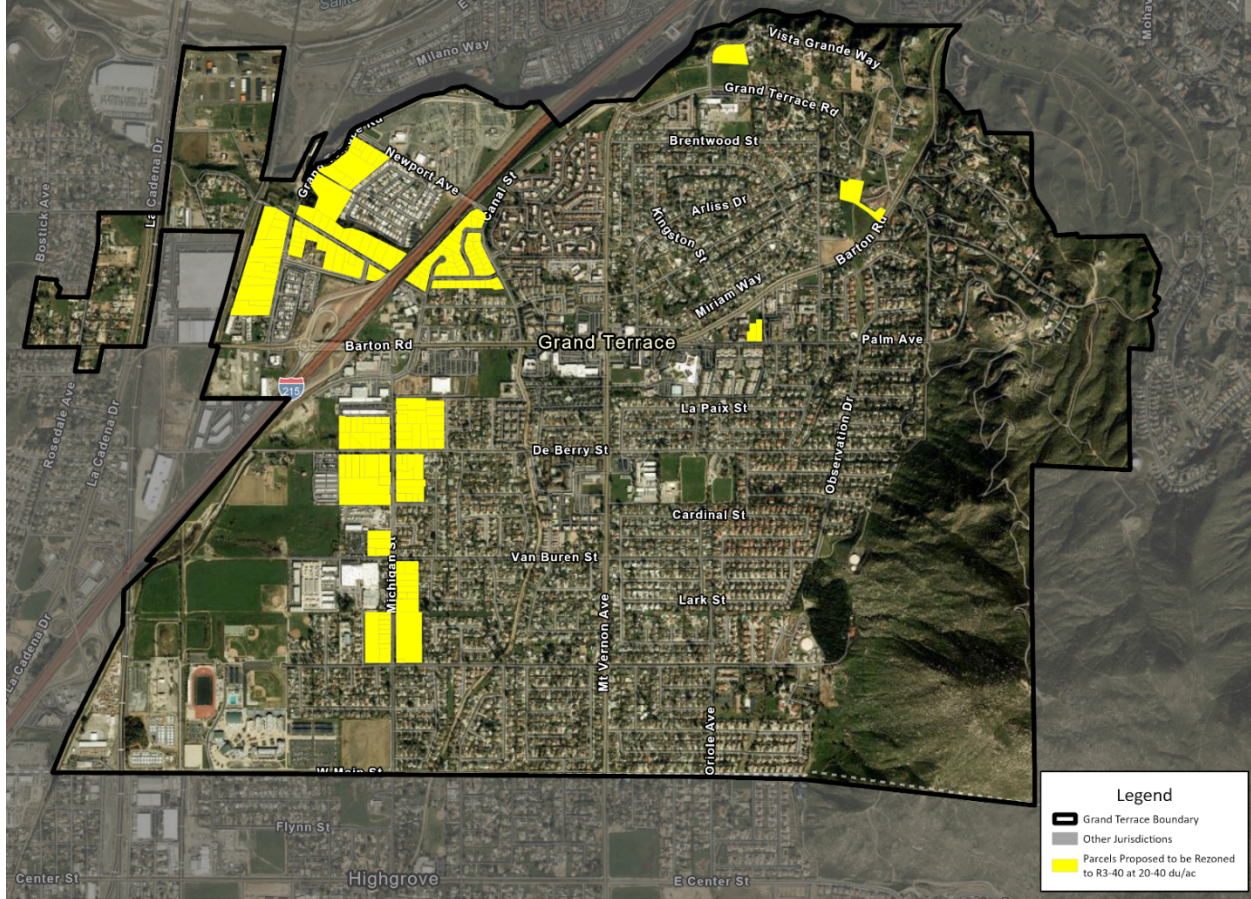
The proposed legislative action is required to maintain compliance with State Housing Element law and to ensure the City has adequate sites at appropriate densities to accommodate its Regional Housing Needs Allocation (RHNA). The amendments do not approve any specific development, and property owners are not required to redevelop their properties.

Affected Location – Development Not Required

The parcels which will be rezoned to the R3-40 zone at 20 to 40 dwelling units per acre are mapped in Figure 1 below. There are 195 parcels that will be rezoned, totaling 97.1 acres.

Listing or mapping a property as a rezone site to implement the Housing Element does not require the City or property owner to develop the property. The primary role of the Housing Element is to demonstrate capacity for housing development in the City. Rezoning a property to increase density does not require a property owner to develop, and all current uses may remain. If new development is to occur on one of the rezoned sites, that is when the new standards must be followed. As required by the State of California, projects on sites rezoned to meet the RHNA that include at least 20 percent of units as affordable are eligible for by-right approval, streamlining the development process for developers and property owners. This includes 24 acres of the 97.1 acre rezoned, as denoted in the Housing Element.

Figure 1: Parcels to be Rezoned to R3-40 at 20-40 du/ac



Grand Terrace Parcels Proposed to be Rezoned



Planning Commission Recommendation Procedure

Two of the five City of Grand Terrace Planning Commissioners own property within 500 feet of the rezone area. Commissioners are not allowed to discuss or vote on rezonings affecting their property. In order to maximize participation and avoid any conflicts, the discussion and Planning Commission vote on the zoning and general plan amendments was split into two parts (A and B), with each commissioner voting only on the recommendation that does not affect their property. The same zone standards applied to both halves of the split, and sites were divided based on location on which the standards would apply. Both halves of the vote recommended adoption with the same 2 clerical revisions, totaling the entire rezone map above.

Both halves of the Planning Commission vote recommended approval of the proposed amendments with two revisions to the draft ordinance.

First, the Planning Commission directed staff to revise Table 18.10.030 (Residential Land Use Regulations) to separate the currently combined land use category titled “Single-

Family (Attached) (Duplexes, Triplexes, and Fourplexes)” into separate land use classifications for clarity and consistency with current housing terminology and State law.

Second, the Planning Commission directed staff to revise Section 18.76.040(B) and (C) of the Municipal Code to further clarify the City’s regulations related to legal nonconforming buildings and structures, ensuring that existing residential properties within the rezoned areas may continue to be maintained, repaired, altered, and expanded in a clear and administratively workable manner.

These revisions have been incorporated into the draft ordinance presented to the City Council and do not alter the overall intent, density, or implementation of Housing Element Program 1.

There are no City Council members who own property within 500 feet of the rezone area. Therefore, for City Council, the two halves of the map will be recombined.

Table 1 shows the number of parcels and acreage of the current zones which will be rezoned to R3-40.

Table 1: Current Zoning and Acreage of Parcels being Rezoned to R3-40

Current Zone	Number of Parcels	Acreage
R1-20	1	2.2
R1-10	2	2.3
R1-7.2	133	53.2
R2-10	51	31.5
R3-12	1	2.8
R3-24	1	2.0
BRSP	2	1.0
CM	4	2.0
TOTAL	195	97.1

General Plan Amendments (GPA) 26-01

The proposed General Plan Amendment updates the Land Use Element and Land Use Map to establish a new designation that supports higher-density residential development consistent with the Housing Element. These updates ensure consistency between the Housing Element and the General Plan and provide a clear policy framework for accommodating multifamily housing at densities necessary to meet State requirements. The updated Land Use Element and Land Use Map are included as **Exhibits D and E** of *Attachment 2*.

The Land Use Element text is also revised to reflect the introduction of the R3-40 designation, clarify permitted residential densities, and support a broader range of housing types. Overall, these updates are administrative in nature and are necessary to align the City's long-range planning documents with State housing law.

Zone Change (ZC) 26-01

The proposed Zone Change updates the City Zoning Map to apply the R3-40 designation to approximately 97 acres across 195 parcels located throughout the City. The proposed Zoning Map is provided as **Exhibit A**.

The selection of these sites reflects an evaluation by City staff, in coordination with Michael Baker International, using both State-mandated criteria and local planning considerations. Sites were identified based on existing land use and zoning, overall suitability for higher-density residential development, and the likelihood that they could reasonably develop within the remaining Housing Element planning period. In particular, staff prioritized sites capable of achieving densities of at least 20 dwelling units per acre, as required to meet RHNA obligations, recognizing that higher-density zoning is necessary to demonstrate adequate housing capacity.

Additional factors considered included whether properties were vacant or underutilized, as well as whether any environmental constraints, access limitations, easements, or other physical conditions could limit or prevent development. Given that a large portion of the City is already developed with single-family neighborhoods, staff focused on properties that present opportunities for reinvestment over time. This includes older residential and commercial properties where future redevelopment or incremental change is more likely to occur, rather than sites that are fully built-out or constrained.

The City also considered long-term land use patterns and compatibility. A deliberate buffering approach was applied, generally transitioning from lower-density single-family neighborhoods to higher-density residential uses, and then to commercial areas. This strategy helps create a more gradual transition in scale and intensity, while also identifying locations where higher-density housing is more appropriate. In some cases, areas with properties with redevelopment potential were included to allow for gradual evolution of the built environment, rather than abrupt or incompatible changes.

Overall, the selected sites represent a balanced approach that meets State requirements while reflecting local conditions, development potential, and community context.

Zoning Code Amendment (ZCA) 26-02 (Title 18)

The proposed Zoning Code Amendment establishes the R3-40 High Density Multiple Family Residential District, allowing residential development at densities of 20 to 40 dwelling units per acre. The new zone is intended to provide the development capacity necessary to meet State housing requirements while ensuring that future development

remains compatible with the City's existing character. The draft ordinance is included as *Attachment 1*. The proposed Zoning Map is included as **Exhibit A** of Attachment 1.

The amendment introduces objective development standards related to building height, setbacks, site design, and overall project layout. These standards are coordinated with the City's ongoing Objective Design Standards update to ensure consistency, clarity, and high-quality design outcomes.

Overall, the Zoning Code Amendment establishes a clear and implementable framework for higher-density residential development while responding to community input and maintaining compatibility with existing development patterns.

Public Outreach

Public outreach for these amendments was conducted in coordination with Michael Baker International and included two public meetings: a Joint Planning Commission and City Council Study Session, and a Property Owner and Community Study Session. The purpose of these meetings was to present the proposed rezoning and development standards, explain the requirements of the Housing Element, and solicit feedback from residents, property owners, and decision-makers.

More than 50 residents participated in the community study session, and over half of the participants provided comments. In addition, the City Council provided feedback during the joint study session. City staff and the consultant team actively listened to and documented the concerns and topics raised throughout the outreach process.

Several residents provided public comment during the Planning Commission hearing for the rezone, noting concerns regarding the full buildout potential should all 97 acres develop at 40 du/ac. Rather than assuming all sites will develop at maximum density, a percentage yield is utilized. The yield is created based on factors such as site-specific constraints, environmental constraints, regional development trends, and existing uses on the site. A realistic rate of development given these trends is that 800 units would be developed over 25 years at an average rate of 32 units per year. This is further described by the yield calculation.

Key issues identified included concerns related to legal nonconforming uses and structures, building height, setbacks, sightlines, density, and the ability to construct additions and Accessory Dwelling Units (ADUs). Additional concerns were raised regarding building heights in relation to Fire Department access and emergency response capabilities, as well as the ability of utility providers to accommodate higher-density development. Questions were also raised regarding stormwater runoff and infrastructure capacity associated with future development.

In response to this feedback, the proposed zoning amendments were refined to address community concerns while maintaining compliance with State law. Most notably, the maximum building height was reduced to 45 feet from earlier concepts ranging between

50 and 55 feet. Additionally, a setback requirement was added to the development standards which require portions of multifamily buildings over a certain height to be further set back from adjacent single family uses. Updates to Chapter 18.76 were also incorporated to ensure that owners of legal nonconforming uses and structures, such as single-family homes in the new zone will be permitted to construct additions, including the construction of ADUs and JADUs, without triggering the development requirements of the new zone. Additionally, the ordinance clarifies that any future development will be required to comply with applicable building, fire, utility, water, sewer, and stormwater regulations, ensuring that infrastructure and service considerations are adequately addressed.

Overall, the public outreach process helped shape the proposed ordinance by incorporating community input into the development standards, while balancing local concerns with the City's obligation to comply with State housing requirements.

Public Hearing Notification

Public hearing notification for these amendments was conducted in accordance with the City of Grand Terrace's Public Hearing and Project Noticing Policy and applicable State law requirements, including Government Code Sections 65090, 65091, and 65854.

As a legislative zoning action affecting permitted uses, public notice was provided at least 20 days prior to the public hearing, consistent with State law requirements. A public notification study was prepared to identify all properties within the required noticing radius. Based on the project size, a 1,500-foot radius was applied, resulting in the identification of 2,595 parcel ownerships and approximately 2,337 unique mailing addresses. Mailed notice was provided to property owners and occupants within the notice area using the most current available assessor records. In addition, identified stakeholders were properly notified.

In addition to mailed notice, a public hearing notice was published in a newspaper of general circulation in accordance with City policy and State law. Public notices were also posted at designated locations, including City Hall and other public areas, to ensure broad visibility. These efforts were undertaken to provide clear, timely, and accessible information to the community.

All noticing materials, including the radius map, mailing affidavit, mailing labels, and proof of publication, have been prepared and retained in the project file in accordance with City requirements. The noticing process was completed in compliance with all applicable legal and procedural standards to ensure transparency and provide meaningful opportunities for public participation. Supporting documentation is included as *Attachment 4* (Public Notification Materials).

Environmental Review

A Notice of Exemption (NOE) was prepared in accordance with the California

Environmental Quality Act (CEQA). The proposed amendments carry out Program 1 of the City's adopted 2021–2029 Housing Element through updates to the General Plan, Zoning Map, and Zoning Code.

This type of rezoning is exempt from CEQA under Senate Bill 131 (SB 131), codified in Public Resources Code Section 21080.085, which applies to rezonings that implement an approved Housing Element. The amendment does not approve any specific development but instead establishes the framework for future residential development.

The NOE and supporting exemption documentation are included as *Attachment 1 Exhibits B and C* and will be filed following approval and adoption of the proposed zone. Based on this determination, no further environmental review is required.

Fiscal Resources

This year, the Southern California Association of Governments (SCAG) made available a Regional Early Action Planning (REAP 2.0) funding grant that must be used by December 2026. The City was proactive in coordinating with the San Bernardino County Transportation Authority (SBCTA) and San Bernardino Council of Governments (SBCOG) to utilize this opportunity to fund the rezoning efforts, objective design standards update, and development of preapproved ADU plans, all of which will be completed this year under the REAP grant. Most of the costs for this project are covered through the REAP Grant, which helps offset the bulk of the work associated with the rezoning and related updates.

City staff time for managing the project, including coordination and public hearings, will be handled through the City's existing budget.

Overall, the grant funding, along with the use of a CEQA exemption, makes this a cost-effective effort for the City to complete a required Housing Element program while keeping direct costs relatively low.

Fiscal Impact Analysis

A Fiscal Impact Analysis (FIA) was conducted to estimate the net revenue or cost to the City's General Fund from the construction and occupancy of the potential additional dwelling units that would be allowed under the rezoning.

An annual rate of construction and household occupancy suggested by the Southern California Association of Government's (SCAG) estimate of 5,700 households in Grand Terrace by the year 2050 was used to estimate the development potential of the new zone. Overall, the additional units are estimated to generate a cumulative fiscal surplus to the City over the next 25 years of development.

CONCLUSION

The proposed amendments implement Program 1 of the City's adopted 2021–2029 Housing Element by establishing the R3-40 High Density Multiple Family Residential District and rezoning approximately 97 acres to allow for higher-density residential development. These actions are necessary to address the City's housing site shortfall and maintain compliance with State Housing Element law.

The proposed amendments provide a clear and consistent framework for future housing development while incorporating refinements based on public input and City Council feedback. The amendment balances State requirements with local considerations by introducing objective development standards, protecting existing residential uses, and ensuring compatibility with surrounding neighborhoods.

Based on the analysis provided in this report, staff recommend that the City Council adopt the resolutions to approve ZCA 26-02, GPA 26-01, ZC 26-01, along with Environmental Review 26-03.

FINDINGS:

All necessary findings for approval of the proposed amendments are included in the respective City Council resolutions provided as *Attachments 1 through 5*.

ATTACHMENTS:

Attachment 1 – Draft Ordinance (ZCA 26-02, ZC 26-01, and E 26-03)

Attachment 1 – Exhibit A – Zoning Map

Attachment 1 – Exhibit B – Notice of Exemption (NOE)

Attachment 1 – Exhibit C – SB 131 Statutory Exemption Report

Attachment 2 – City Council Resolution (GPA 26-01)

Attachment 2 – Exhibit D – Land Use Element

Attachment 2 – Exhibit E – Land Use Map

Attachment 3 – RHNA Sites Inventory Map

ATTACHMENT 1

Grand Terrace, California, Municipal Code
Title 18 ZONING

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, APPROVING ZONING CODE AMENDMENT (ZCA) 26-02, ZONE CHANGE (ZC) 26-01, AND ENVIRONMENTAL REVIEW (E) 26-03, AMENDING THE CITY ZONING MAP AND TITLE 18 (ZONING) OF THE GRAND TERRACE MUNICIPAL CODE; TO ESTABLISH THE R3-40 HIGH DENSITY MULTIPLE FAMILY RESIDENTIAL DISTRICT; TO ALLOW RESIDENTIAL DEVELOPMENT AT A DENSITY OF 20 TO 40 DWELLING UNITS PER ACRE; AND TO REZONE APPROXIMATELY 97.1 ACRES OF PROPERTY LOCATED THROUGHOUT THE CITY TO THE R3-40 DESIGNATION, CONSISTENT WITH HOUSING ELEMENT PROGRAM NO. 1 OF THE CITY'S 2021–2029 HOUSING ELEMENT.

WHEREAS, the City of Grand Terrace (“City”) has adopted a Zoning Code set forth in Title 18 of the Grand Terrace Municipal Code (“GTMC”), which regulates land use and development within the City; and

WHEREAS, Government Code Section 65580 et seq. requires cities to adopt and maintain a Housing Element that identifies and plans for the housing needs of all economic segments of the community; and

WHEREAS, on March 25, 2025, the City Council adopted the 2021–2029 Housing Element (General Plan Amendment 25-01), which identifies policies and programs to accommodate the City’s Regional Housing Needs Allocation (“RHNA”); and

WHEREAS, the City’s RHNA for the 6th Cycle (2021–2029) is 630 housing units across all income levels, as determined by the Southern California Association of Governments (SCAG); and

WHEREAS, the adopted Housing Element identified a shortfall of adequate sites to accommodate the RHNA and includes Program 1 (Adequate Sites), which requires the City to rezone land to allow higher-density residential development; and

WHEREAS, Program 1 requires the City to rezone approximately 97 acres throughout the City to allow residential development at densities of 20 to 40 dwelling units per acre under a new R3-40 High Density Multiple Family Residential District; and

WHEREAS, on November 13, 2024, the California Department of Housing and Community Development (“HCD”) issued a letter finding that the City’s Housing Element will be in substantial compliance with State Housing Element Law upon adoption of the Housing Element and completion of the required rezoning; and

WHEREAS, State Housing Element law requires that sites identified to accommodate lower-income housing be zoned at a minimum density of at least 20 dwelling units per acre and allow for by-right residential development when affordability requirements are met; and

WHEREAS, Zoning Code Amendment (ZCA) 26-02 establishes the R3-40 High Density Multiple Family Residential District and includes objective development standards to facilitate higher-density residential development consistent with State law; and

WHEREAS, Zone Change (ZC) 26-01 amends the City Zoning Map to apply the R3-40 designation to approximately 97 acres across 195 parcels located throughout the City, as shown in **Exhibit A**, attached hereto and incorporated herein by reference; and

WHEREAS, these actions increase housing capacity, facilitate reinvestment in underutilized properties, and ensure continued compliance with State Housing Element law; and

WHEREAS, these actions do not approve any specific development project and do not require property owners to develop their property; and

WHEREAS, public outreach for these actions included a Joint Planning Commission and City Council Study Session held on January 27, 2026, and a Property Owner and Community Study Session held on February 5, 2026; and

WHEREAS, due to potential conflicts of interest involving Planning Commissioners, the Planning Commission considered these actions in two separate actions (ZCA 26-02-A / ZC 26-01-A and ZCA 26-02-B / ZC 26-01-B); and

WHEREAS, the Planning Commission's separate actions collectively constitute a single recommendation to the City Council; and

WHEREAS, in making its recommendation, the Planning Commission directed two revisions to the draft ordinance, including updates to Table 18.10.030 (Residential Land Use Regulations) to clarify residential land use classifications, and revisions to Section 18.76.040(B) and (C) to clarify the regulations applicable to legal nonconforming buildings and structures; and

WHEREAS, the Planning Commission adopted separate resolutions recommending approval of these actions to the City Council; and

WHEREAS, the Planning Commission conducted duly noticed public hearings on April 2, 2026, in accordance with Government Code Sections 65090, 65091, and 65854; and

WHEREAS, public notice for these actions was provided in accordance with State law and the Grand Terrace Municipal Code, and is included in the administrative record; and

WHEREAS, the City Council conducted a duly noticed public hearing on May 12, 2026, and considered all testimony and evidence; and

WHEREAS, Zoning Code Amendment 26-02 and Zone Change 26-01 implement Program 1 (Adequate Sites) of the City's adopted Housing Element; and

WHEREAS, Environmental Review (E) 26-03, including the Notice of Exemption (**Exhibit B**) and SB 131 Statutory Exemption Report (**Exhibit C**), documents that these actions are exempt from CEQA pursuant to Public Resources Code Section 21080.085; and

WHEREAS, the staff report and all attachments and exhibits referenced herein are incorporated into the administrative record; and

WHEREAS, all legal prerequisites to the adoption of this Ordinance have occurred.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all the facts set forth in the above Recitals are true and correct and incorporated herein by this reference.

SECTION 2. Environmental Determination (CEQA).

The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21080.085, as documented in Environmental Review (E) 26-03, including the Notice of Exemption (**Exhibit B**) and SB 131 Statutory Exemption Report (**Exhibit C**).

SECTION 3. Based upon the foregoing and all oral and written testimony by members of the public and City staff, the City Council hereby finds that the findings for Zoning Code Amendment (ZCA) 26-02 pursuant to Grand Terrace Municipal Code Section 18.90.040 can be made as follows:

- 1) **Finding:** The proposed amendment will not be detrimental to the health, safety, morals, comfort or general welfare of the persons residing or working within the neighborhood of the proposed amendment or within the City.

Facts in Support of Finding: Zoning Code Amendment (ZCA) 26-02 establishes the R3-40 High Density Multiple Family Residential District to implement Housing Element Program 1 and comply with State housing law.

The amendment establishes objective development standards and does not approve any specific development project. Future development will be required to comply with applicable zoning, building, and objective design standards.

The establishment of consistent zoning standards to accommodate housing consistent with State law supports orderly development and will not be detrimental to the community.

- 2) **Finding:** The proposed amendment will not be: Injurious to property or improvements in the neighborhood or within the City.

Facts in Support of Finding: The amendment modifies the City's Zoning Code to allow higher-density residential development consistent with the Housing Element and State

law.

All future development will be subject to applicable zoning regulations, building codes, and inspection requirements.

Because the amendment establishes regulatory standards rather than approving a specific development, it will not result in direct impacts to property or improvements and ensures that future development is compatible and appropriately regulated.

- 3) **Finding:** The proposed amendment will be consistent with the latest adopted general plan.

Facts in Support of Finding: Zoning Code Amendment (ZCA) 26-02 implements Program 1 (Adequate Sites) of the City's adopted 2021–2029 Housing Element.

The amendment establishes the R3-40 zoning district to accommodate higher-density residential development consistent with the goals, policies, and programs of the Housing Element and Land Use Element.

The amendment ensures that the City maintains compliance with State Housing Element law and accommodates its Regional Housing Needs Allocation (RHNA), and is therefore consistent with the General Plan.

SECTION 4. Title 18 (Zoning) of the Grand Terrace Municipal Code is hereby amended to incorporate the R3-40 High Density Multiple Family Residential District and related updates, and is hereby revised in its entirety to read as follows:

Deletions as ~~strikethroughs~~; additions as ***bold italics***.

Title 18

ZONING

Chapters:

Chapter 18.03 GENERAL PROVISIONS

18.03.010 Adoption of zoning plan.

There is ***an*** adopted a zoning plan for the City. The zoning plan is a districting plan, as provided by State law.
(Ord. 126 § 2, Exh. A(part), 1990)

18.03.020 Purpose.

The purpose of this Title is to promote the growth of the City in an orderly manner and to promote and protect the public health, safety, comfort and general welfare.

(Ord. 126 § 2, Exh. A(part), 1990)

18.03.030 Scope.

The zoning or districting plan effectuated by this Title is a part of the master plan and consists of the establishment of various districts, including all the territory within the boundaries of the City, within which the use of land and buildings, the space of buildings, and the height and bulk of buildings are regulated.

(Ord. 126 § 2, Exh. A(part), 1990)

18.03.040 Conformance.

No buildings or structures shall be erected, reconstructed or structurally altered in any manner, nor shall any building or land be used for any purpose other than as permitted and in conformance with this Title and all other ordinances, laws and maps referred to in this Title.

(Ord. 126 § 2, Exh. A(part), 1990)

18.03.050 Interpretation.

When interpreting and applying the provisions of this Title, they shall be held to be the minimum requirements adopted for the promotion of the public health, safety, comfort, convenience and general welfare. Except as specifically provided in this Title, it is not intended by the adoption of the ordinance codified in this Title to repeal, abrogate, annul or in any way to impair or interfere with any existing provisions of laws or ordinances, or any rules, regulations or permits previously adopted or issued, or which are adopted or issued pursuant to laws relating to the erection, construction, establishment, moving, alteration or enlargement of any building or improvement. It is not intended by this Title to interfere with or abrogate or annul any easement, covenant or other agreement between parties. However, in cases in which this Title imposes a greater restriction upon the erection, construction, establishing, moving, alteration or enlargement of buildings, or the use of any building or premises in any district or districts that is imposed or required by such existing provisions of law or ordinance, or by such rules, regulations or permits, or by such easements, covenants or agreements, then in such case the provisions of this Title shall control.

(Ord. 126 § 2, Exh. A(part), 1990)

18.03.060 State law applicability.

Except as otherwise provided in this Title or other Chapters of the Municipal Code, the provisions of the Government Code pertaining to zoning and planning shall be applicable to all matters as if set forth in full in this Title.

(Ord. 126 § 2, Exh. A(part), 1990)

18.03.070 Public hearing notice.

Whenever a public hearing is held pursuant to this Title, notice of hearing shall be in accordance with California Government Code Section 65090 and Section 65091. The notice of hearing shall also comply with the following requirements:

Lot Size of the Project Site	Mailing Notification Radius	Publications in Local Newspaper
Less than 5 acres	500 feet	Legal advertisement
5 to 9.99 acres	1,000 feet	1/8 page box advertisement
10 acres or more	1,500 feet	1/8 page box advertisement

(Ord. No. 327, § 4(Exh. 2), 10-22-2019)

18.03.080 Conditions requiring ministerial review.

Notwithstanding any other provision of this Title, the following shall not require a permit, conditional use permit, or other discretionary review or approval that would constitute a "project" for the purposes of Division 13 (commencing with Section 21000) of the California Public Resources Code:

- A. *Multiple family housing developments in which at least twenty percent (20%) of the total number of units, exclusive of density bonus units, are affordable to lower-income households where identified as a lower-income site to meet the Regional Housing Needs Allocation in the current Housing Element in compliance with Government Code Section 65583.2(c), and that were either:*
 - 1. *Rezoned to meet the lower-income household Regional Housing Needs Allocation;*
 - 2. *Non-vacant sites identified in one Housing Element prior to the current Housing Element planning period (e.g., identified in the 5th cycle before the 6th cycle); or*
 - 3. *Vacant sites identified in two or more consecutive Housing Elements prior to the current Housing Element planning period (e.g., the 4th and 5th cycles before the 6th cycle).*
- B. *Supportive housing developments in zones where multiple family and mixed-use developments are permitted, including nonresidential zones permitting multiple family use, in conformance with California Government Code Section 65651 and all objective standards applicable to multiple family residential uses.*
- C. *Any other use or project for which State law requires the City to utilize a ministerial review process.*

Chapter 18.06 DEFINITIONS

18.06.172 Common open space.

"Common open space" means a court, landscape, recreation building/facility or other outdoor area which is used for landscape and/or recreation and that has common access from more than one dwelling unit. Common open space may also include the water area of a pool and common recreation facilities or gardens located on top of a building or parking structure. Open space does not include off-street parking and loading areas or driveways.

18.06.607 Private open space.

"Private open space" means any private balcony, porch, deck, patio, court, ground level yard or roof deck that is accessible from only one unit. Open space does not include off-street parking and loading areas or driveways.

Chapter 18.09 RESIDENTIAL DISTRICTS AND ZONING MAP

18.09.010 Purpose.

The purpose of this Chapter is to establish the various *residential* zoning districts within the City.
(Ord. No. 357, § 4, 8-13-2024; Ord. 126 § 2, Exh. A(part), 1990)

18.09.020 Districts established.

The following *residential* zoning districts are established:

RH	Hillside Single Family Residential District
R1-20	Very Low Density Single Family Residential District
R1-10	Low Density Single Family Residential District
R1-7.2	Single Family Residential District
R2-10	Low Medium Density Multiple Family Residential District
R3-12	Medium Density Multiple Family Residential District
R3-S	Multiple Family Senior Citizen
R3-20	Medium High Density Multiple Family Residential District
R3-4024	High Density Multiple Family Residential District
BRSP	Barton Road Specific Plan District
AP	Administrative Professional Office District
C2	General Business District
CM	Commercial Manufacturing District
MR	Restricted Manufacturing District
M2	Industrial District
PUB	Public Facilities District
FP	Floodplain Overlay District
AG	Agricultural Overlay District
R3-24	High Density Residential Overlay District
GSP	The Gateway at Grand Terrace Specific Plan

(Ord. No. 357, § 4, 8-13-2024; Ord. No. 298, § 7, 10-11-2016; Ord. No. 264, § 10, 6-12-2012; Ord. 126 § 2, Exh. A(part), 1990)

18.09.021 Overlays established.

AG-1 **Agricultural Overlay No. 1**

AG-2 *Agricultural Overlay No. 2*
FP *Floodplain Overlay*
O-40 *High Density Multiple Family Residential Overlay*

18.09.022 Specific Plans established.

BMSP *The Blue Mountain Specific Plan*
BMSVSP *The Blue Mountain Senior Villas Specific Plan*
BRSP *The Barton Road Specific Plan*
GBSP *The Greenbriar Specific Plan*
GSP *The Gateway at Grand Terrace Specific Plan*

18.09.030 Designation on map and adoption of map.

The designations, locations and boundaries of the districts established are delineated upon the official zoning map on file with the Planning Department. This map and all notations and information thereon, which may be amended from time to time, are made a part of this Title by reference.

(Ord. No. 357, § 4, 8-13-2024; Ord. 126 § 2, Exh. A(part), 1990)

18.09.040 Applicability of regulations.

The uses described in this Title will be allowed and the regulations set out in this Title shall apply in the districts established in this Chapter.

(Ord. No. 357, § 4, 8-13-2024; Ord. 126 § 2, Exh. A(part), 1990)

18.09.050 Boundary uncertainties.

Where uncertainty exists as to the boundaries of any districts shown on the zoning map, the following rules shall apply:

- A. Where such boundaries are indicated as approximately following street and alley lines, such lines shall be construed to be such boundaries.
- B. Where an uncertainty exists, the Planning Commission shall determine the location of boundaries.
- C. Where a public street or alley is officially vacated or abandoned, the regulations applicable to the parcel to which it reverts shall apply to such vacated or abandoned street or alley.

(Ord. No. 357, § 4, 8-13-2024; Ord. 126 § 2, Exh. A(part), 1990)

Chapter 18.10 RESIDENTIAL DISTRICTS¹

18.10.010 Purpose.

The residential zones contained in this Chapter are intended to carry out the goals and objectives of the community's ~~G~~general ~~P~~plan, Housing Element, and ~~S~~tate ~~H~~ousing ~~L~~law with respect to residential land uses and residential development. These goals and objectives are to be achieved through the following purposes established for the residential zones:

- A. To provide for development in accordance with the ~~G~~general ~~P~~plan;
- B. To promote the most appropriate and efficient use of the land while providing a variety of housing opportunities to the community;
- C. To promote a compatible relationship between residential, commercial and other types of land uses located in the community;
- D. To promote the public health, safety and welfare through encouraging the appropriate type and size of development for the community;
- E. To manage development with respect to its type, size and location in order to prevent harmful encroachment of disruptive development into the community's residential neighborhoods.

(Ord. 146 § 1(part), 1993; Ord. 126 § 2, Exh. A(part), 1990)

¹Ord. No. 264, § 11, adopted June 12, 2012, changed the title of Chapter 18.10 from "RH, R1, R2, R3 and R3-S Residential districts" to "Residential districts."

The provisions of Section 18.03.080 shall apply in determining projects that shall not require a permit, conditional use permit, or other discretionary review or approval.

18.10.020 Residential districts.

The following districts are designed to implement the goals and objectives of the **G**eneral **P**lan. Each district contains specific land use regulations and density ranges for development.

- A. RH, Hillside **Single Family** Residential District. This district is intended for very low density single-family residential development with a maximum retention of open space. It is located in the portions of the City identified in the **G**eneral **P**lan's master environmental analysis as having severe development limitations related to topography and soil conditions. The maximum density allowed in this district is one **(1)** dwelling unit per gross acre.
- B. R1-20, Very Low Single Family Residential District. This district is intended for very low density single-family residential use. The minimum lot size is 20,000 square feet with a maximum density of two **(2)** dwelling units per gross acre. ~~Deviations from the above minimum lot size and maximum density can occur in compliance with the following~~
 - ~~1. Small Lot Subdivisions established by the "Starter Home Revitalization" Act of 2021, which is codified in state law under Government Code Section 65852.28, Section 65913.4.5, and Section 66499.41, and the City Municipal Code Title 17 and Title 18.~~
 - ~~2. Urban Lot Splits established by the Housing Opportunity and More Efficiency "HOME" Act of 2021, which is codified in state law under Government Code Section 66452.6, Section 65852.21, and Section 66411.7, and the City Municipal Code Title 17 and Title 18.~~
- C. R1-10, Low Density Single Family Residential District. This district is intended for low density single-family residential use. The minimum lot size is 10,000 square feet with a maximum density of four **(4)** dwelling units per gross acre. ~~Deviations from the above minimum lot size and maximum density can occur in compliance with the following:~~
 - ~~1. Small Lot Subdivisions established by the "Starter Home Revitalization" Act of 2021, which is codified in state law under Government Code Section 65852.28, Section 65913.4.5, and Section 66499.41, and the City Municipal Code Title 17 and Title 18.~~
 - ~~2. Urban Lot Splits established by the Housing Opportunity and More Efficiency "HOME" Act of 2021, which is codified in state law under Government Code Section 66452.6, Section 65852.21, and Section 66411.7, and the City Municipal Code Title 17 and Title 18.~~
- D. R1-7.2, Single Family Residential District. This district is intended for single-family residential use. The minimum lot size is 7,200 square feet with a maximum density of five **(5)** dwelling units per gross acre. ~~Deviations from the above minimum lot size and maximum density can occur in compliance with the following:~~
 - ~~1. Small Lot Subdivisions established by the "Starter Home Revitalization" Act of 2021, which is codified in state law under Government Code Section 65852.28, Section 65913.4.5, and Section 66499.41, and the City Municipal Code Title 17 and Title 18.~~
 - ~~2. Urban Lot Splits established by the Housing Opportunity and More Efficiency "HOME" Act of 2021, which is codified in state law under Government Code Section 66452.6, Section 65852.21, and Section 66411.7, and the City Municipal Code Title 17 and Title 18.~~
- E. R2-10, Low Medium Density **Multiple Family** Residential District. This district is intended for single-family residential use and low density multiple family development. The minimum lot size is 10,000 square feet

with a maximum density of nine **(9)** dwelling units per gross acre. Deviations from the above minimum lot size and maximum density can occur in compliance with the following:

1. ~~Small Lot Subdivisions established by the “Starter Home Revitalization” Act of 2021, which is codified in state law under Government Code Section 65852.28, Section 65913.4.5, and Section 66499.41, and the City Municipal Code Title 17 and Title 18.~~
 2. ~~Urban Lot Splits established by the Housing Opportunity and More Efficiency “HOME” Act of 2021, which is codified in state law under Government Code Section 66452.6, Section 65852.21, and Section 66411.7, and the City Municipal Code Title 17 and Title 18.~~
- F. **R3-12, Medium Density *Multiple Family* Residential District.** This district is intended for medium density multiple family development. The minimum lot size is 12,000 square feet with a maximum density of **twelve (12)** dwelling units per gross acre. Deviations from the above minimum lot size and maximum density can occur in compliance with the following:
1. ~~Small Lot Subdivisions established by the “Starter Home Revitalization” Act of 2021, which is codified in state law under Government Code Section 65852.28, Section 65913.4.5, and Section 66499.41, and the City Municipal Code Title 17 and Title 18.~~
 2. ~~Urban Lot Splits established by the Housing Opportunity and More Efficiency “HOME” Act of 2021, which is codified in state law under Government Code Section 66452.6, Section 65852.21, and Section 66411.7, and the City Municipal Code Title 17 and Title 18.~~
- G. ~~R3-S, Medium Family, Senior Citizen.~~ This district is intended for the development of senior citizen housing. The maximum density shall not exceed 20 units per acre. The development standards shall be established through specific plan process.
- GH. R3-20, Medium High Density *Multiple Family* Residential District.** This district is intended for **medium higher** density multiple family development, which may include affordable housing. The minimum lot size is 12,000 square feet with a maximum density of **twenty (20)** units per acre. Deviations from the above minimum lot size and maximum density can occur in compliance with the following:
1. ~~Small Lot Subdivisions established by the “Starter Home Revitalization” Act of 2021, which is codified in state law under Government Code Section 65852.28, Section 65913.4.5, and Section 66499.41, and the City Municipal Code Title 17 and Title 18.~~
 2. ~~Urban Lot Splits established by the Housing Opportunity and More Efficiency “HOME” Act of 2021, which is codified in state law under Government Code Section 66452.6, Section 65852.21, and Section 66411.7, and the City Municipal Code Title 17 and Title 18.~~
- I. ~~R3-24, High Density Residential District.~~ This district is intended for high density multiple family development, which may include affordable housing. The minimum lot size is 12,000 square feet with a minimum density of 20 units per acre and a maximum density of 24 units per acre.
- H. R3-40, High Density *Multiple Family Residential District.*** *This district is intended for high density multiple family development, which may include affordable housing. The minimum lot size is 5,500 square feet with a minimum density of twenty (20) units per acre and a maximum density of forty (40) units per acre. Example project types may include garden-style apartments, courtyard buildings, townhomes, multiplexes, and other multiple family housing types. Single-family residential development or any residential development at a density less than twenty (20) dwelling units per acre is prohibited.*

(Ord. No. 298, § 8, 10-11-2016; Ord. No. 264, §§ 12, 13, 6-12-2012; Ord. No. 231, § 1(Exh. D), 9-11-2007; Ord. 126 § 2, Exh. A(part), 1990)

18.10.021 Small lot subdivisions.

Deviations from the noted minimum lot size in all residential districts may occur in compliance with the following:

- A. Small lot subdivisions established by the Starter Home Revitalization Act of 2021, which is codified in State law under Government Code Section 65852.28, Section 65913.4.5, and Section 66499.41, and the City Municipal Code Title 17 and Title 18.*
- B. Urban lot splits established by the Housing Opportunity and More Efficiency "HOME" Act of 2021, which is codified in State law under Government Code Section 66452.6, Section 65852.21, and Section 66411.7, and the City Municipal Code Title 17 and Title 18.*

Deviations from the minimum density standards may also occur pursuant to Chapter 17.29 of the zoning ordinance, Small Lot Subdivisions "Starter Home Revitalization Act." This includes a requirement that small lot subdivisions on parcels identified in the Housing Element for the current planning period must result in at least as many units as projected for the parcel in the Housing Element. For small lot subdivisions on parcels not identified in the Housing Element for the current planning period, the development must result in sixty-six percent (66%) of the maximum allowable residential density specified in the zoning district in which the parcel is located, or sixty-six percent (66%) of the applicable residential density specified in Government Code Section 65583.2(c)(3)(B), whichever is greater. If the zoning district in which the parcel is located does not specify a maximum allowable density, then the development must result in sixty-six percent (66%) of the applicable residential density specified in Government Code Section 65583.2(c)(3)(B).

18.10.030 Use regulations.

Uses listed in Table 18.10.030 shall be allowed in one or more of the residential districts as indicated in the columns below each district heading. Permitted uses are indicated by the letter "P" while the letter "C" indicates uses which require a conditional use permit. **A dash ("-") indicates the use is not permitted in the specified zone.**

TABLE 18.10.030
RESIDENTIAL LAND USE REGULATIONS

Permitted Uses	RH	R1-20	R1-10	R1-7.2	R2-10	R3-12	R3-S	R3-20 /R3-24	R3-40
A. Residential Uses									
Single-Family (Detached), Full Sized	P	P	P	P	p ^a	p ^b	-	-	-
Second Units (Subject to Chapter 17.30 and 18.65)	p ^g	p ^g	p ^g	p ^g	-	-	-	-	-
Two-Unit Developments (Subject to Chapter 17.30 and 18.65)	p ^g	p ^g	p ^g	p ^g	-	-	-	-	-
Single-Family (Attached) (Duplexes, Triplexes, and Fourplexes)	-	-	-	-	P	P	-	P	-
Duplexes, Triplexes, and Fourplexes					P	P		P	P
Multiple Family Units	-	-	-	-	P	P	-	P	P
Manufactured Housing (As Permitted Per Chapter 18.66)	P	P	P	P	P	P		P	P
Mobile Home Park	-	-	-	-	C	C		C	C
Senior Citizen Housing	-	-	-	-	-	-	p ^d	P	P
Small Lot Subdivision "Starter Home Revitalization Act" (Subject to Chapters 17.29 and 18.10)	P	P	P	P	P	P	P	P	P-
Urban Lot Splits "Housing Opportunity and More Efficiency" (HOME) Act of 2021 (Subject to Chapters 17.29 and 18.65)	-	P	P	P	-	-	-	-	-
Planned Residential Development (As Permitted Per Section 18.10.090)	-	-	-	-	P	P	P	P	P
B. Residential Accessory Structures									

Permitted Uses	RH	R1-20	R1-10	R1-7.2	R2-10	R3-12	R3-S	R3-20	R3-40
								/R3-24	
Accessory Structure	P	P	P	P	P	P	P ^d	P	P
Accessory Dwelling Unit (Subject to Chapter 17.30 and 18.69)	P	P	P	P	P	P	P	P	P
Junior Accessory Dwelling Unit (Subject to Chapter 17.30 and 18.69)	P	P	P	P	P	P		P	P
Guest House	C	C	C	C	C	C	-	-	-
Private Garage	P	P	P	P	P	P	-	P	P
Private Swimming Pool	P	P	P	P	P	P	P ^d	P	P
Home Occupation (As Permitted Per Chapter 5.06)	P	P	P	P	P	P	P ^d	P	P
Keeping of Cats and Dogs (Maximum of Two Each)	P	P	P	P	P	P	P ^d	P	P
Other Accessory Uses (As Approved by the Planning and Community Development Director)	P	P	P	P	P	P	P ^d	P	P
C. Other Uses									
Churches (Minimum Three- Acre Parcel) ^e	C	C	C	C	C	C	-	C-	C^d
Electric Vehicle Charging Stations (accessory use) ⁱ	P	P	P	P	P	P	P	P	P
Schools (Private and Parochial) ^e	C	C	C	C	C	C	-	C-	C^d
Public Park and Playground ^e	P	P	P	P	P	P	-	P-	P^d
Public Facilities (aAnd Quasi- Public) ^e	C	C	C	C	C	C	-	-	-
Family Day Care Small (Eight or Less Children) ^e	P	P	P	P	P	P	-	P	P
Family Day Care Large (Nine or More Children) ^e	P	P	P	P	P	-	-	P	P

Permitted Uses	RH	R1-20	R1-10	R1-7.2	R2-10	R3-12	R3-S	R3-20 /R3-24	R3-40
Residential Care Facility (Six or Less Persons)	P	P	P	P	P	P	P	P	P
Residential Care Facility (Seven or More Persons) ^f	-	-	-	-	C	C	-	P	P
State Licensed Congregate Living Health Facility (CLHF) ^h	-	-	-	-	C	C	C	C	C
Single Room Occupancy	-	-	-	-	C	C	-	-	-
Utility or Service Facility ^e	C	C	C	C	C	C	-	-	-
Outdoor Recreation Facility ^e	C	C	C	C	C	C	-	-	-
D. Temporary Uses									
Temporary Uses (As Approved by Planning <i>and</i> Community Development Director)	P	P	P	P	P	P	P ^d	P	P
Temporary Trailers (As Approved by Planning <i>and</i> Community Development Director)	P	P	P	P	P	P	P ^d	P	P

Footnotes:

- a. A second single-family detached unit (full-sized single-family detached dwelling) shall be permitted in the R2-10 zone provided that the lot or parcel in question meets the minimum area requirement for the R2-10 zone and that said lot or parcel is developed with no more than one single-family detached dwelling. A Land Use Permit review application for the second-family detached unit in accordance with Chapter 18.63 of the Zoning Code shall be ministerially approved prior to the issuance of building permits. In addition, all development standards of the underlying R2-10 zone must be adhered to; and any division in ownership among the structures on the lot or parcel in question shall conform to the subdivision laws of the State and City.
- b. A second-family detached unit (full sized single-family detached dwelling) shall be permitted in the R3-12 zone provided that the lot or parcel in question meets the minimum area requirements for the R3-12 zone and that said lot or parcel is developed with no more than one single-family detached dwelling. A Land Use Permit review application for the second-family detached unit in accordance with Chapter 18.63 of the Zoning Code shall be required to be approved prior to the issuance of building permits. All development standards of the underlying R3-12 zone must be

adhered to; and any division in ownership among the structures on the lot or parcel in question shall conform to the subdivision laws of the State and City.

- c. "P" stands for "Permitted Use" where the use is permitted by right; and "C" stands for "Conditional Use" where the use requires a conditional use permit.
- d. **Churches, schools (private and parochial), public parks, and playgrounds shall be permitted in the R3-40 zone for projects where at least fifty percent (50%) of the gross floor area is multiple family residential use.** Senior citizen housing is allowed in the R3-S up to a maximum density of twenty (20) unit/acre. ~~A specific plan will be required for all senior citizen housing projects in this zone.~~
- e. Notwithstanding anything indicating otherwise in this Table, this use is prohibited on a parcel that was created by an urban lot split, pursuant to Subsection 17.30.050(A).
- f. Subject to administrative conditional use permit.
- g. Notwithstanding anything indicating otherwise in this Table, this use shall be prohibited if the finding of a specific, adverse impact is made in accordance with Subsection 18.65.020(C).
- h. CLHFs are required to comply with the City's Objective Design Standards (ODS) and a State license is required to operate as a Congregate Living Health Facility (CLHF) in California. A CLHF means a residential home with a capacity of no more than 18 beds (except a facility operated by a city and county for purposes of delivering services may have a capacity of 59 beds; or, a facility not operated by a city and county servicing persons who are terminally ill, persons who have been diagnosed with a life-threatening illness, or both, that is located in a county with a population of 500,000 or more persons, or located in a county of the 16th class pursuant to Section 28020 of the Government Code, may have not more than 25 beds for the purpose of serving persons who are terminally ill) that provides inpatient care, including the following basic services: medical supervision, 24-hour skilled nursing and supportive care, pharmacy, dietary, social, recreational, and at least one type of the following service:
 - (A) Services for people who are mentally alert, people with physical disabilities, who may be ventilator dependent.
 - (B) Services for people who have a diagnosis of terminal illness, a diagnosis of a life-threatening illness, or both. Terminal illness means the individual has a life expectancy of six months or less as stated in writing by his or her attending physician and surgeon. A "life-threatening illness" means the individual has an illness that can lead to a possibility of a termination of life within five years or less as stated in writing by his or her attending physician and surgeon.
 - (C) Services for persons who are catastrophically and severely disabled. A person who is catastrophically and severely disabled means a person whose origin of disability was acquired through trauma or nondegenerative neurologic illness, for whom it has been determined that active rehabilitation would be beneficial and to whom these services are being provided. Services offered by a congregate living health facility to a person who is catastrophically disabled shall include, but not be limited to, speech, physical and occupational therapy.

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- i. Residential Electric Vehicle Charging Stations shall be processed by the City in compliance with AB 970 (McCarty, 2021) subject to the specific binding timelines for the expedited, streamlined, ministerial review and approval of Electric Vehicle Charging Station (EVCS) permit applications per Assembly Bill 1236 (Chiu, 2015). The review periods for Electric Vehicle Charging Stations are determined based on the size of the proposed project.

Application Completeness

- 1-25 Electric Vehicle Charging Stations at a single site: 5 business days
- 26 or more stations at a single site: 10 business days

Application Approval

- 1-25 Electric Vehicle Charging Stations at a single site: 20 business days
- 26 or more stations at a single site: 40 business days

Conditions of Approval for Expedited Review

- A completed Submittal Requirements Checklist.
 - All proposed Electric Vehicle Charging Stations and equipment shall conform with the City of Grand Terrace Objective Design Standards (ODS)
 - Electric Vehicle Charging Station equipment including transformers, generating stations, energy storage units, and any other electric vehicle charging station related equipment must be adequately screened from visible view to the satisfaction of the City by one or combination of the following:
 - Permanent masonry enclosure with decorative block wall and metal roof covering. Access gates/doors to be lockable and secure.
 - Shrink wrap material acceptable to the City's **Objective Design Standards**
- k. State Law SB 234 known as the "California Child Day Care Facilities Act" of 2021 designates small and large family daycare homes as a residential use of property. SB234 prohibits a local jurisdiction from imposing a business license, fee, or tax for the privilege of operating a small family daycare home and large family daycare home.

(Ord. No. 359, § 6, 8-13-2024; Ord. No. 338, § 13, 5-24-2022; Ord. No. 336-U, § 16, 1-25-2022; Ord. No. 298, § 9, 10-11-2016; Ord. No. 264, §§ 14, 15, 6-12-2012; Ord. No. 231, § 1(Exh. D), 9-11-2007; Ord. 199 §§ 4, 5, 2002; Ord. 126 § 2, Exh. A(part), 1990)

18.10.040 Site development standards.

The site development standards established for each residential district are as shown in Table 18.10.040.

**TABLE 18.10.040
RESIDENTIAL BUILDING SITE DEVELOPMENT STANDARDS**

Development Feature Zone	RH	R1-20	R1-10	R1-7.2	R2-10	R3-12	R3-S	R3-20	R3-40^h R3-24
Lot Area ¹	<u> </u> ^a	20,000	10,000	7,200	10,000	12,000	<u> </u> ^g	12,000	5,500 12,000
Lot Area (Small Lot Subdivision) ¹	<u> </u> ^a	1,200	1,200	1,200	600	600	<u> </u> ^g	600	600
Lot Width ²	<u> </u> ^a	100	60	60	60	60		60	50 ⁶
Lot Depth ²	<u> </u> ^a	150	100	100	100	100	<u> </u> ^g	100	90 ⁶
Front Yard Setback ²	<u> </u> ^a	25 ^b	25 ^b	25 ^b	25 ^b	25 ^b	-	25 ^b	15^b 25 ^b
Rear Yard Setback ²	<u> </u> ^a	35 ^b	35 ^b	20 ^b	20 ^b	20 ^b	-	20 ^b	15^b 20 ^b
Side Yard									
— Interior Lot							<u> </u> ^g		
— With Garage	<u> </u> ^a	10 ^b	10 ^b	10 ^b	10 ^b	10 ^b	-	10 ^b	10 ^b
— Without Garage	<u> </u> ^a	5 ^b	5 ^b	5 ^b	5 ^b	10 ^b	-	10 ^b	10 ^b
— Corner Lot									
— Street-side Yard Setback ²	<u> </u> ^a	15 ^b	15 ^b	15 ^b	15 ^b	15 ^b	-	15 ^b	15 ^b
Setback from Single Family Zone for Portion of Multiple Family Building over 25 Feet in Height²	<u> </u> ^a	-	-	-	-	-		-	20^b
— No Street side	<u> </u> ^a	5	5	5	5	10	-	10	10
Density ³	<u> </u> ^a	1-2	1-4	1-5	1-9	1-12 ^c	Max. 20	13-20 ^c	20-40 24 ^c
Density ³ (Small Lot Subdivision)	<u> </u> ^a	-	-	-	-	-	-	-	-
Living Area (Minimum square feet)									
*Single Family	<u> </u> ^a	1,350 ^d	1,350 ^d	1,350 ^d	1,350 ^d	1,350 ^d	-	-	-
*Duplex, Triplex, Four-plex and Multiple Family	<u> </u> ^a	-	-	-	-	-	<u> </u> ^g	<u> </u> ^g	<u> </u> ^g
— One (1) Bedroom	<u> </u> ^a	-	-	-	800 ^d	800 ^d	-	-	-
— Two (2) Bedroom	<u> </u> ^a	-	-	-	1,000 ^d	1,000 ^d	-	-	-

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(Supp. No. 15)

Development Feature-Zone	RH	R1-20	R1-10	R1-7.2	R2-10	R3-12	R3-S	R3-20	R3-40^h R3-24
Height ⁴	<u> </u> ^a	35 ^e	35 ^e	35 ^e	35 ^e	35 ^e	<u> </u> ^g	35 ^e	4535 ^e
Lot Coverage (Maximum percent)	<u> </u> ^a	40	50	50	60 ^f	60	<u> </u> ^g	60	7560
Distance Between Buildings ²	<u> </u> ^a	5	5	5	2010	2010	<u> </u> ^g	2010	2010
Private Open Space¹	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ		<u> </u> ⁱ	50 sf/du for not less than twenty -five percent (25%) of total units ⁱ
Common Open Space	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ	<u> </u> ⁱ		<u> </u> ⁱ	50 sf/du ⁱ

Footnotes:

- 1 Minimum Square Feet
 - 2 Minimum Linear Feet
 - 3 Residential Dwelling Units *p*Per **Gross Acre not counting any density bonus**
 - 4 Maximum Linear Feet
- a. A specific plan shall be required for all proposed projects (including tentative parcel or tract maps) which include any property located within this district, except that a specific plan shall not be required for existing parcels that are one acre or less in size, are readily served by existing infrastructure, have public access, and fire services can be readily provided. Such specific plan shall establish site development standards on a project by project basis in consideration of the existing topography and other physical constraints. The specific plan shall not create a density greater than one (1) dwelling unit per gross acre and shall be consistent with the City's General Plan. The specific plan may consider a clustered development concept in order to preserve large areas of open space and minimize the project's impact on the physical environment.

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- b. The following exceptions apply to front, rear and side yard requirements as noted:
- ~~1.~~ The minimum side and rear yard setback for a patio cover shall be five (5) feet.
 - ~~2.~~ The minimum rear yard setback for an accessory structure shall be ten (10) feet.
 - 13.** Slopes exceeding five percent (5%) shall be permitted no closer to a residential structure than a distance equal to the required side and rear yard setbacks. In the R1-10 district and the R1-20 district, the thirty-five (35) foot rear yard setback may include ten (10) feet of slope that is greater than five percent (5%).
 - 24.** In the case of a parcel or tract map, the twenty-five (25) foot front yard setback requirement may range from twenty-two (22) feet to twenty-eight (28) feet, with an average of twenty-five (25) feet for all proposed lots.
 - 35.** In the case where an existing legal nonconforming structure is located within a required setback area, the legal nonconforming structure may be enlarged within the required setback area subject to the following conditions:
 - a. The proposed addition does not further reduce the depth of the existing setback area; and
 - b. The proposed addition is located no closer than five (5) feet from any property line.
 - 4.** *For the R1-20, R1-10, and R1-7.2 zones, the minimum total side yard setback of all side yards combined shall be no less than fifteen (15) feet, with a minimum side yard setback of five (5) feet on any one side, or ten (10) feet on the driveway or garage side.*
 - 5.** *For all R2 and R3 zones, the minimum total side yard setback of all side yards combined shall be no less than twenty (20) feet, with a minimum side yard setback of five (5) feet on any one side.*
 - 6.** *No portion of any multiple family building over 25 feet in height shall be closer than 20 feet to a property line abutting a single family zone.*
- c. A density bonus shall be permitted in accordance with the California Government Code and this Title.
- d. For the purposes of this Chapter, the following terms shall be defined as follows:
"Living area" means the enclosed area of a residential dwelling unit, excluding porches, patios, carports, garages, storage areas or auxiliary rooms.
"Multiple-family" means one- or two-bedroom units only.
- e. ~~Accessory structures shall not exceed twenty feet in height, with exceptions as listed in Section 18.73.090 of this title.~~
- f. Not more than the permitted percent of the total parcel may be devoted to main and accessory structures, parking areas, driveways and covered patios. The remaining percent

of the total parcel shall be devoted to open areas such as landscaping, lawn, outdoor recreational facilities, incidental to residential development, including swimming pools, tennis courts, putting greens, uncovered patios and walkways. ~~Said open areas shall consist of not less than two hundred (200) square feet of open space per dwelling unit.~~

- g. Senior citizen housing's development standards will be established through the specific plan process. ~~All senior citizens housing projects in the R3-S zone will require specific plan process; however, in no circumstance shall the density exceed twenty (20) unit/acre.~~
- h. Development is prohibited within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Government Code Section 51178, or within the State responsibility area, as defined in Section 4102. This does not apply to sites that have adopted fire hazard mitigation measures pursuant to existing building standards or State fire mitigation measures applicable to the development, including but not limited to standards established under all of the following provisions or their successor:
 - (1) Section 4291 of Section 51182 of the Government Code, as applicable.***
 - (2) Section 4290.***
 - (3) Chapter 7A (commencing with Section 701A.1) of Part 2 of Title 24 of the California Code of Regulations.******
- i. Refer to the Objective Design Standards for multiple family residential development and mixed-use development for regulation of open space requirements.***

(Ord. No. 325, § 4(Exh. 1), 5-28-2019; Ord. No. 298, § 10, 10-11-2016; Ord. No. 264, §§ 16, 17, 6-12-2012; Ord. No. 231, § 1(Exh. D), 9-11-2007; Ord. 146 § 1(part), 1993; Ord. 126 § 2, Exh. A(part), 1990)

18.10.041 Residential supplemental development standards.

A. Accessory uses and structures.

1. Required setbacks.

**Table 18.10.041
Required Setbacks For Accessory Structures**

Accessory Structure	Type of Setback	Minimum Required Setback (Single Family)	Minimum Required Setback (Multiple Family)
Patio covers, gazebos, storage sheds^{d, e}, stationary barbecues, gas fireplaces, gas fire pits, canopies and similar structures	Interior side yard^{a, b}	5 feet	-
	Street side yard	5 feet	-
	Rear yard	5 feet	-
	Between structures over 120 square feet of area	6 feet	-
Enclosed patios	Interior side yard	5 feet	5 feet
	Street side yard	5 feet	5 feet
	Rear yard	15 feet	15 feet
	Rear yard when backing up to an arterial roadway, railroad right-of-way, Southern California Edison right-of-way, County flood control channel, or nonresidential zoned property	10 feet	10 feet
Workshops	Interior side yard	5 feet	5 feet
	Street side yard	5 feet	5 feet
	Rear yard	10 feet	10 feet
Balconies	Front setback – above yard area	15 feet	15 feet
	Front setback – front entry garage^c	23 feet	23 feet
	Interior side yard	10 feet	10 feet
	Street side yard	5 feet	5 feet

	Rear yard	15 feet	15 feet
	Rear yard when backing up to a street, railroad right-of-way, Southern California Edison right-of-way, County flood control channel, or nonresidential zoned property	10 feet	10 feet
Swimming pool	Interior side yard	5 feet	5 feet
	Street side yard	10 feet	10 feet
	Rear yard	5 feet	5 feet
	Front yard	15 feet	15 feet

Notes:

- a. On lots with only one side yard, the minimum required side setback for patio covers shall be three (3) feet.**
- b. Condominiums and townhouses shall have a minimum side yard setback of three (3) feet for patio covers.**
- c. For side entry garages, setback to be determined by City Council at the time of Site and Architectural Review or amendment to Site and Architectural approval.**
- d. Storage sheds requiring building permit per California Building Code Section 105.1 must adhere to zoning setbacks. Storage sheds exempt from building permits per the California Building Code Section 105.2 are exempt from zoning setback requirements.**
- e. The total number of exempt storage sheds allowed on a single-family district lot shall not exceed four hundred eighty (480) square feet of total aggregate area.**

2. Maximum height for an accessory structure.

<p>Table 18.10.050-2 Maximum Height For Accessory Structures</p>	
Accessory Structure	Maximum Height

Patio covers and gazebos	12 feet
Storage sheds and similar structures	8 feet
Workshops	12 feet
Stationary barbecue, gas fireplaces, and gas fire pits	8 feet
Canopies	10 feet

3. Specific accessory structure development standards.

a. Balconies or decks for single-family structures.

- i. Outside stairway. There shall be no outside stairway in single-family districts.**
- ii. Screen or guardrail. A minimum thirty-six (36) inch high screen or guardrail shall be constructed of materials compatible with the design of the structure.**
- iii. Screen wall. A screen wall, a minimum of six (6) feet in height, shall be constructed on both sides (ends) of the balcony or deck for the full depth of the balcony or deck or as required by the conditions of approval. This requirement may be waived by the Planning and Community Development Director where it is clear that the balcony will not negatively impact adjacent residential properties.**
- iv. Maximum size. The maximum size of a balcony or deck shall be one hundred twenty (120) feet square feet.**
- v. Doors. There shall be no outside doors above the first story except when allowed with an approved balcony or deck.**
- vi. Enclosure. Balconies or decks shall not be enclosed except by the adjoining residential unit and any required screen walls.**

b. Patio covers. Patio covers shall not cover more than fifty percent (50%) of the required rear yard area.

c. Storage sheds. Storage sheds shall not exceed one hundred twenty (120) square feet in area. Permanent electrical service shall not be allowed within storage sheds.

d. Workshops.

- i. Minimum/maximum. Workshops shall have a minimum area of one hundred twenty (120) square feet and not exceed a maximum area of four hundred (400) square feet.**
- ii. Habitable area. Workshops shall not contain any habitable areas and shall not be used for habitation of humans.**

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- iii. **Enclosure.** Workshops shall be fully enclosed and shall contain at least one (1) door not less than thirty-two (32) inches in width and may contain no interior walls. If greater than two hundred (200) square feet, workshops shall contain a window with a minimum dimension of twenty-four (24) inches by thirty-six (36) inches.
 - iv. **Permit.** Building permits are required for workshops.
 - v. **Separation.** Workshops shall be located at least ten (10) feet from any portion of a residential structure.
- e. **Canopies.**
- i. **Location.** Canopies are not to be permitted in the front yard area or visible from the public-right-of-way.
 - ii. **Maintenance.** Canopies shall be maintained and remain in good condition at all times.
 - iii. **Temporary permitted use.** Canopies may be located in a front yard area or be visible from the public right-of-way for up to seventy-two (72) hours, with a temporary use permit.

18.10.060 Mechanical Equipment

A. Mechanical equipment.

1. **Location.** Mechanical equipment (e.g., HVAC units) may be located in the rear yard, side yard, or on the roof. Such equipment may only be located in an interior side yard if it is not feasible to locate it in the rear yard. All equipment in the side yard shall be located at the farthest possible location away from windows on the adjacent property but in no case shall the equipment be less than ten (10) feet from any window on the adjacent property. Pool equipment is only permitted in the rear yard area.
2. **Visibility.** All reasonable efforts shall be taken to ensure that mechanical equipment is not visible from public streets and is screened from view of adjacent residential properties in a manner approved by the Planning and Community Development Director.
3. **Chimney structures.**
 - a. **Chimney structures that are incorporated within or affixed to the exterior of a residential structure shall be enclosed within a chassis and finished with brick, rock, stucco, or wood/metal siding. All materials, except for brick and rock, used for the chimney are required to be painted with colors that are compatible with the residence and any other chimney structure on the residence.**

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- b. Round metal pipes, clay pipes, guy wires, and straps for chimneys shall be fully enclosed within the chassis and shall not be visible from the property line.***
 - c. Gas vent pipes and other mechanical ducts that are less than six (6) inches in diameter when leaving the interior of the structure are exempted from these requirements.***

(Ord. No. 352, § 2, 3-26-2024; Ord. No. 260, § 5(Exh. 1), 1-24-2012)

Chapter 18.76 NONCONFORMING USES AND BUILDINGS

Sections:

18.76.010 Purpose.

The purpose of this Chapter is to establish the permitted use, expansion and maintenance of nonconforming uses and buildings located within the City.

(Ord. 151 § 1(part), 1994: Ord. 126 § 2, Exh. A(part), 1990)

18.76.020 Nonconforming use of land.

The lawful use of land existing at the time of the adoption of the ordinance codified in this Title, although such use does not conform to the regulations, specified in this Title for the district in which such land is located, may be continued; provided, that no such use shall be enlarged or increased, nor be extended to occupy a greater area than that occupied by such use at the time of the adoption of the ordinance codified in this Title, and when any such use ceases the subsequent use of such land shall be in conformity to the regulations specified by this Title for the district in which such land is located.

(Ord. 151 § 1(part), 1994: Ord. 126 § 2, Exh. A(part), 1990)

18.76.030 Nonconforming use of buildings.

- A. The lawful use of a building existing at the time of the adoption of the ordinance codified in this Title may be continued, although such use does not conform to the regulations specified for the district in which the building is located.
- B. The nonconforming use of a portion of a building may be extended throughout the building; provided, that in each case a use permit shall first be obtained.
- C. The nonconforming use of a building may be changed to a use of the same or more restricted nature; provided, that in each case a use permit shall first be obtained.
- D. If the nonconforming use of a building and/or operations within a building ceases for a continuous period of six **(6)** months, it shall be considered terminated and the building shall thereafter be used only in accordance with the regulations for the district in which it is located. ***In no case shall a residential use that was lawfully established according to the standards at the time of development in a residential zone be required to be terminated or removed.***

(Ord. 151 § 1(part), 1994: Ord. 126 § 2, Exh. A(part), 1990)

18.76.031 Termination—Discontinuance of use.

- A. Such discontinuance of the active and continuous operation of such nonconforming use, or part or portion thereof, for such periods, is construed and considered to be an abandonment of such nonconforming uses, regardless of any reservation of an intent not to abandon same or of an intent to resume active operations.
- B. If actual abandonment in fact is evidenced by the removal of buildings, structures, machinery, equipment and other evidences of such nonconforming use of the land and premises, the abandonment shall be construed and considered to be completed within a period of six **(6)** months and all rights to reestablish or continue such nonconforming use shall thereupon terminate.

(Ord. 151 § 1(part), 1994)

18.76.032 Termination—Violation of laws.

Any of the following violations of the municipal code shall immediately terminate the right to operate a nonconforming use except as otherwise provided:

- A. Changing a nonconforming use to a use not permitted in the zone;
- B. Increasing or enlarging the area, space or volume occupied by or devoted to such nonconforming use;
- C. Addition to a nonconforming use of another use not permitted in the zone.

(Ord. 151 § 1(part), 1994)

18.76.033 Termination—Operation of use.

The following nonconforming uses and structures shall be discontinued and structures removed from their sites within the time periods specified in this section, commencing with January 27, 1994, except when extended or revoked as otherwise provided:

- A. Where the property is unimproved, one **(1)** year;
- B. Where the property is unimproved except for structures of a type for which the City building code does not require a building permit, three **(3)** years;
- C. Where the property is unimproved except for structures which contain less than one hundred **(100)** square feet of gross floor area, three **(3)** years;
- D. Signs, three **(3)** years;
- E. A nonconforming use conducted in a structure designed to serve a use permitted in the zone, five **(5)** years;
- F. In other cases twenty **(20)** years from January 27, 1994, or amendment thereto establishing nonconforming status, and for such longer time so that the total life of the structure from the date of construction, based on the type of construction as defined by the building code, will be as follows:
 - 1. Type IV and Type V buildings (light incombustible frame and wood frame) used as:
 - a. One-family dwellings, two-family dwellings, three-family dwellings, apartment houses and other buildings used for residential occupancy, twenty-five **(25)** years,
 - b. Stores and factories, twenty-five **(25)** years,
 - c. Any other building not herein enumerated, twenty-five **(25)** years;
 - 2. Type III buildings (heavy timber construction and ordinary masonry) used as:

-
- a. One-family dwellings, two-family dwellings, three-family dwellings, apartment houses, offices and hotels, thirty **(30)** years,
 - b. Structures with stores below and residences, offices or a hotel above, thirty **(30)** years,
 - c. Warehouses, stores and garages, thirty **(30)** years,
 - d. Factories and industrial buildings, thirty **(30)** years;
3. Type I and Type II buildings (fire-resistive) used as:
- a. One-family dwellings, two-family dwellings, three-family dwellings, apartment houses, offices and hotels, thirty **(30)** years,
 - b. Theaters, warehouses, stores and garages, thirty **(30)** years,
 - c. Factories and industrial buildings, thirty **(30)** years.

(Ord. 151 § 1(part), 1994)

18.76.034 Termination—Abatement as a public nuisance.

Whenever a nonconforming use or structure becomes obsolete, dilapidated, substandard, unsafe, or exists in a state of general disrepair, the Planning Commission may hold a public hearing to evaluate and make declaration of nuisance.

(Ord. 151 § 1(part), 1994)

18.76.040 Nonconforming buildings.

- A. No use permit is required for the following:
- 1. Ordinary maintenance and repairs may be made to any nonconforming building; provided, that no structural alterations and/or additions are made; provided further, that such maintenance and repairs do not exceed twenty-five percent **(25%)** of the assessed value of the building in any one **(1)**-year period;
 - 2. Any repairs necessary to bring a nonconforming building into compliance with City codes regardless of whether such repairs exceed twenty-five percent **(25%)** of the assessed value of the building in any one **(1)**-year period; provided, that the total floor area in the building shall not be increased.
 - 3. ***Accessory dwelling units (ADU) and junior accessory dwelling units (JADU) shall be allowed subject to the standards in Chapter 18.69 without further restriction by this section.***
- B. A conditional use permit is required for the following:
- 1. Ordinary maintenance and repairs to any nonconforming building which exceed twenty-five percent **(25%)** of the assessed value of the building in any one **(1)**-year period;
 - 2. Any structural alterations and/or additions; provided, that the total floor area of the building shall not be increased by more than twenty percent **(20%)** or one hundred twenty **(120)** square feet, whichever is greater;
 - a. ***In no case shall an ADU or JADU be counted as a structural alteration or addition as part of the limited increase in floor area of a nonconforming building.***
 - 3. Exception is in the case of damaged buildings/structures due to fire, earthquake, or natural disasters, refer to subsection D of this section.

C. ~~As a condition to any conditional use permit granted pursuant to subsection B of this section, the portions altered or repaired shall be brought into conformity with applicable city codes including the zoning code.~~

CD. Repair of Damaged or Partially Damaged Structures Due to Fire, Explosion, Earthquake, or Other Natural Disasters. Any nonconforming structure or conforming structure containing a nonconforming use which is damaged or destroyed by fire, explosion, act of God, collapse or any other casualty or calamity may be reconstructed to the condition in which it existed immediately prior to the occurrence of such damage or destruction; provided, that:

1. ~~The total cost of the reconstruction of the structure shall not exceed seventy-five percent of the value of the structure prior to the damage or destruction. The value of the structure may be computed by any of the following methods:~~
 - a. ~~The current assessed valuation of the structure as shown on the latest county of San Bernardino equalized assessment role;~~
 - b. ~~An appraisal of the damage or destroyed structure made by a state of California licensed appraiser to determine predamage or destruction value of the structure;~~
 - c. ~~The value to construct the original structure as shown on the building department's official records, based upon the current building construction costs upon which building permit valuations are computed.~~

~~In determining the reconstruction cost of any nonconforming structure, there shall not be included therein the cost of the land or any factors other than those concerning the nonconforming structure itself.~~

- a. ~~All such construction or repairs shall be started within one (1) year from the date of damage or destruction and shall be pursued diligently to completion **within one (1) year of the start of construction**. Otherwise, the right to rebuild pursuant to this section is terminated, which means within one more year. **Each of these one (1) year periods may be extended in intervals of six (6) months upon demonstration of practical difficulty or hardship.**~~
- 2b. In the case of the buildings/structures being reconstructed in a different condition than what originally existed prior to the damages (fire, earthquake or natural disaster), then the project shall be evaluated in accordance to site and architectural review criteria, Chapter 18.63.

(Ord. 157 (part), 1995: Ord. 151 § 1(part), 1994: Ord. 126 § 2, Exh. A(part), 1990)

18.76.050 Buildings under construction.

Nothing contained in this ~~T~~title shall be deemed to require any change in plans, construction or designated use of any building for which a building permit has properly been issued, in accordance with the provisions of ordinances then effective and upon which actual construction has been started prior to the effective date of the ordinance codified in this ~~T~~title; provided, that in all such cases actual construction shall be diligently carried on until completion of the building.

(Ord. 151 § 1(part), 1994: Ord. 126 § 2, Exh. A(part), 1990)

SECTION 5. Authority.

The City Zoning Map is hereby amended to apply the R3-40 High Density Multiple Family Residential District to the properties identified in Zone Change (ZC) 26-01, as shown in **Exhibit A**.

SECTION 6. Severability.

The City Council enacts this Ordinance under the authority granted by Article XI, Section 7 of the California Constitution and Government Code Sections 65850 et seq.

SECTION 7. Effective Date.

This Ordinance shall take effect thirty (30) days after its adoption.

SECTION 8. Adoption.

This Ordinance was introduced at a regular meeting of the City Council held on the 12th day of May, 2026, and adopted at a regular meeting held on the ___ day of _____, 2026.

SECTION 9. Certification.

The Mayor shall sign, and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published and posted pursuant to the provisions of law in that regard and this Ordinance shall take effect thirty (30) days after its final passage.

Signatures on the following pages

PASSED, APPROVED, AND ADOPTED by the City Council of Grand Terrace at a regular meeting held on the ___ day of ____ 2026.

Bill Hussey
Mayor

ATTEST:

Daysi Alcocer
City Clerk

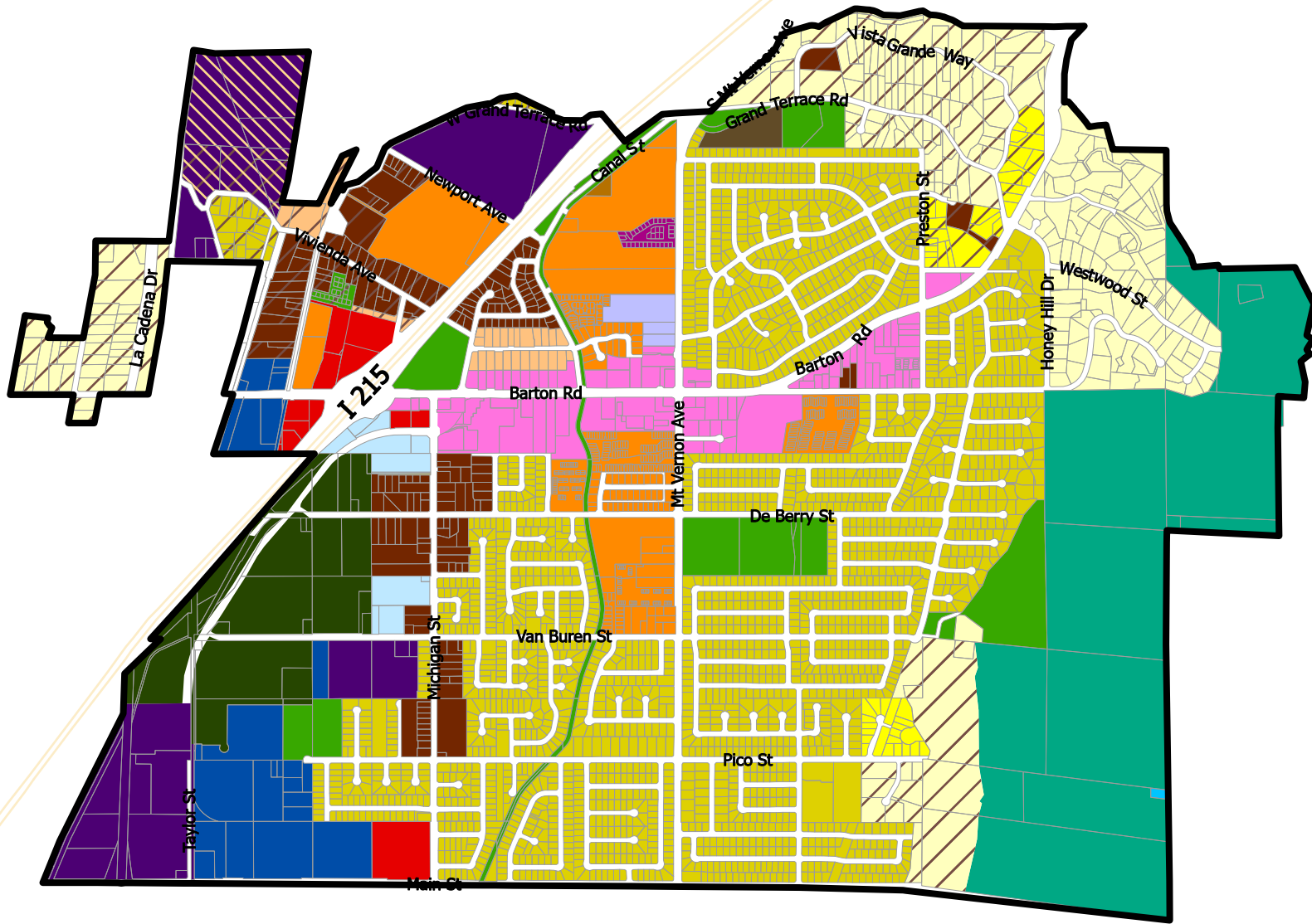
APPROVED AS TO FORM:

Adrian R. Guerra
City Attorney

EXHIBIT A

Legend

- RH - Hillside Single Family Residential
- R1-20 - Very Low Density Single Family Residential District
- R1-10 - Low Density Single Family Residential District
- R1-7.2 - Single Family Residential District
- R2-10 - Low Density Multiple Family Residential District
- R3-12 - Medium Density Multiple Family Residential District
- R3-20 - Medium High Density Multiple Family Residential District
- R3-40 - High Density Multiple Family Residential District
- AP - Administrative Professional Office District
- C2 - General Business District
- CM - Commercial Manufacturing District
- MR - Restricted Manufacturing District
- M2 - Industrial District
- PUB - Public Facilities District
- BMSP - Blue Mountain Specific Plan
- BMSVSP - Blue Mountain Senior Villas Specific Plan
- BRSP - Barton Road Specific Plan
- GBSP - Greenbriar Specific Plan
- GSP - Gateway at Grand Terrace Specific Plan
- AG: Agricultural Overlay District
- FP: Floodplain Overlay District



Legend

- RH - Hillside Single Family Residential
- R1-20 - Very Low Density Single Family Residential District
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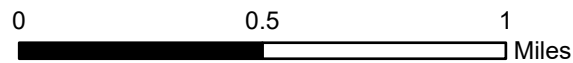
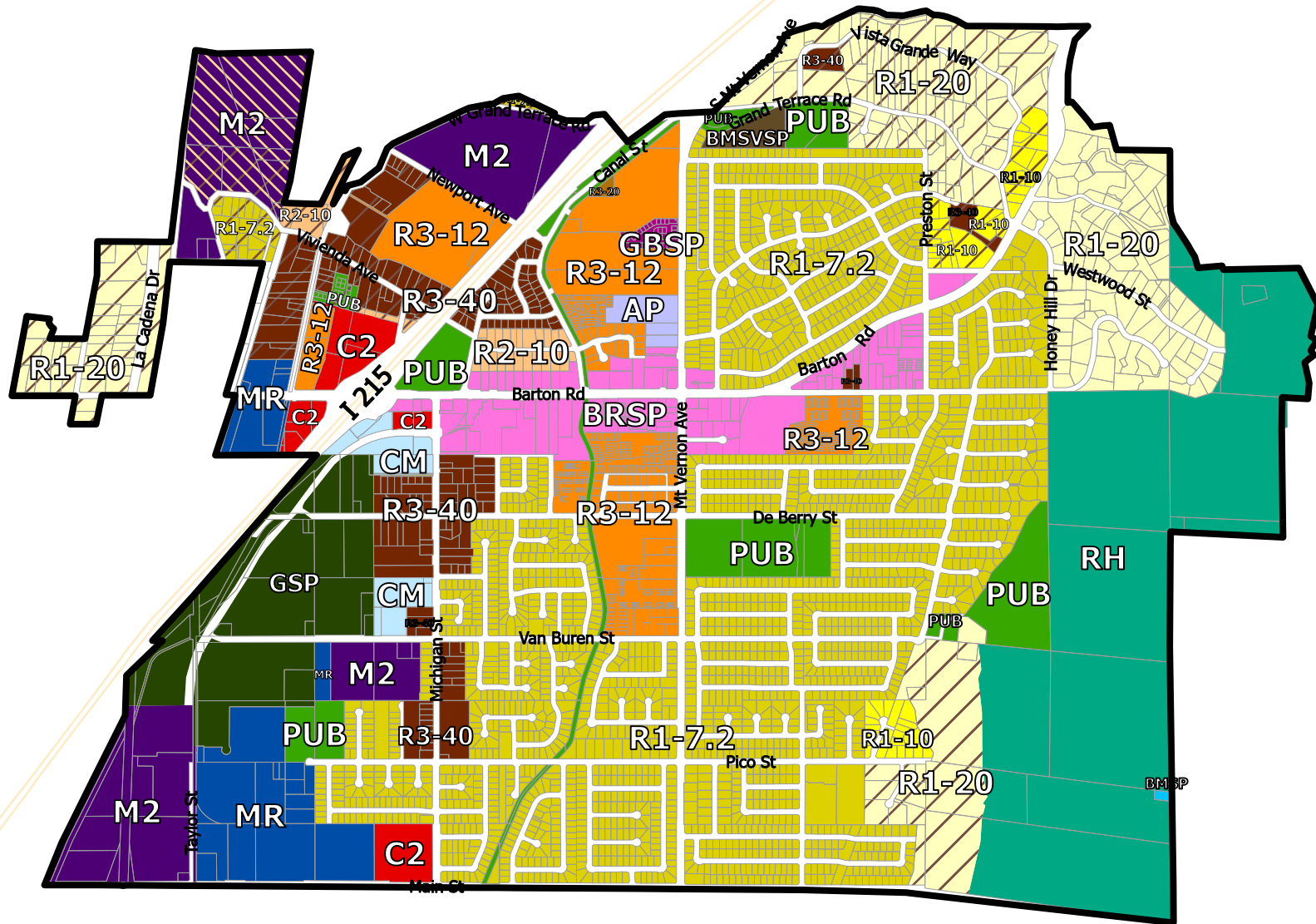


EXHIBIT B

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: _____

From: (Public Agency): _____

(Address)

Project Title: _____

Project Applicant: _____

Project Location - Specific:

Project Location - City: _____ Project Location - County: _____

Description of Nature, Purpose and Beneficiaries of Project:

Name of Public Agency Approving Project: _____

Name of Person or Agency Carrying Out Project: _____

Exempt Status: **(check one):**

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: _____
- Statutory Exemptions. State code number: _____

Reasons why project is exempt:

Lead Agency

Contact Person: _____ Area Code/Telephone/Extension: _____

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: _____ Title: _____

Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

EXHIBIT C

CITY OF GRAND TERRACE
City of Grand Terrace Multifamily Rezoning to Implement
the 2021-2029 Housing Element Project

SB 131
Statutory Exemption Report

Lead Agency:

City of Grand Terrace
22795 Barton Road
Grand Terrace, CA 92313
Contact: Scott Hutter
Phone: (909) 954-5176

Prepared by:

Michael Baker International
40810 County Center Dr #200
Temecula, CA 92591
Contact: Alicia Gonzalez
Alicia.gonzalez@mbakerintl.com
Phone: (909) 974-4933

March 2026



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- Attachment A Grand Terrace Rezone Sites
- Attachment B NRCS Soils Data



SB 131 STATUTORY EXEMPTION REPORT

This report serves as the environmental determination for the proposed Multifamily Rezoning to Implement the 2021-2029 Housing Element Project (project) for the City of Grand Terrace. The intent of the analysis is to document the project's eligibility as statutorily exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to Senate Bill (SB) 131. The report includes an introduction, project description, and evaluation of the project's consistency with the requirements to qualify for the SB 131 statutory exemption.

I. INTRODUCTION

SB 131 was signed into law on June 30, 2025, and adds new Section 21080.085 to the Public Resources Code to exempt rezoning actions that implement the schedule of actions contained in an approved housing element pursuant to subdivision (c) of Section 65583 of the Government Code. The exemption does not apply to:

- Rezoning actions allowing the construction of oil and gas infrastructure or a distribution center, as defined by Public Resources Code Sections 21064.8 and 21060.4, respectively.
- Rezoning actions allowing construction within any natural and protected lands, as defined by Public Resources Code Section 21067.5.

Public Resources Code Section 21064.8 defines “oil and gas infrastructure” as a facility used for the production, processing, transmission, storage, or distribution of petroleum or natural gas. Public Resources Code Section 21060.4 defines “distribution center” as a warehouse distribution center, as defined in Section 2100 of the Labor Code, that is 50,000 square feet or larger. Section IV of this report evaluates the project against the Public Resources Code Sections 21064.8 and 21060.4 definitions of oil and gas infrastructure and distribution center.

Public Resources Code Section 21067.5 defines “natural and protected lands” as follows:

- (a) The state park system, as described in Article 1 (commencing with Section 5001) of Chapter 1 of Division 5.*
- (b) A wilderness area, as defined in Section 5093.32.*
- (c) A marine protected area, as defined in Section 2852 of the Fish and Game Code.*
- (d) The national park system, as defined in Section 100102 of Title 54 of the United States Code.*
- (e) A national recreation area.*
- (f) A national monument.*
- (g) The national wild and scenic rivers system, as defined in Section 1273 of Title 16 of the United States Code.*
- (h) Any ecological reserve or wildlife management area acquired and managed by the Department of Fish and Wildlife pursuant to Article 2 (commencing with Section 1525) or Article 4 (commencing with Section 1580) of Chapter 5 of Division 2 of the Fish and Game Code.*



- (i) *A hazardous waste site that is listed pursuant to Section 65962.5 of the Government Code or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code, unless either of the following apply:*
 - (1) *The site is an underground storage tank site that received a uniform closure letter issued pursuant to subdivision (g) of Section 25296.10 of the Health and Safety Code based on closure criteria established by the State Water Resources Control Board for the use proposed by the project. This paragraph does not alter or change the conditions to remove a site from the list of hazardous waste sites listed pursuant to Section 65962.5 of the Government Code.*
 - (2) *The State Department of Public Health, State Water Resources Control Board, Department of Toxic Substances Control, or a local agency making a determination pursuant to subdivision (c) of Section 25296.10 of the Health and Safety Code has otherwise determined that the site is suitable for the use proposed by the project.*
- (j) *Within a regulatory floodway as determined by the Federal Emergency Management Agency in any official maps published by the Federal Emergency Management Agency, unless the development has received a no-rise certification in accordance with Section 60.3(d)(3) of Title 44 of the Code of Federal Regulations.*
- (k) *Lands under conservation easement.*
- (l) *On, or within a 300-foot radius of, a wetland, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).*
- (m) *An environmentally sensitive area within the coastal zone, as defined in Section 30107.5.*
- (n) *Lands identified for conservation in an adopted natural community conservation plan pursuant to the Natural Community Conservation Planning Act (Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code) or habitat conservation plan pursuant to the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), or other adopted natural resource protection plan.*
- (o) *Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the Government Code, or within the state responsibility area, as defined in Section 4102. This subdivision does not apply to sites that have adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development, including, but not limited to, standards established under all of the following provisions or their successor provisions:*
 - (1) *Section 4291 of this code or Section 51182 of the Government Code, as applicable.*
 - (2) *Section 4290.*
 - (3) *Chapter 7A (commencing with Section 701A.1) of Part 2 of Title 24 of the California Code of Regulations.*
- (p) *Either prime farmland or farmland of statewide importance, as defined pursuant to the United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation, or land zoned or designated for agricultural protection or preservation by a local ballot measure that was approved by the voters of that jurisdiction.*



Pursuant to Public Resources Code Section 21080.085, an SB 131 statutory exemption still applies to a rezoning that contains within its boundaries any natural and protected lands as defined pursuant to Section 21067.5 if those natural and protected lands are excluded from the rezoning. Section V of this report evaluates the project against the Public Resources Code Section 21067.5 definition of natural and protected lands.



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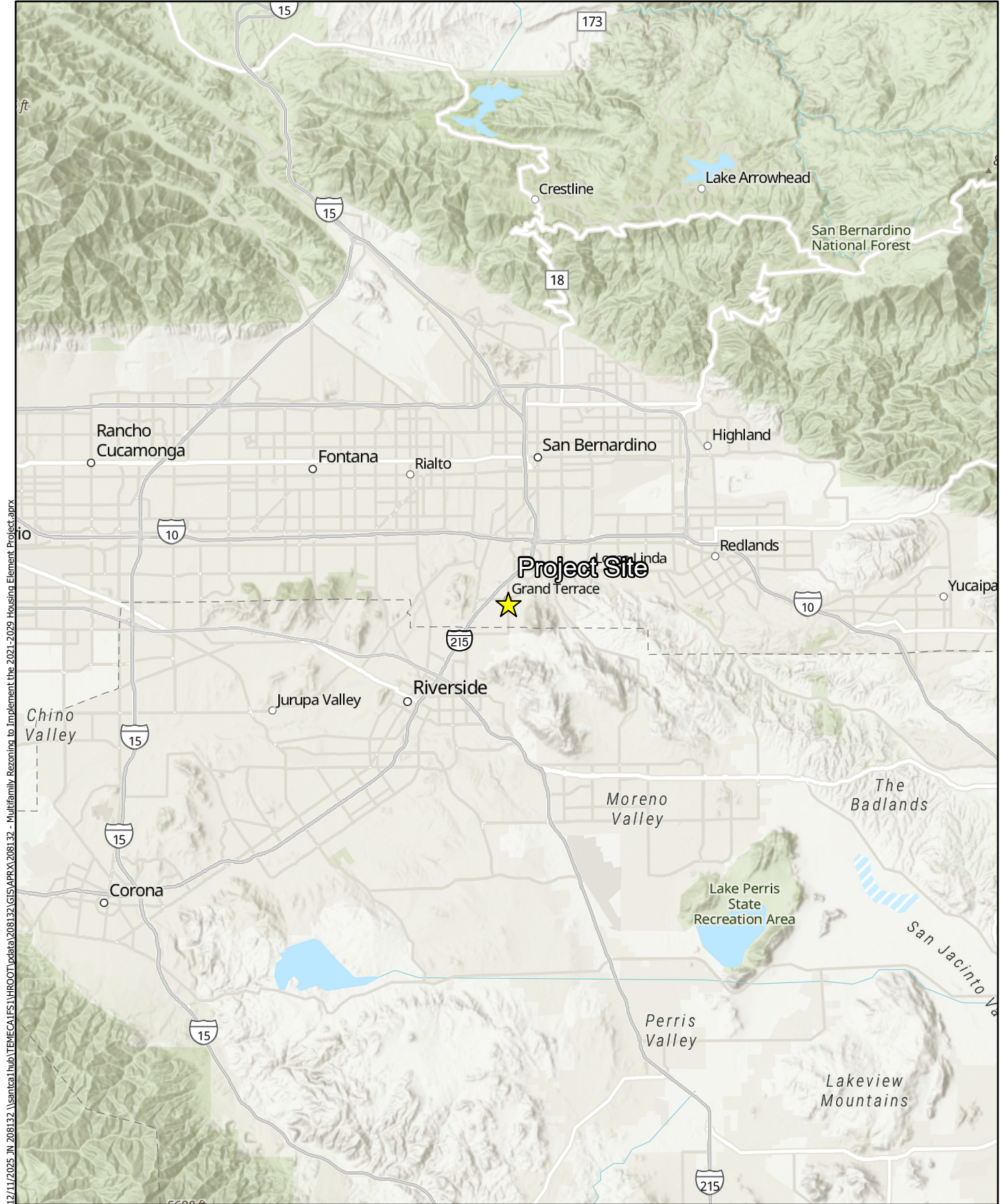
II. PROJECT LOCATION AND SETTING

Project Location

The City of Grand Terrace (City) is located along the southern border of San Bernardino County, adjacent to Riverside County; refer to [Exhibit 1, *Regional Vicinity*](#). The City is bounded to the north, east, and west by the City of Colton, and to the south by the unincorporated community of Highgrove in Riverside County. The City is approximately 3.6 square miles in size and has no external sphere of influence. Regional access to the City is provided by Interstate 215 (I-215).

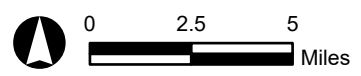
Existing Site Conditions

The City has identified a total of 191 sites for potential rezoning, totaling approximately 97 acres within the City boundary; refer to [Exhibit 2, *Local Vicinity*](#) and [Attachment A, *Grand Terrace Rezone Sites*](#). As identified in [Attachment A](#), the majority of the proposed rezone sites are built out as single-family residential uses. Other land uses, in order from most to least prevalent, include the following: multifamily residential; vacant; mobile homes and trailer parks; facilities; mixed residential; transportation, communication, and utilities; and commercial services.



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MULTIFAMILY REZONING TO IMPLEMENT THE 2021-2029 HOUSING ELEMENT PROJECT
 SB 131 STATUTORY EXEMPTION REPORT



Source: Esri, ArcGIS Online, City of Grand Terrace, San Bernardino County

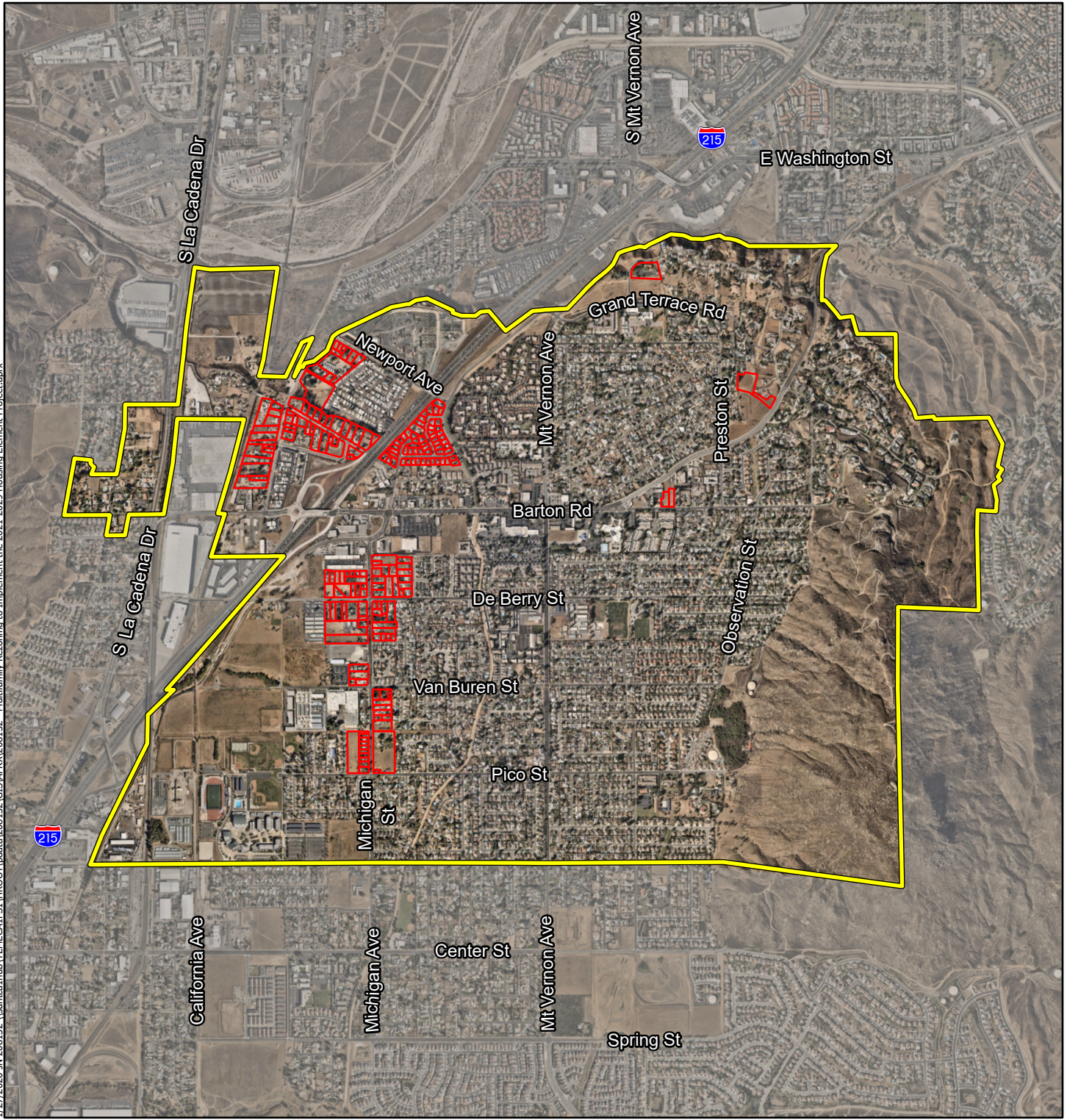
Regional Vicinity

Exhibit 1





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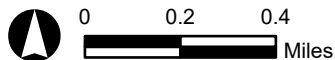
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Legend

-  City Boundary
-  Proposed Rezone Sites

MULTIFAMILY REZONING TO IMPLEMENT THE 2021-2029 HOUSING ELEMENT PROJECT
SB 131 STATUTORY EXEMPTION REPORT



Source: Esri, ArcGIS Online, City of Grand Terrace, San Bernardino County, 2026 Nearmap Imagery

Local Vicinity



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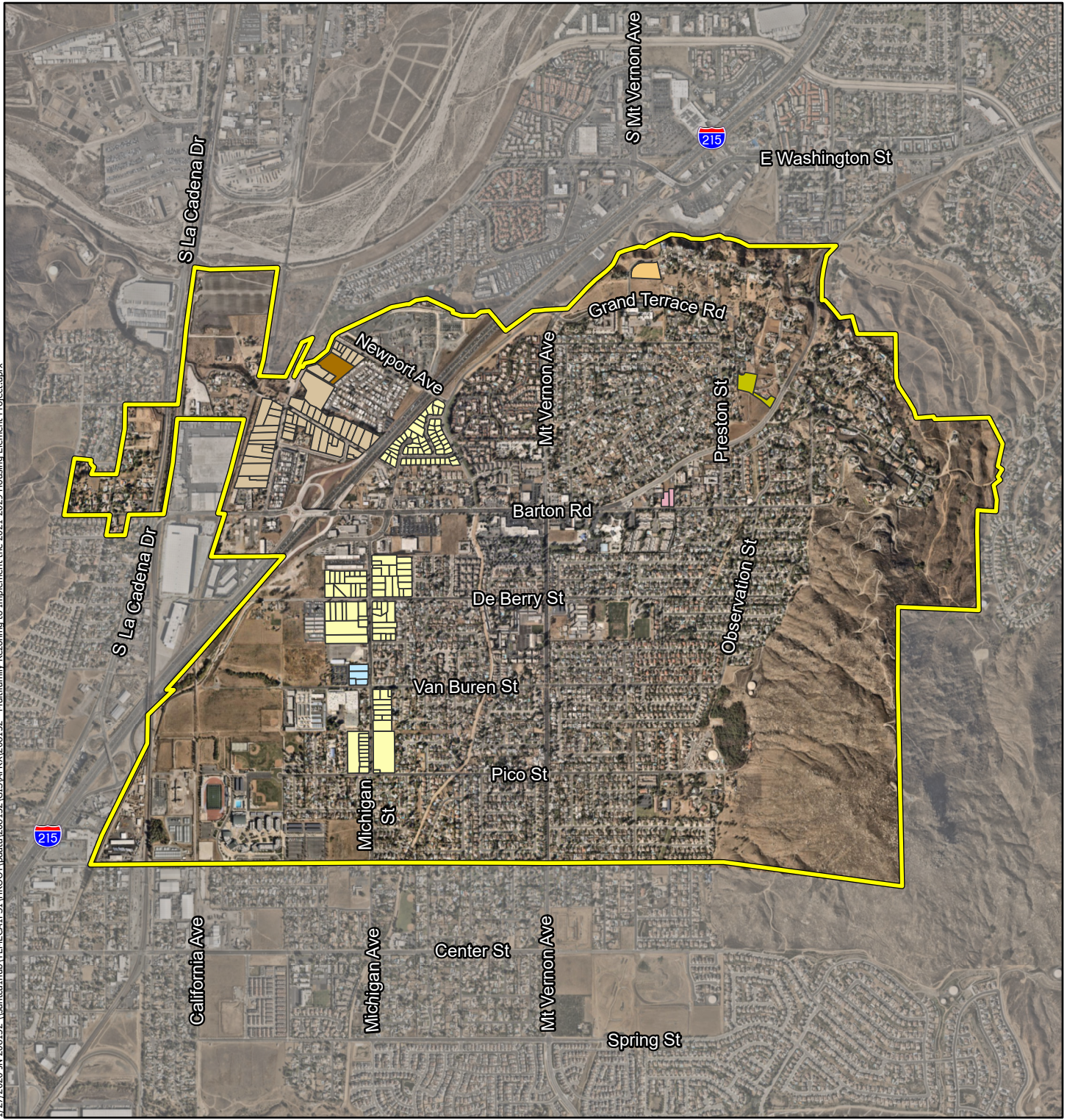


III. PROJECT DESCRIPTION

The proposed project would allow for the rezoning of approximately 97 acres of currently single-family or commercially zoned land in the City to allow for high-density residential development up to 40 dwelling units per acre (du/ac) for a maximum buildout of up to 3,880 residential units; refer to Exhibit 3, *Existing Zoning*, and Exhibit 4, *Proposed Zoning*. This would be accomplished through the creation of a new high-density multifamily zone, the High Density Multiple Family Residential District (R3-40). The R3-40 zone would be adopted with an amendment to the Land Use Element, Zoning Code, and Zoning and Land Use maps to incorporate and implement standards for an R3-40 zone at 40 du/ac. The R3-40 zone would also be adopted with Objective Design Standards to regulate new high-density residential development accommodated by the new zone. The City is only required to rezone 24 acres of land to meet the City's Regional Housing Needs Allocation (RHNA) requirement and achieve state housing element compliance. However, the City has committed to rezoning a total of 97 acres, consistent with the approved Housing Element. The rezoning to allow for high-density residential development at 40 du/ac in neighborhoods throughout the City would create more opportunities for housing development, particularly more affordable housing development, as well as creating additional opportunities for a variety of housing types.

All parcels included in the rezone areas meet the Southern California Association of Governments (SCAG) definition of infill. The parcels were intentionally selected as they consist of unused or underutilized lands within existing development patterns that are accessible to services. The areas selected for rezoning are primarily in the western area of the City. These areas are currently primarily single-family residential neighborhoods. Implementation of the proposed project would allow up to 40 du/ac in these rezone areas, thus promoting significant residential infill. Therefore, the project would increase opportunities for residents to walk or take transit for daily uses and reduce the overall vehicle miles traveled.

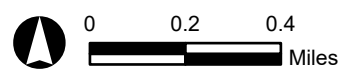
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Legend

- City Boundary
- Existing Zoning**
- Barton Road Specific Plan - Administrative Professional (BRSP-AP)
- Commercial Manufacturing District (CM)
- Low Density Single Family Residential District (R1-10)
- Low Medium Density Residential District (R2)
- Medium Density Residential District (R3)
- Single Family Residential District (R1-7.2)
- Very Low Density Single Family Residential District (R1-20)

MULTIFAMILY REZONING TO IMPLEMENT THE 2021-2029 HOUSING ELEMENT PROJECT
SB 131 STATUTORY EXEMPTION REPORT



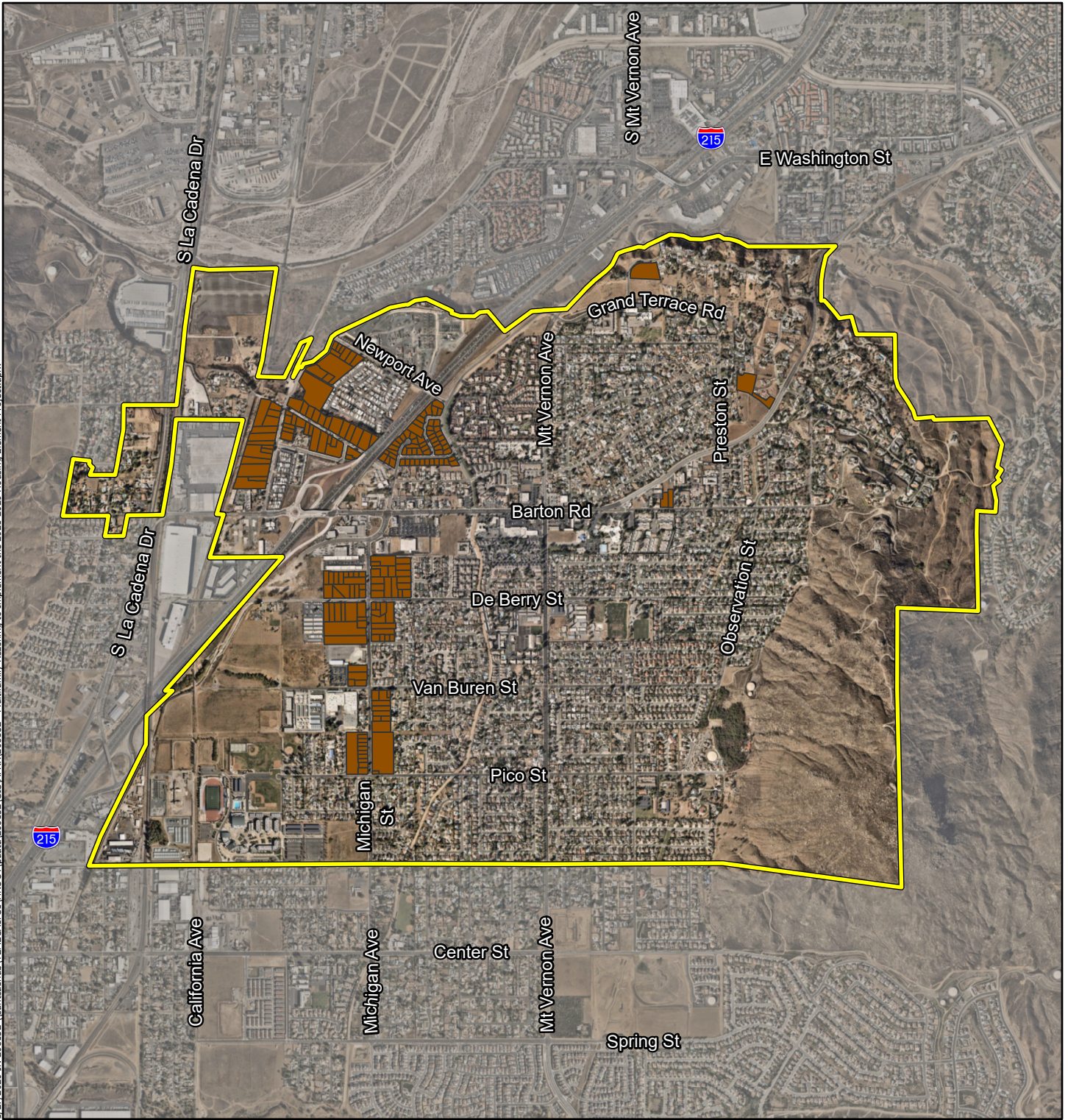
Source: Esri, ArcGIS Online, City of Grand Terrace, San Bernardino County, 2026 Nearmap Imagery

Existing Zoning




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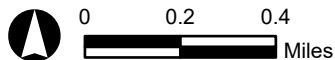


Legend

-  City Boundary
-  High Density Multiple Family Residential District (R3-40)

MULTIFAMILY REZONING TO IMPLEMENT THE 2021-2029 HOUSING ELEMENT PROJECT
SB 131 STATUTORY EXEMPTION REPORT

Michael Baker
INTERNATIONAL



Source: Esri, ArcGIS Online, City of Grand Terrace, San Bernardino County, 2026 Nearmap Imagery

Proposed Zoning

Exhibit 4



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IV. CONSTRUCTION OF OIL AND GAS INFRASTRUCTURE OR A DISTRIBUTION CENTER ANALYSIS

Public Resources Code Section 21064.8 defines “oil and gas infrastructure” as a facility used for the production, processing, transmission, storage, or distribution of petroleum or natural gas. Public Resources Code Section 21060.4 defines “distribution center” as a warehouse distribution center, as defined in Section 2100 of the Labor Code, that is 50,000 square feet or larger. As described in Section II, *Project Description*, the City of Grand Terrace Multifamily Rezoning to Implement the 2021-2029 Housing Element Project does not propose construction of an oil and gas infrastructure or distribution center project. The new high-density multifamily zone would be adopted with an amendment to the Land Use Element, Zoning Code, and Zoning and Land Use maps to incorporate and implement standards for an R3-40 zone at 40 du/ac. The R3-40 zone would also be adopted with Objective Design Standards to regulate new high-density residential development accommodated by the new zone. The new high-density multifamily zone and amendments to the Land Use Element and Zoning Code would not allow oil and gas infrastructure or distribution center uses. Thus, the project would not involve zoning actions allowing the construction of oil and gas infrastructure or a distribution center, as defined respectively by Public Resources Code Sections 21064.8 and 21060.4.



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V. NATURAL AND PROTECTED LANDS ANALYSIS

CRITERION (a) *The state park system, as described in Article 1 (commencing with Section 5001) of Chapter 1 of Division 5.*

There are not any state parks within or adjacent to the City.¹ The nearest state park is California Citrus State Historic Park, located approximately 11 miles southwest of the City in the City of Riverside. The proposed project location does not meet the criterion (a) definition of natural and protected lands in this regard.

CRITERION (b) *A wilderness area, as defined in Section 5093.32.*

The City is not located within or adjacent to any established wilderness areas.² The nearest wilderness area is the Cucamonga Wilderness, located over 15 miles northwest of the City. The proposed project location does not meet the criterion (b) definition of natural and protected lands in this regard.

CRITERION (c) *A marine protected area, as defined in Section 2852 of the Fish and Game Code.*

The City is located in San Bernardino County. San Bernardino County does not contain any lands that border the Pacific Ocean. Thus, there are no marine protected areas in San Bernardino County and subsequently the City.³ The proposed project location does not meet the criterion (c) definition of natural and protected lands in this regard.

CRITERION (d) *The national park system, as defined in Section 100102 of Title 54 of the United States Code.*

There are no national park systems, as defined in Section 100102 of Title 54 of the United States Code, within the City. The nearest designated national park is Joshua Tree National Park, located over 60 miles east of the City.⁴ The proposed project location does not meet the criterion (d) definition of natural and protected lands in this regard.

CRITERION (e) *A national recreation area.*

There are no national recreation areas within the City. The nearest designated national recreation area is the Santa Monica Mountains National Recreation Area, located over 60 miles northwest of the City.⁵ The proposed project location does not meet the criterion (e) definition of natural and protected lands in this regard.

¹ California State Parks, Park System Web Map, accessed November 25, 2025, https://www.parks.ca.gov/?page_id=862.

² United States Department of Agriculture Forest Service, Wilderness & Wild Scenic Rivers & Wilderness Study Areas, accessed November 25, 2025, https://data.fs.usda.gov/geodata/other_fs/wilderness/stateMap.php?stateID=CA.

³ California Department of Fish and Wildlife, "California Marine Protected Areas (MPAs)," accessed November 25, 2025, <https://wildlife.ca.gov/Conservation/Marine/MPAs#overview>.

⁴ National Park Service, *Map Finder*, accessed November 25, 2025, <https://www.nps.gov/planyourvisit/maps.htm>.

⁵ National Park Service, *Map Finder*, accessed November 25, 2025, <https://www.nps.gov/planyourvisit/maps.htm>.



CRITERION (f) *A national monument.*

There are no national monuments in the City. The nearest designated national monument is the Santa Rosa-San Jacinto Mountains National Monument, located approximately 59 miles southeast of the City.⁶ The proposed project location does not meet the criterion (f) definition of natural and protected lands in this regard.

CRITERION (g) *The national wild and scenic rivers system, as defined in Section 1273 of Title 16 of the United States Code.*

There are no national wild and scenic rivers system, as defined in Section 1273 of Title 16 of the United States Code, in the City. The nearest national wild and scenic rivers system is the North Fork San Jacinto River in the San Jacinto Mountains, located approximately 36 miles southwest of the City.⁷ The proposed project location does not meet the criterion (g) definition of natural and protected lands in this regard.

CRITERION (h) *Any ecological reserve or wildlife management area acquired and managed by the Department of Fish and Wildlife pursuant to Article 2 (commencing with Section 1525) or Article 4 (commencing with Section 1580) of Chapter 5 of Division 2 of the Fish and Game Code.*

There are no ecological reserves or wildlife management areas acquired and managed by the Department of Fish and Wildlife pursuant to Article 2 (commencing with Section 1525) or Article 4 (commencing with Section 1580) of Chapter 5 of Division 2 of the Fish and Game Code in the City. The nearest ecological reserve area is the Sycamore Canyon Ecological Reserve, located approximately 8 miles south of the City.⁸ The nearest wildlife management area is the San Jacinto Wildlife Area, located approximately 13 miles southeast of the City.⁹ The proposed project location does not meet the criterion (h) definition of natural and protected lands in this regard.

CRITERION (i) *A hazardous waste site that is listed pursuant to Section 65962.5 of the Government Code or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code, unless either of the following apply:*

1. *The site is an underground storage tank site that received a uniform closure letter issued pursuant to subdivision (g) of Section 25296.10 of the Health and Safety Code based on closure criteria established by the State Water Resources Control Board for the use proposed by the project. This paragraph does not alter or change the conditions to remove*

⁶ National Park Service, *Map Finder*, accessed November 25, 2025, <https://www.nps.gov/planyourvisit/maps.htm>.

⁷ National Park Service, *Interactive Map of NPS Wild and Scenic Rivers*, accessed November 25, 2025, <https://www.nps.gov/orgs/1912/plan-your-visit.htm>.

⁸ California Department of Fish and Wildlife, *Lands Viewer*, accessed November 25, 2025, <https://apps.wildlife.ca.gov/lands/>.

⁹ California Department of Fish and Wildlife, *Lands Viewer*, accessed November 25, 2025, <https://apps.wildlife.ca.gov/lands/>.



a site from the list of hazardous waste sites listed pursuant to Section 65962.5 of the Government Code.

2. *The State Department of Public Health, State Water Resources Control Board, Department of Toxic Substances Control, or a local agency making a determination pursuant to subdivision (c) of Section 25296.10 of the Health and Safety Code has otherwise determined that the site is suitable for the use proposed by the project.*

Government Code Section 65962.5 requires the Department of Toxic Substances Control (DTSC) and State Water Resources Control Board (SWRCB) to compile and update a regulatory sites list (pursuant to the criteria of the section), known as the “Cortese List.” The California Department of Public Health is also required to compile and update, as appropriate, a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis pursuant to Health and Safety Code Section 116395. Government Code Section 65962.5 requires the local enforcement agency, as designated pursuant to Section 18051 of Title 14 of the California Code of Regulations, to compile, as appropriate, a list of all solid waste disposal facilities from which there is a known migration of hazardous waste.

Health and Safety Code Section 25356 mandates that the DTSC compile and annually update a list of hazardous substance release sites subject to response actions under the California Hazardous Waste and Substance Reclamation Act. This list, included as part of the Cortese List, identifies sites requiring cleanup and is used to prioritize and manage response actions to protect human health and the environment.

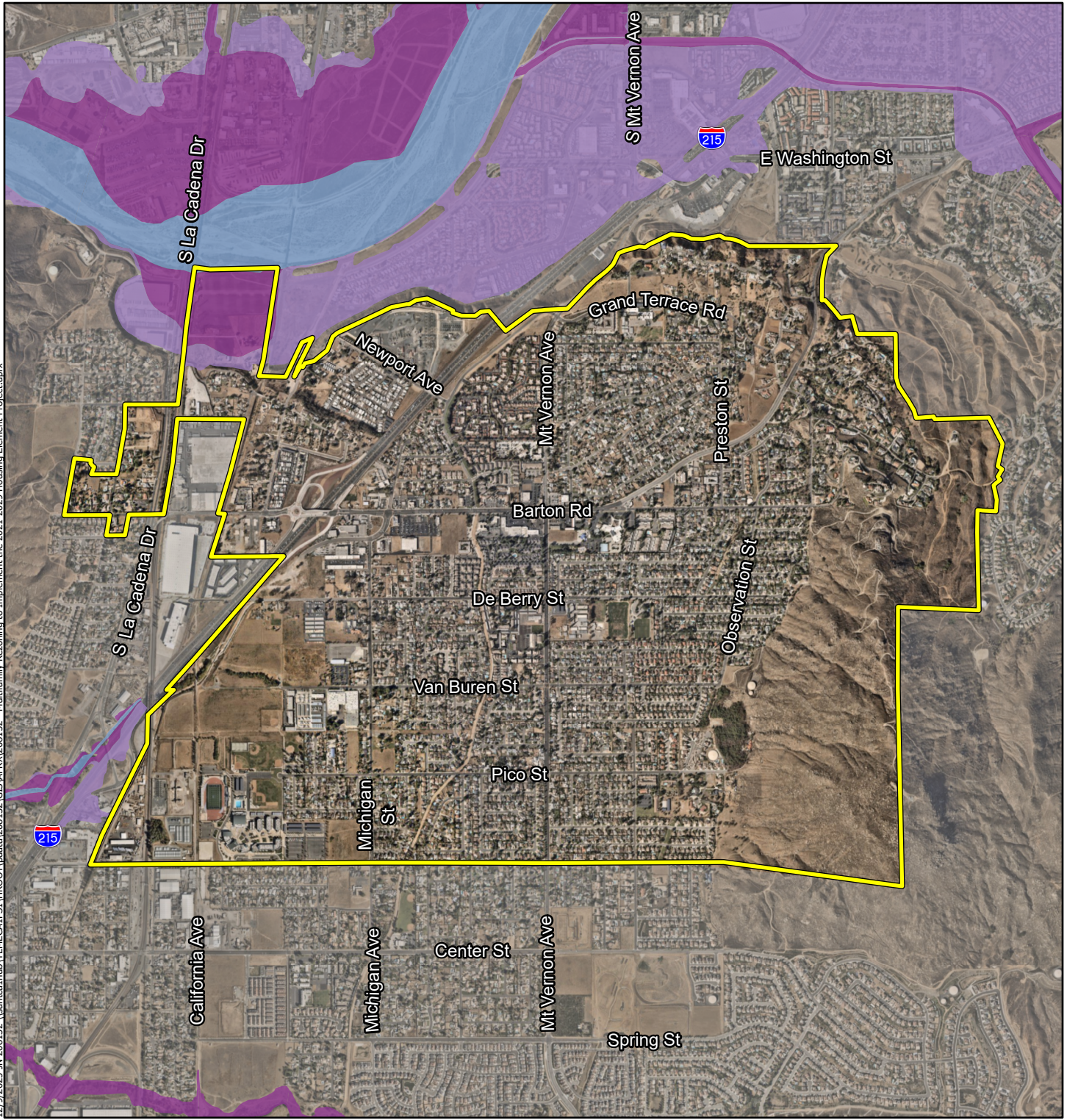
A records search of the California Environmental Protection Agency (EPA) Cortese List Data Resources revealed that no open cases of hazardous waste sites exist within the City.¹⁰ However, there are five leaking underground storage tanks (LUST) cleanup sites within the City that are identified as closed and completed, indicating no further regulatory actions are required. All five sites are located along Barton Road east of I-215. None of the closed and completed LUST sites are located on or adjacent to the proposed rezone sites. The proposed project location does not meet the criterion (i) definition of natural and protected lands in this regard.

CRITERION (j) *Within a regulatory floodway as determined by the Federal Emergency Management Agency in any official maps published by the Federal Emergency Management Agency, unless the development has received a no-rise certification in accordance with Section 60.3(d)(3) of Title 44 of the Code of Federal Regulations.*





There are portions of the City located within a Special Flood Hazard Area (SFHA) as defined by the Federal Emergency Management Agency (FEMA); refer to Exhibit 5, Grand Terrace Special Flood Hazard Area. These areas are located in the northwest portion of the City. However, none of the proposed rezone sites are located within an SFHA. The proposed project location does not meet the criterion (j) definition of natural and protected lands in this regard.

¹⁰ California Environmental Protection Agency, “Cortese List Data Resources,” accessed November 25, 2025, <https://calepa.ca.gov/sitecleanup/corteselist/>.

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Legend

-  City Boundary
- Special Flood Hazard Areas (FEMA)**
-  1% Annual Chance Flood Hazard
-  0.2% Annual Chance Flood Hazard
-  Regulatory Floodway

MULTIFAMILY REZONING TO IMPLEMENT THE 2021-2029 HOUSING ELEMENT PROJECT
SB 131 STATUTORY EXEMPTION REPORT



Grand Terrace Special Flood Hazard Area

Source: Esri, ArcGIS Online, City of Grand Terrace, San Bernardino County, 2025 Nearmap Imagery

Exhibit 5



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CRITERION (k) *Lands under conservation easement.*

There are no conservation easements within the City.¹¹ According to the National Conservation Easement Database, the nearest conservation easements are located approximately 2 miles south of Grand Terrace in the unincorporated Riverside County community of Highgrove. These lands are managed by the Rivers and Lands Conservancy and the Riverside County Regional Conservation Authority. The proposed project location does not meet the criterion (k) definition of natural and protected lands in this regard.

CRITERION (l) *On, or within a 300-foot radius of, a wetland, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).*

The United States Fish and Wildlife (USFWS) Service Manual, Part 660 FW 2 (June 21, 1993) defines wetlands as: “lands transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. For purposes of this classification, wetlands must have one or more of the following three attributes:

1. at least periodically, the land supports predominantly hydrophytes (plants specifically adapted to live in wetlands);
2. the substrate is predominantly undrained hydric (wetland) soil; and
3. the substrate is nonsoil and is saturated with water or covered by shallow water at some time during the growing season of each year.”

As shown in Exhibit 6, USFWS National Wetlands Inventory Map, some of the proposed rezone sites in the northwestern portion of the City are mapped by the USFWS National Wetlands Inventory as being within a 300-foot radius of wetlands.

The USFWS National Wetlands Inventory is based on historical mapping that is updated periodically and is not considered as accurate as field mapping. To determine the accuracy of the USFWS National Wetlands Inventory mapping on the proposed rezone sites in the northwestern portion of the City, Michael Baker’s regulatory permitting specialists reviewed the sites against the USFWS Service Manual, Part 660 FW 2 definition for wetlands. First, the Natural Resources Conservation Service (NRCS) soils data was reviewed to determine if hydric (wetland) soil units have been mapped for the proposed rezone sites and a 300-foot radius. The following soils are mapped in this portion of the City: Greenfield sandy loam, Hanford coarse sandy loam, and Ramona sandy loam; refer to Attachment B, NRCS Soils Data. Based on a review of the NRCS soils data for the proposed rezone sites, there are no mapped hydric (wetland) soils on or within a 300-foot radius of the proposed rezone sites. Thus, the proposed rezone sites do not satisfy the USFWS wetlands definition attribute of supporting a substrate that is predominantly undrained hydric (wetland) soil. USFWS wetland attribute 2 is not satisfied in this regard.

¹¹ National Conservation Easement Database, NCED Planning Application, accessed November 25, 2025, <https://site.tplgis.org/NCED/planningapp/>.



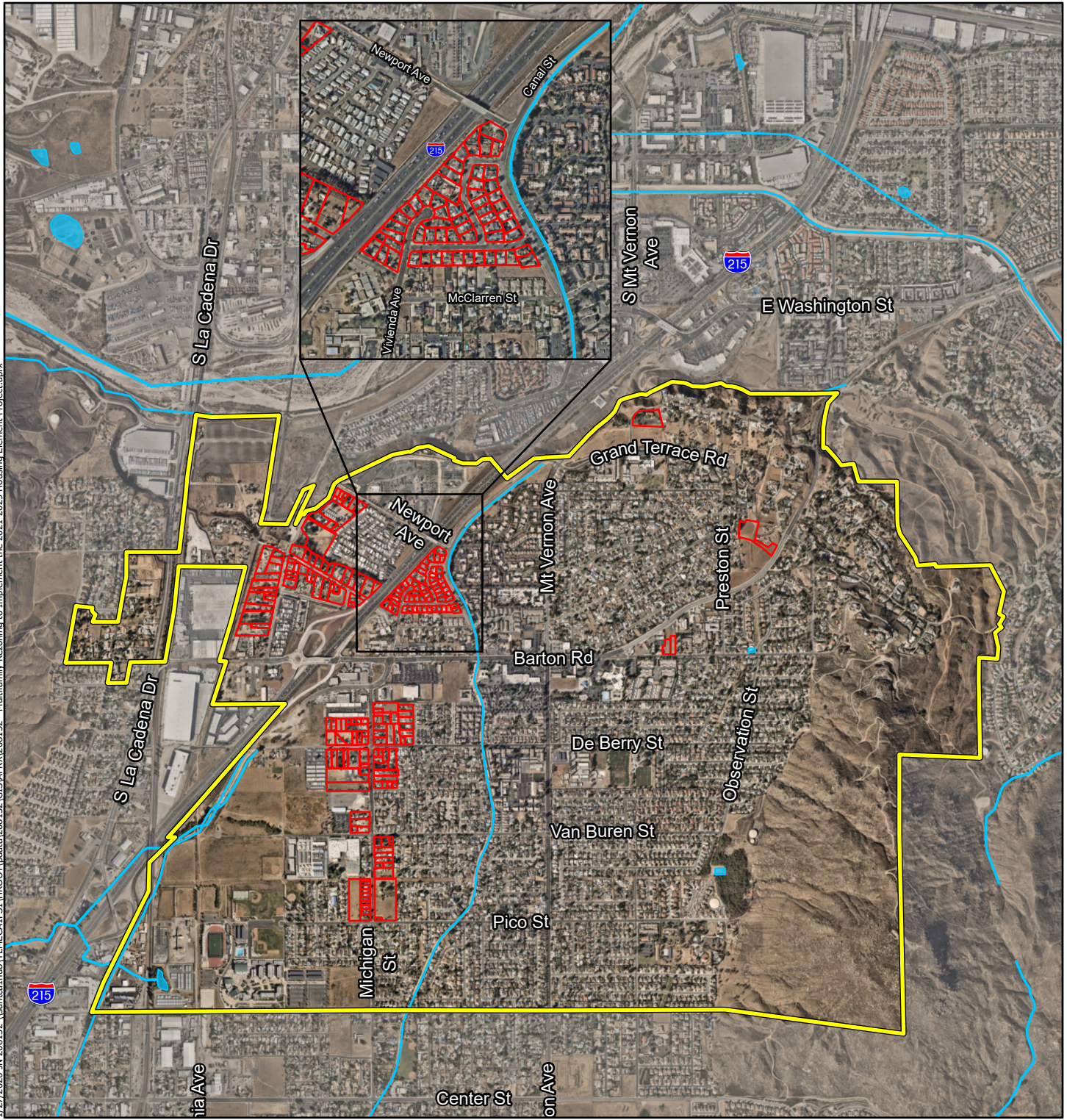
Due to a lack of hydric soils, the likelihood of hydrophytes being dominant is considered very low. Thus, the proposed rezone sites do not satisfy the USFWS wetlands definition attribute of periodically supporting hydrophytes (plants specifically adapted to live in wetlands). USFWS wetland attribute 1 is not satisfied in this regard.

Further, review of the NRCS soil data for the sites and a 300-foot radius indicates the depth to the water table listed for the soil units present is more than 80 inches, indicating a deep water table. Nonsoil substrate at the proposed rezone sites would be organic matter that has accumulated over time on top of the soil layer(s). However, soils at and within a 300-foot radius of the proposed rezone sites are non-hydric and are mapped as well-drained soils with a deep water table. Thus, the proposed rezone sites do not satisfy the USFWS wetlands definition attribute of containing nonsoil substrates that are saturated with water or covered by shallow water at some time during the growing season of each year. USFWS wetland attribute 3 is not satisfied in this regard.




Accordingly, Michael Baker regulatory permitting specialists have concluded that water features mapped for the proposed rezone sites do not meet the USFWS Service Manual, Part 660 FW 2 definition of wetlands based on their nonhydric soil type (USFWS wetland attribute 2), very low likelihood of supporting hydrophytes (USFWS wetland attribute 1), and presence of a deep water table (USFWS wetland attribute 3). Rather, the mapped water features near the proposed rezone sites appear to be ephemeral/intermittent drainages. For this reason, the proposed rezone sites are not located on, or within a 300-foot radius of, a wetland, as defined in the USFWS Service Manual, Part 660 FW 2.

The proposed project location does not meet the criterion (l) definition of natural and protected lands in this regard.

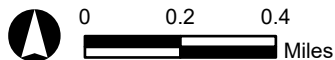
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Legend

-  City Boundary
-  Proposed Rezone Sites
-  Wetlands

MULTIFAMILY REZONING TO IMPLEMENT THE 2021-2029 HOUSING ELEMENT PROJECT
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USFWS National Wetlands Inventory Map

Source: Esri, ArcGIS Online, USFWS, City of Grand Terrace, San Bernardino County, 2026 Nearmap Imagery



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CRITERION (m) *An environmentally sensitive area within the coastal zone, as defined in Section 30107.5.*

According to the California Coastal Commission Coastal Zone Boundary, the City is not located within a coastal zone, as defined in Section 30107.5.¹² Accordingly, the proposed project areas are not located within an environmentally sensitive area within the coastal zone. The proposed project location does not meet the criterion (m) definition of natural and protected lands in this regard.

CRITERION (n) *Lands identified for conservation in an adopted natural community conservation plan pursuant to the Natural Community Conservation Planning Act (Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code) or habitat conservation plan pursuant to the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), or other adopted natural resource protection plan.*

There are currently 17 approved natural community conservation plans (NCCPs) (including six subarea plans) within the state of California. There are no adopted NCCPs in San Bernardino County.¹³ Further, the City does not fall within the boundaries of any habitat conservation plans pursuant to the Endangered Species Act of 1973. The proposed project location does not meet the criterion (n) definition of natural and protected lands in this regard.

CRITERION (o) *Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the Government Code, or within the state responsibility area, as defined in Section 4102. This subdivision does not apply to sites that have adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development, including, but not limited to, standards established under all of the following provisions or their successor provisions:*

- (1) *Section 4291 of this code or Section 51182 of the Government Code, as applicable.*
- (2) *Section 4290.*
- (3) *Chapter 7A (commencing with Section 701A.1) of Part 2 of Title 24 of the California Code of Regulations.*

As depicted in Exhibit 7, Fire Hazard Severity Zones, there are very high fire hazard severity zones along the eastern boundary of the City. One of the proposed rezone sites (Assessor's Parcel Number 0276-411-27) is partially located in the very high fire hazard severity zone area. The parcel is approximately 1.7 acres in size. As shown in Exhibit 7, the northeast portion of the proposed rezone site is within the very high fire hazard severity zone. However, the Objective Design Standards proposed would prohibit development within a very high fire hazard severity zone, as determined by the Department

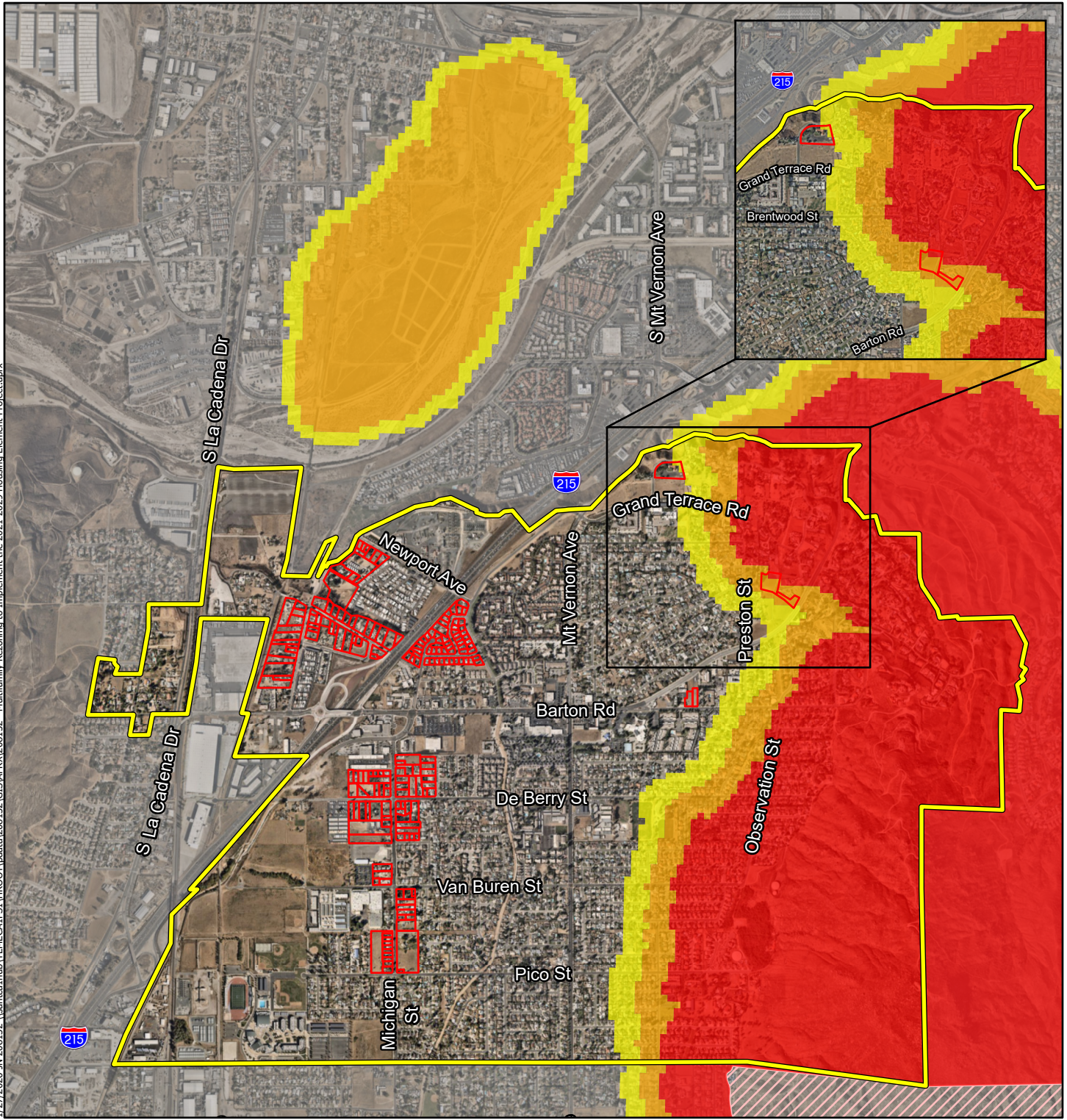
¹² California Coastal Commission, Coastal Zone Boundary, accessed December 1, 2025, <https://california-coastal-commission-open-data-1-3-coastalcomm.hub.arcgis.com>.

¹³ California Department of Fish and Wildlife, *Summary of Natural Community Conservation Plans (NCCPs)*, October 2023.



of Forestry and Fire Protection pursuant to Government Code Section 51178. Further, future development in the any fire hazard severity zone area would be required to comply with the standards of Chapter 7A of the California Building Code relating to fire-resistant construction. Pursuant to Public Resources Code Section 21080.085, an SB 131 statutory exemption still applies to a rezoning that contains within its boundaries any natural and protected lands as defined pursuant to Section 21067.5 if those natural and protected lands are excluded from the rezoning. Since the Objective Design Standards explicitly exclude these lands from future development, and future development would be required to comply with standards of Chapter 7A of the California Building Code relating to fire-resistant construction, the proposed project location does not meet the criterion (o) definition of natural and protected lands in this regard.

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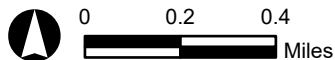
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|-----------------------|--|--|
| City Boundary | Fire Hazard Severity Zones in Local Responsibility Area | Fire Hazard Severity Zones in State Responsibility Area |
| Proposed Rezone Sites | Very High | Very High |
| | High | Other Jurisdictions |
| | Moderate | |

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Fire Hazard Severity Zones

Michael Baker
INTERNATIONAL



Source: Esri, ArcGIS Online, California Department of Forestry and Fire Protection, City of Grand Terrace, San Bernardino County, 2026 Nearmap Imagery

Exhibit 7



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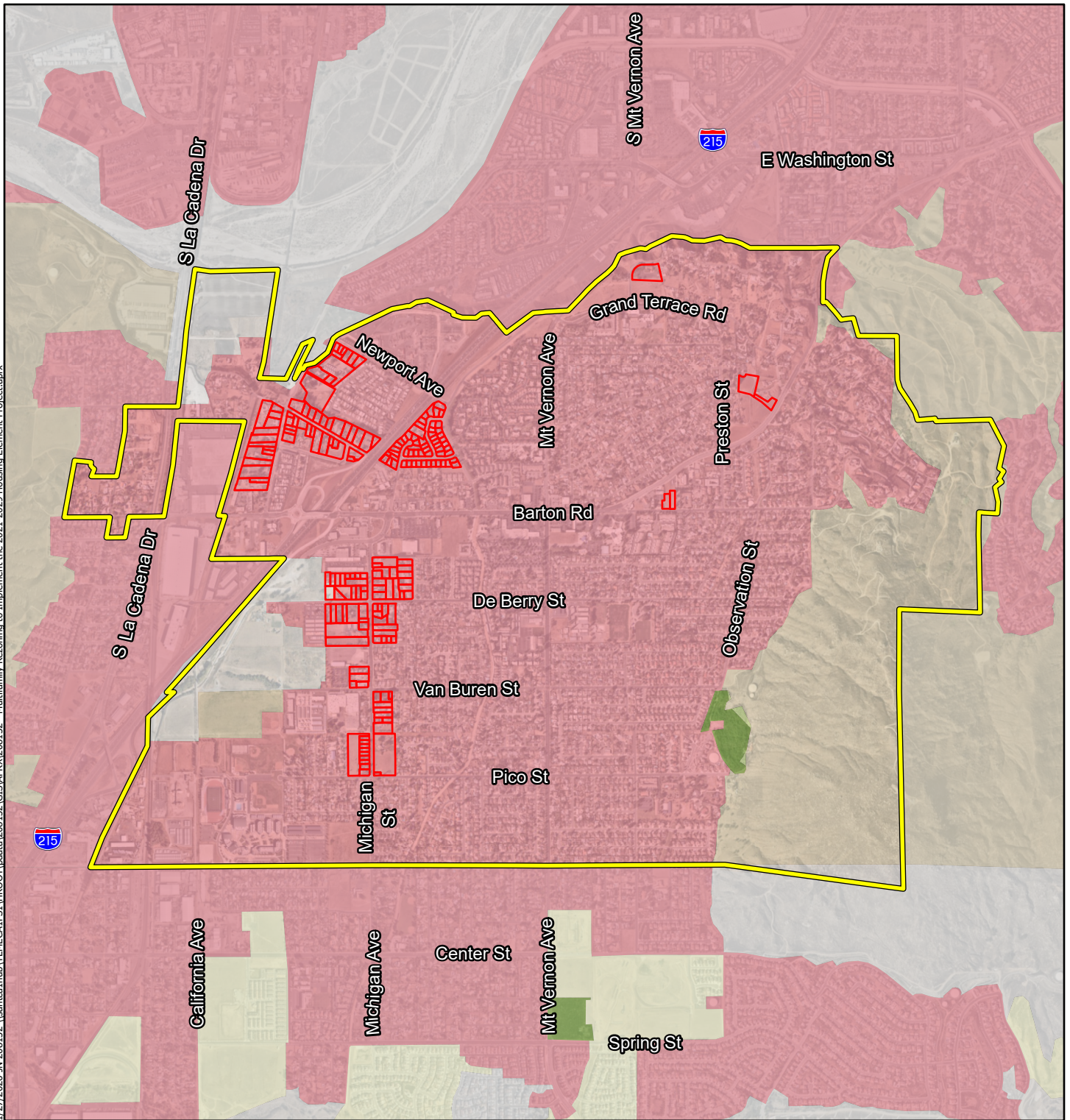


CRITERION (p) *Either prime farmland or farmland of statewide importance, as defined pursuant to the United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation, or land zoned or designated for agricultural protection or preservation by a local ballot measure that was approved by the voters of that jurisdiction.*

According to the California Department of Conservation, all of the proposed rezone sites are classified as Urban and Built Up Land and are therefore not classified as prime farmland or farmland of statewide importance; refer to Exhibit 8, *Grand Terrace Important Farmland Map*.¹⁴ The proposed project location does not meet the criterion (p) definition of natural and protected lands in this regard.

¹⁴ Department of Conservation, *California Important Farmland Finder*, <https://maps.conservation.ca.gov/dlrp/ciff/>, accessed January 29, 2025.

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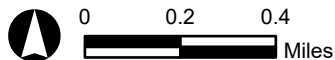


Legend

City Boundary	California Important Farmland	Farmland of Local Importance
Proposed Rezone Sites	Prime Farmland	Other Land
	Unique Farmland	Urban and Built-Up Land
	Grazing Land	

MULTIFAMILY REZONING TO IMPLEMENT THE 2021-2029 HOUSING ELEMENT PROJECT
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Michael Baker
INTERNATIONAL



Grand Terrace Important Farmland Map

Source: Esri, ArcGIS Online, California Department of Conservation, City of Grand Terrace, San Bernardino County, 2026 Nearmap Imagery

Exhibit 8



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VI. CONCLUSION

Based on this analysis, the proposed project meets all criteria for an SB 131 Statutory Exemption pursuant to Public Resources Code Section 21080.085. The project would not involve zoning actions allowing the construction of oil and gas infrastructure or a distribution center, as defined by Public Resources Code Sections 21064.8 and 21060.4, respectively. Further, the project is not located within natural and protected lands, as defined by Public Resources Code Section 21067.5. Therefore, the lead agency (the City of Grand Terrace) is not precluded from statutorily exempting the proposed project from CEQA pursuant to Public Resources Code Section 21080.085.



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VII. REFERENCES

- California Coastal Commission, Coastal Zone Boundary, accessed December 1, 2025, <https://california-coastal-commission-open-data-1-3-coastalcomm.hub.arcgis.com>.
- California Department of Fish and Wildlife, “California Marine Protected Areas (MPAs),” accessed November 25, 2025, <https://wildlife.ca.gov/Conservation/Marine/MPAs#overview>.
- California Department of Fish and Wildlife, *Summary of Natural Community Conservation Plans (NCCPs)*, October 2023.
- California Department of Fish and Wildlife, Lands Viewer, accessed November 25, 2025, <https://wildlife.ca.gov/Lands/Places-to-Visit#lands-viewer>.
- California Environmental Protection Agency, Cortese List Data Resources, accessed November 25, 2025, <https://calepa.ca.gov/sitecleanup/corteselist>.
- California State Parks, Park System Web Map, accessed November 25, 2025, https://www.parks.ca.gov/?page_id=862.
- Department of Conservation, *California Important Farmland Finder*, <https://maps.conservation.ca.gov/dlrp/ciff/>, accessed January 29, 2025.
- National Conservation Easement Database, NCED Planning Application, accessed November 25, 2025, <https://site.tplgis.org/NCED/planningapp/>.
- National Park Service, Interactive Map of NPS Wild and Scenic Rivers, accessed November 25, 2025, <https://www.nps.gov/orgs/1912/plan-your-visit.htm>.
- National Park Service, Map Finder, accessed November 25, 2025, <https://www.nps.gov/planyourvisit/maps.htm>.
- United States Department of Agriculture Forest Service, Wilderness & Wild Scenic Rivers & Wilderness Study Areas, accessed November 25, 2025, https://data.fs.usda.gov/geodata/other_fs/wilderness/stateMap.php?stateID=CA.

Map Unit Description

The map units delineated on the detailed soil maps in a soil survey represent the soils or miscellaneous areas in the survey area. The map unit descriptions in this report, along with the maps, can be used to determine the composition and properties of a unit.

A map unit delineation on a soil map represents an area dominated by one or more major kinds of soil or miscellaneous areas. A map unit is identified and named according to the taxonomic classification of the dominant soils. Within a taxonomic class there are precisely defined limits for the properties of the soils. On the landscape, however, the soils are natural phenomena, and they have the characteristic variability of all natural phenomena. Thus, the range of some observed properties may extend beyond the limits defined for a taxonomic class. Areas of soils of a single taxonomic class rarely, if ever, can be mapped without including areas of other taxonomic classes. Consequently, every map unit is made up of the soils or miscellaneous areas for which it is named, soils that are similar to the named components, and some minor components that differ in use and management from the major soils.

Most of the soils similar to the major components have properties similar to those of the dominant soil or soils in the map unit, and thus they do not affect use and management. These are called noncontrasting, or similar, components. They may or may not be mentioned in a particular map unit description. Some minor components, however, have properties and behavior characteristics divergent enough to affect use or to require different management. These are called contrasting, or dissimilar, components. They generally are in small areas and could not be mapped separately because of the scale used. Some small areas of strongly contrasting soils or miscellaneous areas are identified by a special symbol on the maps. If included in the database for a given area, the contrasting minor components are identified in the map unit descriptions along with some characteristics of each. A few areas of minor components may not have been observed, and consequently they are not mentioned in the descriptions, especially where the pattern was so complex that it was impractical to make enough observations to identify all the soils and miscellaneous areas on the landscape.

The presence of minor components in a map unit in no way diminishes the usefulness or accuracy of the data. The objective of mapping is not to delineate pure taxonomic classes but rather to separate the landscape into landforms or landform segments that have similar use and management requirements. The delineation of such segments on the map provides sufficient information for the development of resource plans. If intensive use of small areas is planned, however, onsite investigation is needed to define and locate the soils and miscellaneous areas.

An identifying symbol precedes the map unit name in the map unit descriptions. Each description includes general facts about the unit and gives important soil properties and qualities.

Soils that have profiles that are almost alike make up a *soil series*. All the soils of a series have major horizons that are similar in composition, thickness, and arrangement. Soils of a given series can differ in texture of the surface layer, slope, stoniness, salinity, degree of erosion, and other characteristics that affect their use. On the basis of such differences, a soil series is divided into *soil phases*. Most of the areas shown on the detailed soil maps are phases of soil series. The name of a soil phase commonly indicates a feature that affects use or management. For example, Alpha silt loam, 0 to 2 percent slopes, is a phase of the Alpha series.

Some map units are made up of two or more major soils or miscellaneous areas. These map units are complexes, associations, or undifferentiated groups.

A *complex* consists of two or more soils or miscellaneous areas in such an intricate pattern or in such small areas that they cannot be shown separately on the maps. The pattern and proportion of the soils or miscellaneous areas are somewhat similar in all areas. Alpha-Beta complex, 0 to 6 percent slopes, is an example.

An *association* is made up of two or more geographically associated soils or miscellaneous areas that are shown as one unit on the maps. Because of present or anticipated uses of the map units in the survey area, it was not considered practical or necessary to map the soils or miscellaneous areas separately. The pattern and relative proportion of the soils or miscellaneous areas are somewhat similar. Alpha-Beta association, 0 to 2 percent slopes, is an example.

An *undifferentiated group* is made up of two or more soils or miscellaneous areas that could be mapped individually but are mapped as one unit because similar interpretations can be made for use and management. The pattern and proportion of the soils or miscellaneous areas in a mapped area are not uniform. An area can be made up of only one of the major soils or miscellaneous areas, or it can be made up of all of them. Alpha and Beta soils, 0 to 2 percent slopes, is an example.

Some surveys include *miscellaneous areas*. Such areas have little or no soil material and support little or no vegetation. Rock outcrop is an example.

Additional information about the map units described in this report is available in other soil reports, which give properties of the soils and the limitations, capabilities, and potentials for many uses. Also, the narratives that accompany the soil reports define some of the properties included in the map unit descriptions.

San Bernardino County Southwestern Part, California

GtC—Greenfield sandy loam, 2 to 9 percent slopes

Map Unit Setting

National map unit symbol: hck0

Elevation: 100 to 3,500 feet

Mean annual precipitation: 9 to 20 inches

Mean annual air temperature: 63 degrees F

Frost-free period: 200 to 300 days

Farmland classification: Prime farmland if irrigated

Map Unit Composition

Greenfield and similar soils: 85 percent

Minor components: 15 percent

Estimates are based on observations, descriptions, and transects of the mapunit.

Description of Greenfield

Setting

Landform: Alluvial fans

Landform position (two-dimensional): Backslope

Landform position (three-dimensional): Tread

Down-slope shape: Linear

Across-slope shape: Linear

Parent material: Alluvium derived from granite

Typical profile

H1 - 0 to 16 inches: sandy loam

H2 - 16 to 50 inches: fine sandy loam

H3 - 50 to 60 inches: sandy loam

Properties and qualities

Slope: 2 to 9 percent

Depth to restrictive feature: More than 80 inches

Drainage class: Well drained

Runoff class: Low

Capacity of the most limiting layer to transmit water (Ksat): High
(1.98 to 5.95 in/hr)

Depth to water table: More than 80 inches

Frequency of flooding: None

Frequency of ponding: None

Maximum salinity: Nonsaline to very slightly saline (0.0 to 2.0
mmhos/cm)

Available water supply, 0 to 60 inches: Moderate (about 7.9
inches)

Interpretive groups

Land capability classification (irrigated): 2e

Land capability classification (nonirrigated): 3e

Hydrologic Soil Group: A

Ecological site: R019XG911CA - Loamy Fan

Hydric soil rating: No

Minor Components

Unnamed

Percent of map unit: 5 percent

Hydric soil rating: No

Hanford

Percent of map unit: 5 percent

Hydric soil rating: No

Ramona

Percent of map unit: 5 percent

Hydric soil rating: No

Data Source Information

Soil Survey Area: San Bernardino County Southwestern Part, California

Survey Area Data: Version 17, Sep 8, 2025

Map Unit Description

The map units delineated on the detailed soil maps in a soil survey represent the soils or miscellaneous areas in the survey area. The map unit descriptions in this report, along with the maps, can be used to determine the composition and properties of a unit.

A map unit delineation on a soil map represents an area dominated by one or more major kinds of soil or miscellaneous areas. A map unit is identified and named according to the taxonomic classification of the dominant soils. Within a taxonomic class there are precisely defined limits for the properties of the soils. On the landscape, however, the soils are natural phenomena, and they have the characteristic variability of all natural phenomena. Thus, the range of some observed properties may extend beyond the limits defined for a taxonomic class. Areas of soils of a single taxonomic class rarely, if ever, can be mapped without including areas of other taxonomic classes. Consequently, every map unit is made up of the soils or miscellaneous areas for which it is named, soils that are similar to the named components, and some minor components that differ in use and management from the major soils.

Most of the soils similar to the major components have properties similar to those of the dominant soil or soils in the map unit, and thus they do not affect use and management. These are called noncontrasting, or similar, components. They may or may not be mentioned in a particular map unit description. Some minor components, however, have properties and behavior characteristics divergent enough to affect use or to require different management. These are called contrasting, or dissimilar, components. They generally are in small areas and could not be mapped separately because of the scale used. Some small areas of strongly contrasting soils or miscellaneous areas are identified by a special symbol on the maps. If included in the database for a given area, the contrasting minor components are identified in the map unit descriptions along with some characteristics of each. A few areas of minor components may not have been observed, and consequently they are not mentioned in the descriptions, especially where the pattern was so complex that it was impractical to make enough observations to identify all the soils and miscellaneous areas on the landscape.

The presence of minor components in a map unit in no way diminishes the usefulness or accuracy of the data. The objective of mapping is not to delineate pure taxonomic classes but rather to separate the landscape into landforms or landform segments that have similar use and management requirements. The delineation of such segments on the map provides sufficient information for the development of resource plans. If intensive use of small areas is planned, however, onsite investigation is needed to define and locate the soils and miscellaneous areas.

An identifying symbol precedes the map unit name in the map unit descriptions. Each description includes general facts about the unit and gives important soil properties and qualities.

Soils that have profiles that are almost alike make up a *soil series*. All the soils of a series have major horizons that are similar in composition, thickness, and arrangement. Soils of a given series can differ in texture of the surface layer, slope, stoniness, salinity, degree of erosion, and other characteristics that affect their use. On the basis of such differences, a soil series is divided into *soil phases*. Most of the areas shown on the detailed soil maps are phases of soil series. The name of a soil phase commonly indicates a feature that affects use or management. For example, Alpha silt loam, 0 to 2 percent slopes, is a phase of the Alpha series.

Some map units are made up of two or more major soils or miscellaneous areas. These map units are complexes, associations, or undifferentiated groups.

A *complex* consists of two or more soils or miscellaneous areas in such an intricate pattern or in such small areas that they cannot be shown separately on the maps. The pattern and proportion of the soils or miscellaneous areas are somewhat similar in all areas. Alpha-Beta complex, 0 to 6 percent slopes, is an example.

An *association* is made up of two or more geographically associated soils or miscellaneous areas that are shown as one unit on the maps. Because of present or anticipated uses of the map units in the survey area, it was not considered practical or necessary to map the soils or miscellaneous areas separately. The pattern and relative proportion of the soils or miscellaneous areas are somewhat similar. Alpha-Beta association, 0 to 2 percent slopes, is an example.

An *undifferentiated group* is made up of two or more soils or miscellaneous areas that could be mapped individually but are mapped as one unit because similar interpretations can be made for use and management. The pattern and proportion of the soils or miscellaneous areas in a mapped area are not uniform. An area can be made up of only one of the major soils or miscellaneous areas, or it can be made up of all of them. Alpha and Beta soils, 0 to 2 percent slopes, is an example.

Some surveys include *miscellaneous areas*. Such areas have little or no soil material and support little or no vegetation. Rock outcrop is an example.

Additional information about the map units described in this report is available in other soil reports, which give properties of the soils and the limitations, capabilities, and potentials for many uses. Also, the narratives that accompany the soil reports define some of the properties included in the map unit descriptions.

San Bernardino County Southwestern Part, California

HaC—Hanford coarse sandy loam, 2 to 9 percent slopes

Map Unit Setting

National map unit symbol: 2y8tl

Elevation: 890 to 2,860 feet

Mean annual precipitation: 11 to 22 inches

Mean annual air temperature: 64 to 65 degrees F

Frost-free period: 320 to 365 days

Farmland classification: Prime farmland if irrigated

Map Unit Composition

Hanford and similar soils: 85 percent

Minor components: 15 percent

Estimates are based on observations, descriptions, and transects of the mapunit.

Description of Hanford

Setting

Landform: Alluvial fans

Landform position (three-dimensional): Tread

Down-slope shape: Linear

Across-slope shape: Linear

Parent material: Alluvium derived from granite

Typical profile

A - 0 to 12 inches: sandy loam

C - 12 to 60 inches: fine sandy loam

Properties and qualities

Slope: 2 to 9 percent

Depth to restrictive feature: More than 80 inches

Drainage class: Well drained

Runoff class: Low

Capacity of the most limiting layer to transmit water (Ksat): High
(1.98 to 5.95 in/hr)

Depth to water table: More than 80 inches

Frequency of flooding: Rare

Frequency of ponding: None

Maximum salinity: Nonsaline to very slightly saline (0.0 to 2.0 mmhos/cm)

Available water supply, 0 to 60 inches: Moderate (about 7.8 inches)

Interpretive groups

Land capability classification (irrigated): 2e

Land capability classification (nonirrigated): 3e

Hydrologic Soil Group: A

Ecological site: R019XG911CA - Loamy Fan

Hydric soil rating: No

Minor Components

Greenfield, sandy loam

Percent of map unit: 10 percent

Landform: Alluvial fans

Landform position (three-dimensional): Tread

Down-slope shape: Linear

Across-slope shape: Linear

Hydric soil rating: No

Tujunganga, loamy sand

Percent of map unit: 5 percent

Landform: Alluvial fans

Landform position (three-dimensional): Tread

Down-slope shape: Linear

Across-slope shape: Linear

Hydric soil rating: No

Data Source Information

Soil Survey Area: San Bernardino County Southwestern Part, California

Survey Area Data: Version 17, Sep 8, 2025

Map Unit Description

The map units delineated on the detailed soil maps in a soil survey represent the soils or miscellaneous areas in the survey area. The map unit descriptions in this report, along with the maps, can be used to determine the composition and properties of a unit.

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Soils that have profiles that are almost alike make up a *soil series*. All the soils of a series have major horizons that are similar in composition, thickness, and arrangement. Soils of a given series can differ in texture of the surface layer, slope, stoniness, salinity, degree of erosion, and other characteristics that affect their use. On the basis of such differences, a soil series is divided into *soil phases*. Most of the areas shown on the detailed soil maps are phases of soil series. The name of a soil phase commonly indicates a feature that affects use or management. For example, Alpha silt loam, 0 to 2 percent slopes, is a phase of the Alpha series.

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A *complex* consists of two or more soils or miscellaneous areas in such an intricate pattern or in such small areas that they cannot be shown separately on the maps. The pattern and proportion of the soils or miscellaneous areas are somewhat similar in all areas. Alpha-Beta complex, 0 to 6 percent slopes, is an example.

An *association* is made up of two or more geographically associated soils or miscellaneous areas that are shown as one unit on the maps. Because of present or anticipated uses of the map units in the survey area, it was not considered practical or necessary to map the soils or miscellaneous areas separately. The pattern and relative proportion of the soils or miscellaneous areas are somewhat similar. Alpha-Beta association, 0 to 2 percent slopes, is an example.

An *undifferentiated group* is made up of two or more soils or miscellaneous areas that could be mapped individually but are mapped as one unit because similar interpretations can be made for use and management. The pattern and proportion of the soils or miscellaneous areas in a mapped area are not uniform. An area can be made up of only one of the major soils or miscellaneous areas, or it can be made up of all of them. Alpha and Beta soils, 0 to 2 percent slopes, is an example.

Some surveys include *miscellaneous areas*. Such areas have little or no soil material and support little or no vegetation. Rock outcrop is an example.

Additional information about the map units described in this report is available in other soil reports, which give properties of the soils and the limitations, capabilities, and potentials for many uses. Also, the narratives that accompany the soil reports define some of the properties included in the map unit descriptions.

San Bernardino County Southwestern Part, California

RmC—Ramona sandy loam, 2 to 9 percent slopes, MLRA 19

Map Unit Setting

National map unit symbol: 2x530

Elevation: 490 to 3,010 feet

Mean annual precipitation: 10 to 29 inches

Mean annual air temperature: 62 to 65 degrees F

Frost-free period: 260 to 365 days

Farmland classification: Prime farmland if irrigated

Map Unit Composition

Ramona and similar soils: 85 percent

Minor components: 15 percent

Estimates are based on observations, descriptions, and transects of the mapunit.

Description of Ramona

Setting

Landform: Alluvial fans, terraces

Landform position (two-dimensional): Backslope

Landform position (three-dimensional): Riser

Down-slope shape: Linear

Across-slope shape: Linear

Parent material: Alluvium derived from granite

Typical profile

Ap - 0 to 12 inches: sandy loam

A - 12 to 23 inches: fine sandy loam

Bw - 23 to 32 inches: loam

Bt - 32 to 54 inches: clay loam

C - 54 to 60 inches: sandy loam

Properties and qualities

Slope: 2 to 9 percent

Depth to restrictive feature: More than 80 inches

Drainage class: Well drained

Capacity of the most limiting layer to transmit water

(Ksat): Moderately high (0.20 to 0.60 in/hr)

Depth to water table: More than 80 inches

Frequency of flooding: None

Frequency of ponding: None

Maximum salinity: Nonsaline (0.0 to 1.0 mmhos/cm)

Sodium adsorption ratio, maximum: 4.0

Available water supply, 0 to 60 inches: High (about 9.1 inches)

Interpretive groups

Land capability classification (irrigated): 2e

Land capability classification (nonirrigated): 3e

Hydrologic Soil Group: C

Ecological site: R019XG911CA - Loamy Fan

Hydric soil rating: No

Minor Components

Greenfield

Percent of map unit: 10 percent

Landform: Terraces, alluvial fans

Landform position (two-dimensional): Backslope

Landform position (three-dimensional): Riser

Down-slope shape: Linear

Across-slope shape: Linear

Hydric soil rating: No

Monserate

Percent of map unit: 5 percent

Landform: Alluvial fans, terraces

Landform position (two-dimensional): Backslope

Landform position (three-dimensional): Riser

Down-slope shape: Linear

Across-slope shape: Linear

Hydric soil rating: No

Data Source Information

Soil Survey Area: San Bernardino County Southwestern Part, California

Survey Area Data: Version 17, Sep 8, 2025

27521219	0.3	R1-7.2	Low Density Residential
27522312	2.0	R3-24	Medium/High Density Residential
27522331	1.4	R2 (AG Overlay)	Medium Density Residential
27522336	0.8	R2 (AG Overlay)	Medium Density Residential
27522338	0.6	R2 (AG Overlay)	Medium Density Residential
27522340	1.1	R2 (AG Overlay)	Medium Density Residential
27522341	0.9	R2 (AG Overlay)	Medium Density Residential
27522349	0.4	R2 (AG Overlay)	Medium Density Residential
27522350	0.5	R2 (AG Overlay)	Medium Density Residential
27522351	1.0	R2 (AG Overlay)	Medium Density Residential
27522353	0.2	R2 (AG Overlay)	Medium Density Residential
27522354	0.3	R2 (AG Overlay)	Medium Density Residential
27522355	1.4	R2 (AG Overlay)	Medium Density Residential
27522359	0.4	R2 (R3-24 Overlay, AG Overlay)	Medium/High Density Residential (R3-24 Overlay)
27522360	1.6	R2 (R3-24 Overlay, AG Overlay)	Medium/High Density Residential (R3-24 Overlay)
27523112	0.9	R2 (AG Overlay)	Medium Density Residential
27523117	0.5	R2 (AG Overlay)	Medium Density Residential
27523122	0.2	R2 (AG Overlay)	Medium Density Residential
27523126	0.3	R2 (AG Overlay)	Medium Density Residential
27523131	0.3	R2 (AG Overlay)	Medium Density Residential
27523132	0.2	R2 (AG Overlay)	Medium Density Residential
27523133	0.3	R2 (AG Overlay)	Medium Density Residential
27523139	0.2	R2 (AG Overlay)	Medium Density Residential
27523140	0.2	R2 (AG Overlay)	Medium Density Residential
27523141	0.4	R2 (AG Overlay)	Medium Density Residential
27523142	0.3	R2 (AG Overlay)	Medium Density Residential
27523143	0.2	R2 (AG Overlay)	Medium Density Residential
27523171	1.1	R2 (AG Overlay)	Medium Density Residential
27523173	1.0	R2 (AG Overlay)	Medium Density Residential
27523209	0.5	R2 (AG Overlay)	Medium Density Residential
27523210	0.2	R2 (AG Overlay)	Medium Density Residential
27524132	0.2	R1-7.2	Low Density Residential
27525145	0.2	R1-7.2	Low Density Residential

27525153	0.3	R1-7.2	Low Density Residential
27525154	0.4	R1-7.2	Low Density Residential
27527101	0.2	R1-7.2	Low Density Residential
27527102	0.2	R1-7.2	Low Density Residential
27527103	0.2	R1-7.2	Low Density Residential
27527104	0.2	R1-7.2	Low Density Residential
27527105	0.2	R1-7.2	Low Density Residential
27527106	0.2	R1-7.2	Low Density Residential
27527107	0.2	R1-7.2	Low Density Residential
27527108	0.2	R1-7.2	Low Density Residential
27527109	0.3	R1-7.2	Low Density Residential
27527110	0.2	R1-7.2	Low Density Residential
27527111	0.2	R1-7.2	Low Density Residential
27527112	0.2	R1-7.2	Low Density Residential
27527113	0.2	R1-7.2	Low Density Residential
27527114	0.2	R1-7.2	Low Density Residential
27527115	0.2	R1-7.2	Low Density Residential
27527116	0.2	R1-7.2	Low Density Residential
27527117	0.2	R1-7.2	Low Density Residential
27527201	0.2	R1-7.2	Low Density Residential
27527202	0.2	R1-7.2	Low Density Residential
27527203	0.2	R1-7.2	Low Density Residential
27527204	0.2	R1-7.2	Low Density Residential
27527205	0.2	R1-7.2	Low Density Residential
27527207	0.2	R1-7.2	Low Density Residential
27527211	0.2	R1-7.2	Low Density Residential
27527212	0.2	R1-7.2	Low Density Residential
27527213	0.2	R1-7.2	Low Density Residential
27527214	0.2	R1-7.2	Low Density Residential
27527215	0.2	R1-7.2	Low Density Residential
27527216	0.2	R1-7.2	Low Density Residential
27527217	0.2	R1-7.2	Low Density Residential
27527218	0.2	R1-7.2	Low Density Residential

27527219	0.2	R1-7.2	Low Density Residential
27527301	0.2	R1-7.2	Low Density Residential
27527302	0.2	R1-7.2	Low Density Residential
27527303	0.2	R1-7.2	Low Density Residential
27527304	0.2	R1-7.2	Low Density Residential
27527305	0.2	R1-7.2	Low Density Residential
27527306	0.2	R1-7.2	Low Density Residential
27527307	0.2	R1-7.2	Low Density Residential
27527308	0.2	R1-7.2	Low Density Residential
27527309	0.2	R1-7.2	Low Density Residential
27527310	0.2	R1-7.2	Low Density Residential
27527313	0.2	R1-7.2	Low Density Residential
27620247	0.5	BRSP-AP	Office Commercial
27620261	0.5	BRSP-AP	Office Commercial
27641127	1.7	R1-10 (AG Overlay)	Low Density Residential
27641128	0.7	R1-10 (AG Overlay)	Low Density Residential
27645134	2.2	R1-20 (AG Overlay)	Low Density Residential
116716107	0.4	R1-7.2	Low Density Residential
116716110	0.3	R1-7.2	Low Density Residential
116716112	0.3	R1-7.2	Low Density Residential
116716115	0.3	R1-7.2	Low Density Residential
116716116	0.1	R1-7.2	Low Density Residential
116716117	0.1	R1-7.2	Low Density Residential
116716118	0.2	R1-7.2	Low Density Residential
116716119	0.2	R1-7.2	Low Density Residential
116716122	0.8	R1-7.2	Low Density Residential
116716123	0.2	R1-7.2	Low Density Residential
116716124	0.3	R1-7.2	Low Density Residential
116716125	0.3	R1-7.2	Low Density Residential
116716126	0.3	R1-7.2	Low Density Residential
116716127	0.8	R1-7.2	Low Density Residential
116716131	0.6	R1-7.2	Low Density Residential
116716132	0.4	R1-7.2	Low Density Residential

116717101	0.5	R1-7.2	Low Density Residential
116717102	0.5	R1-7.2	Low Density Residential
116717103	0.7	R1-7.2	Low Density Residential
116717104	0.4	R1-7.2	Low Density Residential
116717105	1.2	R1-7.2	Low Density Residential
116717106	0.7	R1-7.2	Low Density Residential
116717107	0.2	R1-7.2	Low Density Residential
116717108	0.4	R1-7.2	Low Density Residential
116717109	2.7	R1-7.2	Low Density Residential
116717110	2.0	R1-7.2	Low Density Residential
116718108	0.7	CM	General Commercial
116718109	0.8	CM	General Commercial
116718110	0.2	CM	General Commercial
116718111	0.4	CM	General Commercial
116720103	2.6	R1-7.2	Low Density Residential
116720104	0.2	R1-7.2	Low Density Residential
116720105	0.2	R1-7.2	Low Density Residential
116720106	0.2	R1-7.2	Low Density Residential
116720107	0.2	R1-7.2	Low Density Residential
116720108	0.2	R1-7.2	Low Density Residential
116720109	0.2	R1-7.2	Low Density Residential
116720110	0.2	R1-7.2	Low Density Residential
116720111	0.3	R1-7.2	Low Density Residential
116720112	0.3	R1-7.2	Low Density Residential
116724101	1.1	R1-7.2	Low Density Residential
116724102	0.2	R1-7.2	Low Density Residential
116724103	0.4	R1-7.2	Low Density Residential
116724104	0.5	R1-7.2	Low Density Residential
116724105	0.5	R1-7.2	Low Density Residential
116724106	0.5	R1-7.2	Low Density Residential
116724107	0.8	R1-7.2	Low Density Residential
116724109	0.6	R1-7.2	Low Density Residential
116724110	0.4	R1-7.2	Low Density Residential

116724113	0.5	R1-7.2	Low Density Residential
116724115	0.5	R1-7.2	Low Density Residential
116724117	0.5	R1-7.2	Low Density Residential
116724118	0.5	R1-7.2	Low Density Residential
116724119	0.5	R1-7.2	Low Density Residential
116724154	0.7	R1-7.2	Low Density Residential
116724155	0.4	R1-7.2	Low Density Residential
116724156	0.2	R1-7.2	Low Density Residential
116725108	0.6	R1-7.2	Low Density Residential
116725109	0.7	R1-7.2	Low Density Residential
116725110	0.2	R1-7.2	Low Density Residential
116725111	0.2	R1-7.2	Low Density Residential
116725112	0.3	R1-7.2	Low Density Residential
116725113	0.2	R1-7.2	Low Density Residential
116725114	0.7	R1-7.2	Low Density Residential
116725118	0.2	R1-7.2	Low Density Residential
116725119	0.2	R1-7.2	Low Density Residential
116725120	0.3	R1-7.2	Low Density Residential
116725169	0.4	R1-7.2	Low Density Residential
116725171	0.9	R1-7.2	Low Density Residential
116727101	0.4	R1-7.2	Low Density Residential
116727102	0.5	R1-7.2	Low Density Residential
116727103	0.1	R1-7.2	Low Density Residential
116727110	0.5	R1-7.2	Low Density Residential
116727112	1.1	R1-7.2	Low Density Residential
116727167	0.5	R1-7.2	Low Density Residential
116727168	0.5	R1-7.2	Low Density Residential
116727169	0.2	R1-7.2	Low Density Residential
116727170	0.3	R1-7.2	Low Density Residential
116728101	4.5	R1-7.2	Low Density Residential
116728102	0.1	R1-7.2	Low Density Residential
97.1			

ATTACHMENT 2

RESOLUTION NO. 2026-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, ADOPTING GENERAL PLAN AMENDMENT 26-01 TO REDESIGNATE APPROXIMATELY 97.1 ACRES TO HIGH DENSITY MULTIPLE FAMILY RESIDENTIAL TO IMPLEMENT PROGRAM 1 OF THE CITY'S 2021-2029 HOUSING ELEMENT.

Intent of the Parties and Findings

WHEREAS, local governments are authorized by Government Code Section 65350 et seq. to prepare, adopt, and amend general plans; and

WHEREAS, Government Code Section 65580 et seq. requires cities to update their housing elements on a regular basis; and

WHEREAS, a comprehensive update to the Housing Element of the Grand Terrace General Plan for the 2021-2029 planning period was adopted on March 25, 2025; and

WHEREAS, on May 22, 2025, the California Department of Housing and Community Development issued a letter finding that the draft 2021-2029 Housing Element is conditionally compliant and will be in full compliance with state law upon adoption and completion of the proposed rezonings; and

WHEREAS, the Housing Element contains Program 1, which identifies 97.1 acres of land for rezoning to the R3-40 zone at 20-40 dwelling units per acre to accommodate the Regional Housing Needs Allocation; and

WHEREAS, the City has prepared appropriate development standards to accompany the new R3-40 zone; and

WHEREAS, this General Plan Amendment is exempt from review under the California Environmental Quality Act ("CEQA") (California Public Resources Code Section 21000, et seq.), pursuant to State CEQA Regulation Section 15061(b)(3) (14 Cal. Code Regs. Section 15061[b][3]) through Section 21080.085, which exempts rezones that implement the schedule of actions contained in an approved Housing Element; and

WHEREAS, during the preparation of new zoning standards, public outreach was conducted via a Special Joint Planning Commission and City Council Session on January 27, 2026, and a Community Study Session on February 5, 2026; and

WHEREAS, the staff report and supporting materials accompanying this resolution are found to be true, are adopted as Facts and Findings, and are incorporated by reference in this resolution; and

WHEREAS, the City of Grand Terrace Planning Division, on April 30, 2026, posted two (2) true and correct copies of the legal notice at the Grand Terrace City Hall Bulletin Board and at the Grand Terrace Public Library, and posted on the City's website in accordance with the Grand Terrace Municipal Code Section 18.03.070; and

WHEREAS, the City of Grand Terrace Planning Division, on April 29, 2026 mailed copies of the legal notice to affected property owners, stakeholders, and surrounding jurisdictions; and

WHEREAS, the City of Grand Terrace Planning Division, on April 30, 2026, published a legal notice in the Grand Terrace City News, a local paper of general circulation, indicating the date and time of the public hearing in compliance with state law concerning the amendment; and

WHEREAS, the Grand Terrace Municipal Code requires that the City Council take action on General Plan amendments, and that the Planning Commission make a recommendation to the City Council on such amendments; and

WHEREAS, the Planning Commission conducted a duly noticed public hearing on April 2, 2026, and adopted resolutions recommending approval of these amendments to the City Council.

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

Section 1. **FINDINGS.** Pursuant to the Grand Terrace Municipal Code, the City Council hereby makes the following findings and determinations in connection with the approval of the General Plan Amendment.

1. The proposed amendments are in the public interest.
2. The proposed amendments are consistent and compatible with the rest of the General Plan and Zoning Code.
3. The potential effects of the proposed amendments have been evaluated and have been determined to not be detrimental to the public health, safety, or welfare.
4. The proposed amendments have been processed in accordance with the applicable provisions of the California Government Code and CEQA.

Section 2. **CALIFORNIA ENVIRONMENTAL QUALITY ACT.** The amendment is exempt from the CEQA (California Public Resources Code Section 21000, et seq.), pursuant to State CEQA Regulation Section 15061(b)(3) (14 Cal. Code Regs. Section 15061[b][3]) through Section 21080.085, which exempts rezones that implement the schedule of actions contained in an approved Housing Element.

Section 3. **DETERMINATION.** The City Council adopts General Plan Amendment 26-01, implementing Housing Element Program 1 and redesignating 97.1 acres to high density residential, as shown in **Exhibit D** (Land Use Element) and **Exhibit E** (Land Use Map), attached hereto and incorporated herein by reference.

Section 4. **SEVERABILITY.** If any section, subsection, subdivision, sentence, or clause or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Resolution or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases are declared unconstitutional, invalid, or ineffective.

Section 5. **CERTIFICATION.** The City Clerk shall certify to the passage, approval, and adoption of this Resolution, and shall cause this Resolution and his certification to be entered in the Book of Resolutions of the City Council of the City.

Section 6. EFFECTIVE DATE. This Resolution shall become effective immediately.

PASSED, APPROVED and ADOPTED this 12th day of May, 2026.

Bill Hussey, Mayor

I HEREBY CERTIFY that the foregoing Resolution was duly and regularly passed, approved, and adopted by the City Council of the City of Grand Terrace at a regular adjourned meeting thereof held on the 12th day of May, 2026, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Daysi Alcocer, City Clerk



Land Use Element





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2.0 LAND USE ELEMENT

2.1 INTRODUCTION

2.1.1 Purpose and Function

The Land Use Element is often considered the most critical element of a General Plan. It provides overall guidance to all properties within the City through the distribution of land uses, by type, including residential, commercial, industrial, institutional, and open space. The Land Use Element identifies each land use designation's location and intensity, and its interrelationship with other land uses.



The Land Use Element translates the City's long range vision for development in the City and provides a Land Use Plan, goals, policies, and implementation programs to achieve that vision.

In order to provide guidance for the physical development of the City, the Land Use Element must take into consideration the other elements of the General Plan that identify constraints or opportunities for the development of individual properties. Issues that must be considered include transportation systems, regional drainage, utilities, and geographic and geologic constraints, among others.

2.1.2 Relationship to Other Plans and Programs

City Zoning Code

The City of Grand Terrace Zoning Code sets forth the City's standards, guidelines, and procedures relating to the development and maintenance of all land uses within the City. These regulations are intended to implement the goals and policies of the General Plan while being consistent with the designations of the Land Use Plan. They are intended to protect the physical, social, and economic stability of City residents and businesses and their property; reduce or eliminate hazards to the public; and enhance the City's physical, social, and economic advantages through comprehensive land use and resource planning.

Barton Road Specific Plan and Other Specific Plans

The Barton Road Specific Plan serves as the zoning code for most properties fronting along or directly related to Barton Road. It is intended to provide guidance for the development of predominantly commercial property along the primary transportation corridor through the City.

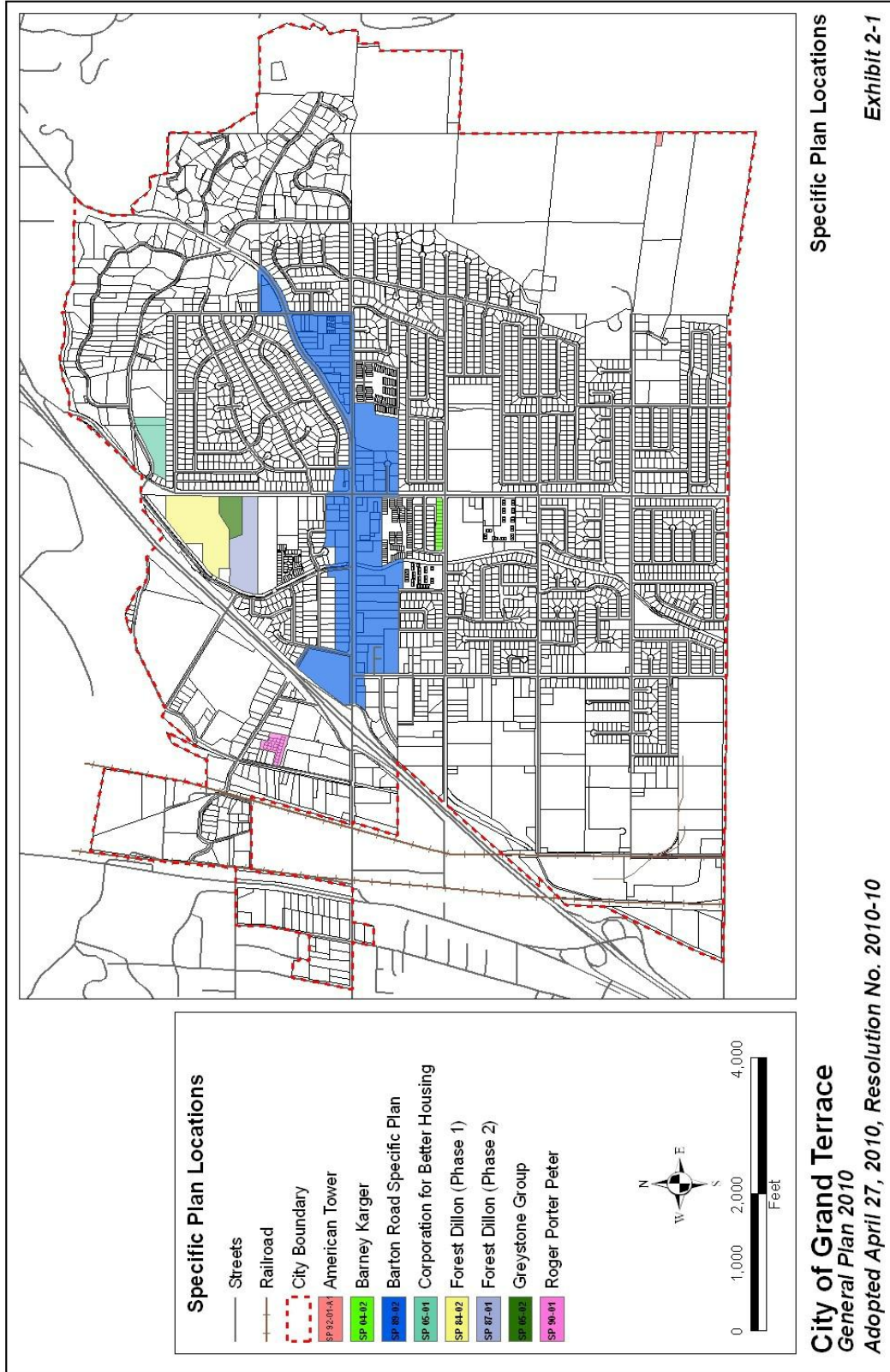
Since incorporation, the City has approved approximately 15 project-oriented Specific Plans. The locations of the Barton Road Specific Plan and other Specific Plans are identified on Exhibit



2-1. The Specific Plan properties include multi-family residential projects, small lot single family projects, commercial projects, and cellular communications projects.



Exhibit 2-1 – Specific Plan Locations





City of Colton General Plan

The City of Colton borders Grand Terrace to the north, east, and west. The area west of Interstate 215 includes pockets of Grand Terrace property intermingled with pockets of Colton property. As such, the City of Grand Terrace must carefully monitor development and land uses in the City of Colton adjacent to Grand Terrace. Development in adjacent areas of Colton have the opportunity to create land use compatibility conflicts, generate traffic problems within Grand Terrace, and potentially generate environmental hazards that could impact Grand Terrace residents. Review of the Colton General Plan offers Grand Terrace the opportunity to plan accordingly and cooperate with Colton to ensure land use compatibility, improve efficiencies in public services, and mitigate potential environmental impacts generated by future development.

County of Riverside General Plan

The County of Riverside's unincorporated community of Highgrove lies immediately south of Grand Terrace. This area is projected to experience significant future growth that could potentially impact Grand Terrace in a similar manner as the City of Colton. Careful review and monitoring of development within this area will again allow Grand Terrace to plan accordingly and cooperate with Riverside County to ensure land use compatibility, improve efficiencies in public services, and mitigate potential environmental impacts generated by future development.

Sphere of Influence

The Sphere of Influence of the City of Grand Terrace encompasses its current City limit boundaries. It lies adjacent to the City of Colton to the north, east, and west. The County of Riverside lies immediately to the south. There are no opportunities to annex adjacent unincorporated San Bernardino County lands.

2.1.3 Relationship to Other Elements

The Land Use Element has the broadest scope of all the General Plan's elements. Since it governs how land is used throughout the City, virtually all issues and policies contained in other elements relate to the decisions to be made by the Land Use Element.

Examples of these relationships include the need to provide a circulation system to allow residents and workers to travel between land uses, and to ensure that the street system is adequate to serve intended lands uses. Residential uses must be protected from incompatible uses that could generate significant noise, air pollution or other hazards that might impact the residents. All land uses involving structures must be protected from man-made and natural hazards such as flooding, fires, and seismic events.



2.2 EXISTING CONDITIONS

Grand Terrace is predominantly a residential community. The City was formerly an unincorporated bedroom community surrounded by the City of Colton. Predominant commercial and industrial activities focused along regional transportation corridors in other areas of Colton leaving Grand Terrace to primarily develop as a single family residential community. Since the majority of the community is located on the west side of Blue Mountain, the terrain offered scenic views that attracted residents while making large scale development of commercial and industrial uses more difficult.

The majority of the remaining undeveloped land is located on Blue Mountain, in the Santa Ana River floodplain, or adjacent to the I-215 Freeway.

Table 2.1 summarizes existing land use categories, by acreage, as noted in the existing City General Plan. As illustrated, 53 percent of all land within the City limits is designated for residential uses.

Table 2.1
Existing General Plan Land Uses

Land Use Type	Acres	% of Total
Hillside Low Density Residential	125.2115.3	6%5%
Low Density Residential	826.6901.2	36%40%
Medium Density Residential	144.1195.0	6%9%
Medium/High Density Residential	6.86.0	0%<0.1%
High Density Residential	97.9	4%
General Commercial	85.9154.9	4%7%
Office Commercial	31.935.7	1%2%
Industrial	111.3211.4	5%9%
Floodplain Industrial	42.326.1	2%1%
Public	161.372.3	7%3%
Hillside Open Space	188.5184.1	8%
The Gateway at Grand Terrace Specific Plan	103.1	5%
Street & Railroad R/W	345.9353.0	15%16%
Total	2,270.82,255.1	100.00%



2.3 GOALS AND POLICIES

The following goals and policies are established direct future land use planning decisions within the City of Grand Terrace:

Goal 2.1. Provide for balanced growth which seeks to provide a wide range of employment and housing opportunities and maintenance of a healthy, diversified community.

Policy 2.1.1: Implementation of general plan goals shall be reviewed every five years with the first review occurring one year after adoption of the General Plan. This will include an assessment of the relationship between general plan land use designations and existing land uses at the time of the review as well as growth patterns in surrounding communities.



Policy 2.1.2: The City will establish a formal liaison with adjacent jurisdictions, i.e. Riverside and San Bernardino Counties and the Cities of San Bernardino and Colton, for the purpose of evaluating the effects of each jurisdiction's land use planning activities on contiguous areas.

Policy 2.1.3: Grand Terrace's potential role within the regional market area will be reviewed every 2 ½ years as an integral part of the General Plan.

Policy 2.1.4: The supply of vacant land and underutilized lands within the City shall be reviewed every 2 years to consider changes in zoning in support of General Plan goals.

Policy 2.1.5: Enhancement of the City's image shall be undertaken by the establishment of City entrances and development of unified streetscapes.

Policy 2.1.6: Mixed use development which can demonstrate superior use of land, more efficient utilization of public facilities, and more effective conservation of natural resources shall be strongly encouraged by the City of Grand Terrace.



Policy 2.1.7: The City shall continually refine population growth forecasts to insure adequate planning for anticipated increased levels of sewerage, water and other necessary community services.

Goal 2.2 Preserve and enhance the quality and character of the City’s residential neighborhoods.

Policy 2.2.1: Any development occurring within the Hillside residential designation shall be required to prepare a Specific Plan.

Policy 2.2.2: All residential developments shall comply with the goals and policies of the Housing Element of the General Plan.

Goal 2.3 Provide a wide range of retail and service commercial opportunities designed to meet the needs of the City’s residents, businesses, and visitors while also providing employment opportunities.

Policy 2.3.1: Commercially designated freeway frontage south of Barton Road, shall be developed under a Specific Plan to ensure a comprehensive commercial development pattern that will serve as a scenic entry into the City.

Policy 2.3.2: Maintenance and continued development of Grand Terrace’s established commercial areas, as an encouragement of new commercial development.

Policy 2.3.3: Additional freeway service-oriented commercial uses shall be encouraged.

Policy 2.3.4: Commercial areas along Barton Road shall be designated in a manner that discourages “strip commercial” type development.

Policy 2.3.5: Measures to reduce potential land use incompatibility between commercially designated areas and all other plan areas will be given special consideration. Specific features could include increased setbacks, walls, berms, and landscaping.

Goal 2.4: Provide for a mix of attractive industrial land uses designed to generate employment opportunities.

Policy 2.4.1: The City shall promote the development of employment generating, light, non-polluting industry, within the present land use pattern.

Policy 2.4.2: The City shall promote the development of light, non-polluting industrial uses within the City.

Policy 2.4.3: Whenever feasible, industrially designated areas shall be master planned to provide an “industrial park” character.



- Policy 2.4.4: Buffering to prevent potential land use incompatibilities between industrial areas and other areas shall be given special consideration. Specific features could include increased setbacks, walls, berms, and landscaping.
- Policy 2.4.5: The City's Redevelopment Agency shall assist in the consolidation and assemblage of properties to assure adequate sized quality development with areas designated as light industrial.

Goal 2.5 Provide for the preservation of natural resources and open space.

- Policy 2.5.1 All areas of Blue Mountain above elevation 1,450 feet above sea level shall be maintained as open space. Consideration shall be given to the maintenance of existing communications towers.
- Policy 2.5.2 Areas designated as Open Space shall be preserved to provide long term recreation opportunities as well as the preservation of scenic and environmental resources and the protection of public health and safety.
- Policy 2.5.3 Energy efficiency shall be encouraged in all future development.



2.4 LAND USE PLAN

2.4.1 Land Use Map

As required by State law, the General Plan must identify land use designations and permitted development intensities. General plans must also provide a diagram indicating the locations of each land use type. These components are included in this section of the Land Use Element. Exhibit 2-2 presents the Land Use Map that identifies the specific land use designation of individual parcels throughout the City. Table 2.2 provides a general breakdown of acreage by land use designation and its percentage of total area within the City.

Table 2.2
General Plan Acreage By Land Use Category

Land Use Category	Acres	% of Total
Hillside Low Density Residential	<u>125.2</u> 115.3	<u>6%</u> 5%
Low Density Residential	<u>826.6</u> 901.2	<u>36%</u> 40%
Medium Density Residential	<u>144.1</u> 195.0	<u>6%</u> 9%
Medium High Density Residential	<u>6.8</u> 6.0	<u>0%</u> <0.1%
<u>High Density Residential</u>	<u>97.9</u>	<u>4%</u>
General Commercial	<u>85.9</u> 154.9	<u>4%</u> 7%
Office Commercial	<u>31.9</u> 35.7	<u>1%</u> 2%
<u>Light Industrial</u>	<u>111.3</u> 107	<u>5%</u> 4.7%
Floodplain Industrial	<u>42.3</u> 340.1	<u>2%</u> 1.7%
Hillside Open Space	<u>188.5</u> 189.1	8.0%
<u>Mixed Use</u>	<u>93.5</u>	<u>4.2%</u>
Public	<u>161.3</u> 158.9	<u>7%</u> 7.0%
<u>The Gateway at Grand Terrace Specific Plan</u>	<u>103.1</u>	<u>5%</u>
<u>Street & Railroad R/W Streets</u>	<u>345.9</u> 353.0	<u>15%</u> 15.5%
Total	<u>2,270.8</u>2,255.1	100%

Amended 5/22/2012, Resolution No. 2012-22

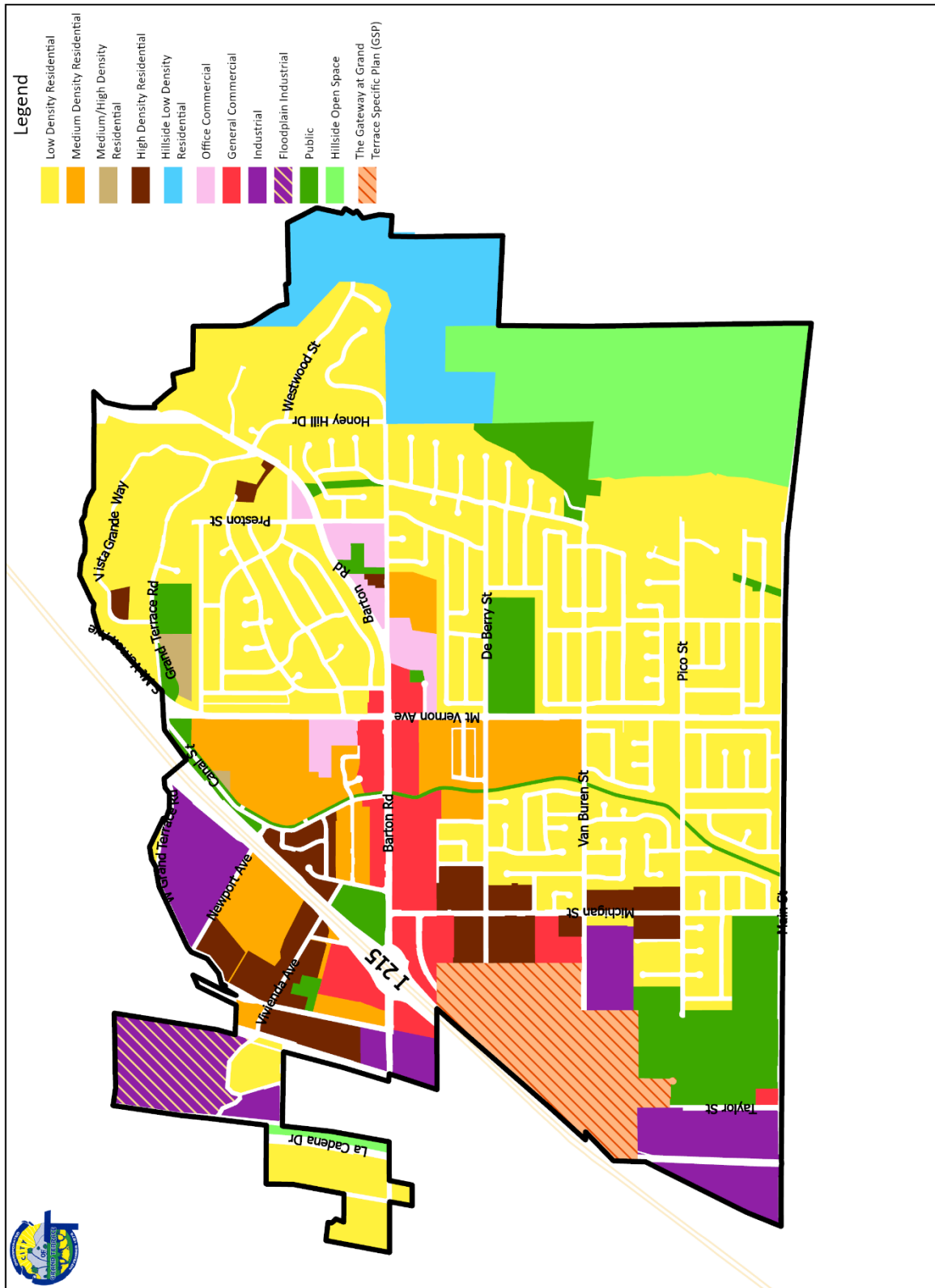
Amended 9/27/2016, Resolution No. 2016-37

Amended 4/14/2026, Resolution No. 2026-XX





Exhibit 2-2 – General Plan Land Use Map



City of Grand Terrace Land Use Map
April 14, 2026

0 0.5 1 Miles

Michael Baker
INTERNATIONAL



2.4.2 Land Use Designations

Land use designations are provided in order to define the amount, type, and nature of future development that will be allowed in a given location in the City. The following section defines each land use designation shown on the Land Use Plan and provides its density range and general development standards required in accordance with State law.

Each land use designation is typically implemented by a defined set of zoning designations included in the City's Zoning Code. The Zoning Code contains detailed regulations relating to permitted and conditional uses allowed within each zone, site development standards, and performance criteria that serve to implement the goals and policies of the General Plan.

Table 2.3 provides a description of each land use designation of the Land Use Plan.





**Table 2.3
City of Grand Terrace
General Plan Land Use Designations**

Land Use Designation	Purpose of Land Use
RESIDENTIAL	
Hillside Low Density Residential (HLDR) Maximum Density – 1 dwelling unit per gross acre	The hillside areas of Blue Mountain located at the far eastern edge of the City are considered a natural resource that requires special consideration to protect the scenic views and environmental resources of the mountain. Any development proposed within the Hillside designation will require special evaluation of all environmental issues and must include provisions for the protection of all natural resources within the area. Properties within the designated areas must demonstrate that building pads and streets can be graded with minimal impact to the hillside and views, and that adequate utilities and public services, including drainage, domestic water, sanitary sewer, fire protection can be provided. Proposed developments within this area shall be required to prepare a Specific Plan. Clustered development that protects sensitive slopes and natural resources shall be strongly encouraged.
Low Density Residential (LDR) Density Range - 0 to 5 dwelling units per gross acre	The Low Density Residential designation limits land uses to single family detached residential units and mobile homes subject to the applicable General Plan policies and Zoning Code provisions. This designation encompasses the majority of property within the City and is largely associated with existing housing developments throughout the City.
Medium Density Residential (MDR) Density Range – 6 to 12 dwelling units per gross acre.	<p>The Medium Density Residential designation include both single family detached and multiple family attached developments. Permitted uses within these areas may include small lot single family developments or attached multi-family developments including townhomes, condominiums, and apartments. Mobile home developments are also permitted.</p> <p>A density bonus may be applied to a project pursuant to the density bonus provisions of Chapter 4.3 of the California Government Code, or pursuant to an approved Planned Residential Development application up to a 20% density bonus may be granted.</p>
Medium High Density Residential (MHDR) Maximum Density - 20 dwelling units per gross acre	<p>The Medium High Density Residential designation is reserved for multiple family development, with an emphasis on affordable housing projects. This designation may also be applied as an overlay to another land use designation to allow multi-family development at a density of 20 to 24 units/acre as an optional alternative to the base land use designation.</p> <p>A density bonus may be applied to a project pursuant to the density bonus provisions of Chapter 4.3 of the California Government Code, or pursuant to an approved Planned Residential Development application for up to a 20% density bonus.</p>



**Table 2.3
City of Grand Terrace
General Plan Land Use Designations**

Land Use Designation	Purpose of Land Use
<p><u>High Density Residential (HDR) Density Range – 20 to 40 dwelling units per gross acre</u></p>	<p><u>The High Density Residential designation is reserved for multi-family development, with an emphasis on affordable housing projects. Permitted uses within these areas may include garden-style apartments, courtyard buildings, townhomes, multiplexes, and other multiple family housing types. Single-family residential development or any residential development at a density less than twenty (20) dwelling units per acre is prohibited.</u></p> <p><u>A density bonus may be applied to a project pursuant to the density bonus provisions of Chapter 4.3 of the California Government Code, or, pursuant to an approved Planned Residential Development application, up to a 20% density bonus may be granted.</u></p>
COMMERCIAL	
<p>General Commercial (GC)</p>	<p>This designation is primarily located along Barton Road and near the I-215 Freeway. It provides for general commercial uses to serve the retail and service needs of the community.</p>
<p>Office Commercial (OC)</p>	<p>Office commercial uses are used as a buffer between residential areas and general commercial areas. The properties designated for Office Commercial uses are primarily located along Barton Road east of Mount Vernon Avenue and north of Barton Road west of Mount Vernon Avenue.</p> <p>Permitted uses may include office/administrative uses and support retail and service commercial uses</p>
INDUSTRIAL	
<p>Light Industrial (LI)</p>	<p>Permitted uses for properties designated as Light Industrial include those uses that can be made compatible with other surrounding uses within the City regarding noise, dust, odors, vibration, glare, air quality, traffic, aesthetics, and hazardous materials. Typical uses may include light manufacturing and assembly, small scale warehousing and distribution, research and development, and administrative and service types of uses.</p>
<p>Floodplain Industrial (FI)</p>	<p>Properties designated with the Floodplain Industrial designation experience the potential for severe flooding resulting from their proximity to the Santa Ana River. Properties within this designation are planned for ultimate development as light industrial, non-polluting uses similar to the Light Industrial designation. Proposed developments must demonstrate that adequate measures can be implemented to ensure that the proposed use is effectively protected from identified flood hazards.</p> <p>Presently, parcels within this area are largely undeveloped or developed as rural residential land uses. It is anticipated that buildout of this area will occur over a long period of time. During this buildout period, existing residential uses shall be permitted and regulated under the requirements of the Low Density Residential land use designation.</p>



**Table 2.3
City of Grand Terrace
General Plan Land Use Designations**

Land Use Designation	Purpose of Land Use
INSTITUTIONAL	Light agricultural uses shall be permitted including the keeping of animals with the approval of an Agricultural Overlay zoning designation.
Public (P)	Public uses may include schools, parks, the City Hall, City maintenance facilities and facilities owned and operated by public utilities.
OPEN SPACE	
Hillside Open Space (OS)	Properties designated as Hillside Open Space are those that should not be developed as urban land uses due to environmental resources, environmental constraints or scenic resources. These are primarily located along the western and northern slopes of Blue Mountain. Properties designated as Hillside Open Space shall be retained in their natural condition and used as either natural open space or parkland. They may be either publicly or privately owned.
MIXED USE	
Mixed-Use (MU)	Properties designated as mixed use are intended to be developed with multiple uses on a single site. This may include residential, commercial, business park, open space, and recreational uses. Compatible uses may be placed horizontally or vertically on the site. All Mixed Use projects shall be required to submit a Specific Plan or Planned Development that demonstrates compatibility between the proposed uses as well as buffering from adjacent properties, if warranted. Densities may not exceed those of the residential, commercial and industrial designations of the General Plan and zoning.

Amended 5/22/2012, Resolution No. 2012-22
Amended 9/27/2016, Resolution No. 2016-37
Amended 4/14/2026, Resolution No. 2026-XX



2.4.3 Buildout Analysis

Table 2.4 presents an analysis of residentially designated land and the total number of estimated dwelling units and population at ultimate buildout. As illustrated, at ultimate development of the residential component of the Plan, the City population is estimated to be approximately 15,747. These estimates are based upon the total acreage by land use type, an average probable density in dwelling units per acre, and the City’s current average population per household. The analysis also assumes that certain properties with higher density designations that are currently underutilized would be redeveloped to the average designation’s density.

Non-residential land uses comprise approximately 2741 percent of all land within the City and include employee generating commercial and industrial property as well as open space lands. Table 2.5 summarizes the build out of non-residential uses and their potential employment generation. As illustrated, at buildout, a total approximately 11,450 jobs may be available within the City.

**Table 2.4
Residential Buildout Calculations**

Land Use Designation	Probable Avg. Density	Acre	Dwelling Units	Persons / Household	Estimated Population
Low Density/Hillside	0.7 du/ac	<u>125.2155.3</u>	<u>88109</u>	2.83	<u>249308</u>
Low Density	3.6 du/ac	<u>826.6885.2</u>	<u>2,9763,183</u>	2.83	<u>8,4229,008</u>
Medium Density	11 du/ac	<u>144.1181.2</u>	<u>1,5851,993</u>	2.83	<u>4,4865,640</u>
Medium High Density	20 du/ac	<u>6.811.6</u>	<u>136230</u>	1.20/2.83 ⁺	<u>385455⁺</u>
Mixed Use High Density	<u>2812</u> du/ac	<u>97.914.6*</u>	<u>2,741175</u>	2.83	<u>7,757495</u>
Total		<u>1,200.71,246.8</u>	<u>7,5265,690</u>		<u>21,29915,906</u>

Amended 5/22/2012, Resolution No. 2012-22

Amended 9/27/2016, Resolution No.

~~Amended 4/14/2026, Resolution No. 2026-XX~~

~~*Assumes that 15% of the mixed use area is residential.~~

+Includes existing senior housing in persons per household and estimated population calculations.

**Table 2.5
Non-Residential Buildout Estimates**

Land Use Designation	Probable Density (FAR)	Acre	Square Feet	Square Feet/ Employee	Estimated Employment
General Commercial	0.35	<u>85.988.4</u>	<u>1,309,6311,347,764</u>	500	<u>2,6192,695</u>
Office Commercial	0.35	<u>31.932.9</u>	<u>486,347501,593</u>	250	<u>1,9452,006</u>
Mixed Use	<u>0.35</u>	<u>78.9*</u>	<u>1,202,909</u>	<u>500</u>	<u>2,405</u>
Light Industrial	0.30	<u>111.3107</u>	<u>1,454,4681,398,276</u>	1,000	<u>1,4541,398</u>
Floodplain Industrial	0.30	<u>42.340.1</u>	<u>552,776524,027</u>	1,000	<u>552524</u>
Public	0.35	<u>161.3158.9</u>	<u>2,459,1792,422,589</u>	1,000	<u>2,4592,422</u>
Open Space	N/A	<u>188.5189.1</u>	N/A	N/A	N/A
Total		<u>621.2495.1</u>	<u>6,262,4017,397,158</u>		<u>9,02911,450</u>

~~*Assumes that 85% of the mixed use area is commercial or business uses.~~



2.5 IMPLEMENTATION PROGRAM

Table 2.6 presents the implementation plan designed to implement the policies of the Land Use Element. One or more implementation programs are provided for each policy. The implementation programs identify:

- The individual policy and proposed action,
- Its relationship to specific projects or overall City policy,
- Primary and secondary responsibility for implementation,
- Potential funding sources, and
- Implementation priority.



The General Plan Implementation Program is presented in a table format. Each policy of the General Plan is presented with the following information:

- Policy Number: Shows each policy number by General Plan Element.
- Action Type: Indicates whether the policy is project review specific or requires other administrative or judicial actions.
- Policy Action: Describes the policy and proposed actions for its implementation.
- Primary Responsibility: Indicates what agency is primarily responsible for implementation of the proposed action.
- Support Responsibility: Indicates what agencies are responsible for supporting the primary agency.
- Funding Source: Indicates the general sources of funding for the implementation action.
- Priority: Indicates the level of priority given to the implementation action.

The following codes are used throughout the Implementation Program table:

**Table 2.6
Implementation Table Codes**

Code	Definition
Responsible Agencies	
SOC	State of California
CA	City Attorney
CC	City Council
COC	City of Colton
COSB	County of San Bernardino
CD	Community Development Department
CJUSD	Colton Joint Unified School District
CM	City Manager
CRA	Community Redevelopment Agency
CS	Community Services Department
ENG	City Engineer
FCD	County Flood Control District
FD	Fire Department
FIN	Finance Department
GTF	Grand Terrace Foundation
PW	Public Works/Building & Safety Department
RHWC	Riverside Highland Water Company



SANBAG	San Bernardino Association of Governments
SCAG	Southern California Association of Governments
SD	Sheriff's Department
US	United States Federal Government
Funding Sources	
CFD	Community Facilities District
FG	Federal Grants
GF	City General Fund
ISF	Impact/Service Fee
LMD	Landscape Maintenance District
PP	Public/Private Partnership
RDA	Redevelopment Agency
SG	State Grants
UAF	User/Application Fees
Priorities	
1	Current. Action already implemented.
2	Urgent. Action should be undertaken within the next fiscal year. It is either required by law or is critical to the City.
3	Important. Action should be taken in the near future. It may be necessary for the completion of other actions.
4	Ongoing. Action is continuous or is the continuation of an existing action or program. It requires no further action to implement.
5	Desirable. Action would benefit the community, but does not require short term implementation or may require other actions to be taken first.
6	Optional. Action has a relatively low priority, but is desirable. It is not critical to other actions.



Policy	Project Review	Initiative	Policy/Action	Primary Responsibility	Support Responsibility	Funding Source	Priority
Land Use Element							
Goal 2.1: Provide for balanced growth which seeks to provide a wide range of employment and housing opportunities and maintenance of a healthy, diversified community.							
2.1.1		X	Implementation of General Plan goals shall be reviewed every five years with the first review occurring one year after adoption of the General Plan. This will include an assessment of the relationship between General Plan land use designations and existing land uses at the time of the review as well as growth patterns in surrounding communities.				
			a. Conduct an evaluation of the current General Plan and revise the Plan as necessary.	CD	PW, CA	GF	4
2.1.2		X	The City will establish a formal liaison with adjacent jurisdictions, i.e. Riverside and San Bernardino Counties and the Cities of San Bernardino and Colton, for the purpose of evaluating the effects of each jurisdiction’s land use planning activities on contiguous areas.				
			a. Contact all surrounding jurisdictions to acquire copies of their General Plans. Review the Plans for consistency with the City’s. Request that the City be included in the review of any General Plan Amendments.	CD	PW	GF	4
			b. Contact surrounding jurisdictions to have the City placed on their transmittal lists for project review. Review adjacent projects for compatibility with the City’s General Plan and identify potential impacts to the City.	CD	PW	GF	4
2.1.3		X	Grand Terrace’s potential role within the regional market area will be reviewed every 2 ½ years as an integral part of the General Plan.				
			a. Conduct an evaluation of the City’s role in the regional market area for submittal and review by the City Council.	CD	CM	GF	5
2.1.4	X		The supply of vacant land and underutilized lands within the City shall be reviewed every 2 ½ years to consider changes in zoning in support of General Plan goals.				
			a. Conduct a survey of vacant and underutilized lands. Where appropriate, proposed changes to a specific property’s General Plan designation and/or zoning shall submitted to the Planning Commission and City Council for appropriate action.	CD	---	GF	5



Policy	Project Review	Initiative	Policy/Action	Primary Responsibility	Support Responsibility	Funding Source	Priority
2.1.5			Enhancement of the City’s image shall be undertaken by the establishment of City entrances and development of unified streetscapes.				
			a. Identify entrances to the City that are under-landscaped. Submit proposed landscape plans to the Planning Commission and City Council for review. Prepare plans for approved concepts and install new landscaping, as funding becomes available.	CD	PW, CD	GF, FG, SG, LMD, ISF, PP	4
2.1.6	X		Mixed use development which can demonstrate superior use of land, more efficient utilization of public facilities, and more effective conservation of natural resources shall be strongly encouraged by the City of Grand Terrace.				
			a. Review new development on a project-by-project basis for implementation of mixed use development concepts.	CD	PW	GF	1
2.1.7			The City shall continually refine population growth forecasts to insure adequate planning for anticipated increased levels of sewerage, water and other necessary community services.				
			a. Acquire updated population information through the State, SCAG, and SANBAG.	CD	PW, SCAG, SANBAG	GF	4
Goal 2.2: Preserve and enhance the quality and character of the City’s residential neighborhoods.							
2.2.1	X		Any development occurring within the Hillside Residential designation shall be required to prepare a Specific Plan.				
			a. Enforce the current requirement for the preparation of a Specific Plan for any development proposed in areas designated as Hillside Residential.	CD	CA	GF	1
2.2.2	X		All residential developments shall comply with the goals and policies of the Housing Element of the General Plan.				
			a. Review all proposed residential projects for consistency to the General Plan Housing Element.	CD	---	GF	4



Policy	Project Review	Initiative	Policy/Action	Primary Responsibility	Support Responsibility	Funding Source	Priority
Goal 2.3: Provide a wide range of retail and service commercial opportunities designed to meet the needs of the City's residents, businesses, and visitors while also providing employment opportunities.							
2.3.1	X		Commercially designated freeway frontage shall be master planned to ensure a comprehensive commercial development pattern that will serve as a scenic entry into the City.				
			a. Require that all commercial projects along the I-215 freeway are developed under a master plan concept.	C D	---	GF, RDA, UAF	1
2.3.2		X	Maintenance and continued development of Grand Terrace's established commercial areas, as an encouragement of new commercial development.				
			a. The City shall develop a program to support the renovation and improvement of existing commercial areas.	C D	CS, PW, CM	SG, GF, FG, RDA, PP	3
2.3.3	X	X	Additional freeway service-oriented commercial uses shall be encouraged.				
			a. Promote the development of freeway-oriented land uses south of Barton Road and east of I-215.	C D	CS, CM	GF, UAF, PP, RDA	1
			b. Develop an economic development program designed to attract freeway-oriented commercial land uses to the City.	C D	CS, CM	RDA,	1
2.3.4	X	X	Commercial areas along Barton Road shall be designated in a manner that discourages "strip commercial" type development.				
			a. All new commercial projects along Barton Road shall be reviewed in compliance with the Barton Road Specific Plan to discourage "strip commercial" development concepts.	C D	PW	GF	4
2.3.5	X	X	Measures to reduce potential land use incompatibility between commercially designated areas and all other plan areas will be given special consideration. Specific features could include increased setbacks, walls, berms, and landscaping.				
			a. Review and modify the Zoning Ordinance to provide requirements for buffering between commercial and residential land uses.	C D	PW, CA	GF	4



Policy	Project Review	Initiative	Policy/Action	Primary Responsibility	Support Responsibility	Funding Source	Priority
Goal 2.4: Provide for a mix of attractive industrial land uses designed to generate employment opportunities							
2.4.1		X	The City shall promote the development of employment generating, light, non-polluting industry with the present land use pattern.				
			a. Identify potential industrial sites. Market the sites through City-sponsored economic development programs using multi-media sources including the City Website, television, and written materials.	CD	CM, RDA	GF, RDA	4
2.4.2		X	The City shall promote the development of light non-polluting industrial uses within the City.				
			a. Develop a marketing program for the development of industrial areas along and west of I-215.	CD	CM, RDA	GF, RDA	5
2.4.3		X	Whenever feasible, industrially designated areas shall be master planned to provide an “industrial park” character.				
			a. When industrial projects are proposed, they will be evaluated for their potential to be included in an overall master plan with other adjacent industrial properties.	CD	PW	GF	1
2.4.4			Buffering to prevent potential land use incompatibilities between industrial areas and other areas shall be given special consideration. Specific features could include increased setbacks, walls, berms, and landscaping.				
			a. Review the Zoning Ordinance and establish buffer guidelines for industrial areas adjacent to more sensitive land uses.	CD	PW	GF	3
2.4.5			The City’s Redevelopment Agency shall assist in the consolidation and assemblage of properties to assure adequate sized quality development with areas designated as light industrial.				
			a. Identify potential industrial sites and determine whether they warrant RDA participation based upon available RDA funding.	RDA	CD, CM	RDA	6
Goal 2.5: Provide for the preservation of natural resources and open space.							
2.5.1			All areas of Blue Mountain above elevation 1,450 feet above sea level shall be maintained as open space. Consideration shall be given to the maintenance of existing				



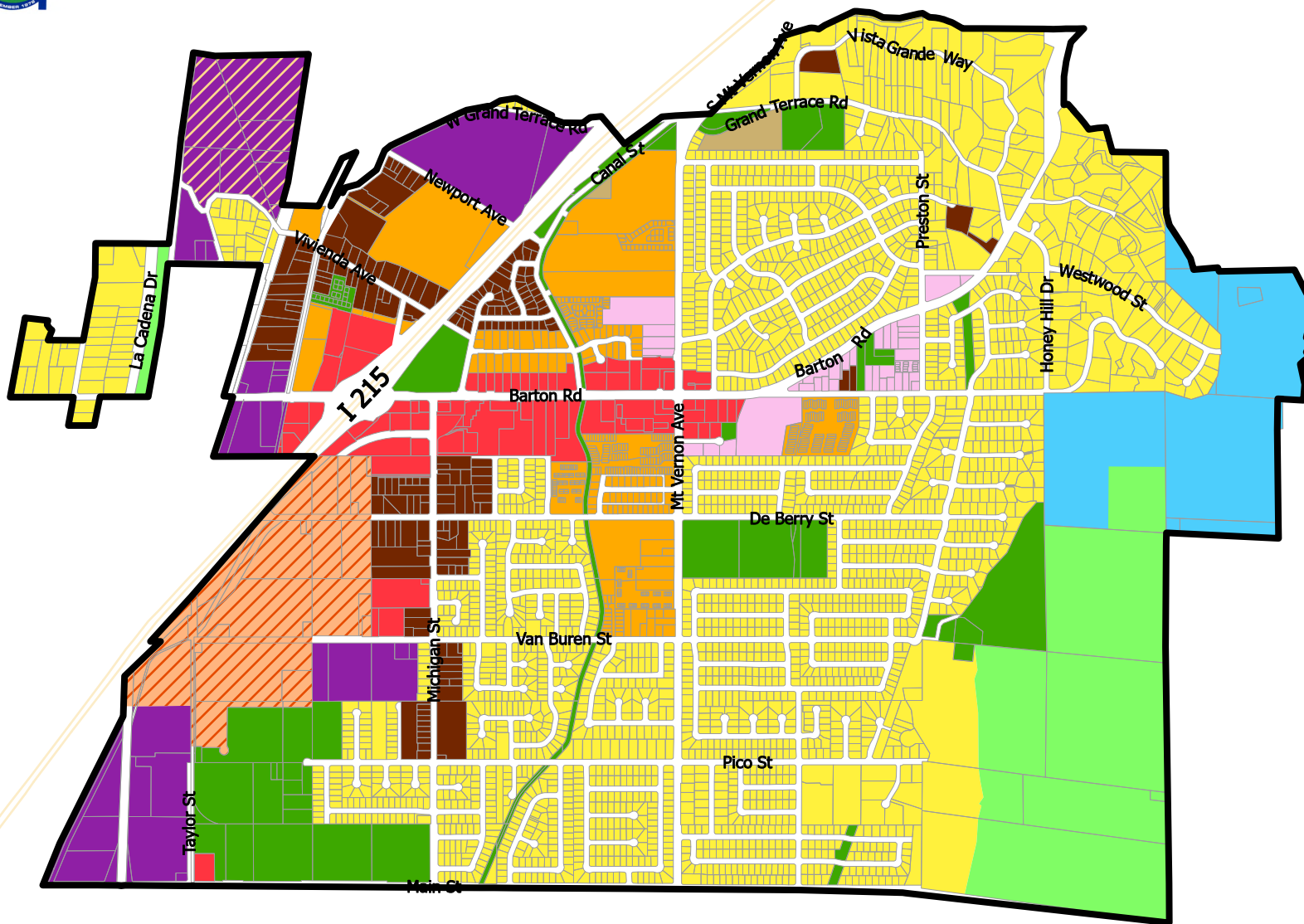
Policy	Project Review	Initiative	Policy/Action	Primary Responsibility	Support Responsibility	Funding Source	Priority
			communications towers.				
			a. Review the Zoning Ordinance and establish requirements for the preservation of Blue Mountain as open space above the elevation 1,450.	CD	CA	GF	3
2.5.2	X	X	Areas designated as Open Space shall be preserved to provide long-term recreation opportunities as well as the preservation of scenic and environmental resources and the protection of public health and safety.				
			a. Work with the Grand Terrace Foundation and Friends of Blue Mountain to identify potential properties for acquisition as public open space.	CD	CS, CM	FG, SG, ISF, PP	3
			b. Review projects on or adjacent to Blue Mountain and condition them, where appropriate, to dedicate property as public open space.	CD	CM	GF	4
2.5.3	X	X	Energy efficiency shall be encouraged in all future development.				
			a. The City shall develop energy conservation policies and guidelines to be used in the review of all new development proposals.	CD	PW, CA	GF, SG, FG, PP	3

EXHIBIT E



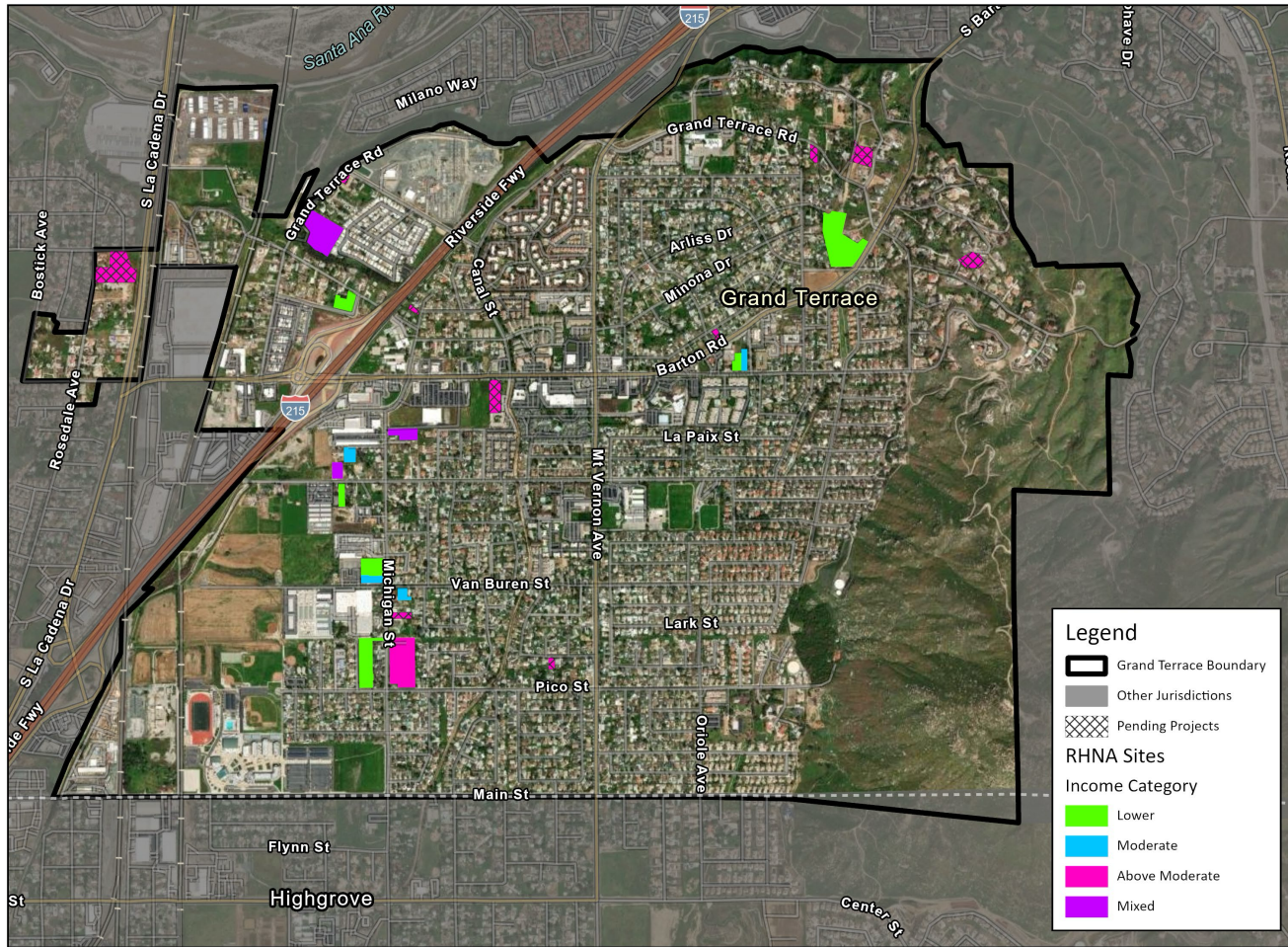
Legend

- Low Density Residential
- Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- Hillside Low Density Residential
- Office Commercial
- General Commercial
- Industrial
- Floodplain Industrial
- Public
- Hillside Open Space
- The Gateway at Grand Terrace Specific Plan (GSP)





APPENDIX A: RHNA SITES INVENTORY MAP



Grand Terrace RHNA Sites and Pending Projects

VIII-202

SUPPLEMENTAL REPORT

I. INTRODUCTION

This attachment is intended to provide additional background information regarding the Housing Element rezoning program, including the purpose of the rezoning effort, Housing Element requirements, long-term development assumptions, theoretical buildout capacity, and future project-level review requirements.

The information summarized below is derived from the City’s adopted 2021–2029 Housing Element and related planning documents.

II. GENERAL PLAN AND HOUSING ELEMENT FRAMEWORK

The General Plan serves as the City’s long-term policy framework and establishes a community vision for future growth, development, infrastructure, and quality of life over an approximately 20-year planning horizon. Often referred to as the City’s “constitution,” the General Plan provides the roadmap that guides decisions related to land use, housing, circulation, public services, sustainability, economic development, infrastructure, parks and open space, and the overall health and well-being of the community.

The Housing Element is one of the required elements of the General Plan under State law and is intended to ensure the City plans for its share of regional housing needs while balancing community objectives and local planning priorities. The adopted Housing Element states that the Land Use Element establishes the location, type, intensity, and distribution of land uses throughout the City, while zoning regulations serve as one of the primary tools used to implement the General Plan and shape future development patterns.

The General Plan and its implementing zoning regulations are intended to guide long-term decisions regarding growth patterns, infrastructure investment, housing opportunities, mobility, public safety, sustainability, and neighborhood compatibility. Key planning considerations include roadway networks, sidewalks, water and sewer infrastructure, drainage, parks, public facilities, and the relationship between residential, commercial, and industrial land uses.

Due to State Housing Element deadlines and statutory compliance requirements, the proposed rezoning program was pursued prior to a comprehensive update of the City’s General Plan. A future General Plan update would provide the opportunity for a broader community planning process to revisit land use policies, housing distribution, infrastructure planning, sustainability goals, and long-term development strategies, including consideration of whether housing density should be redistributed to other areas of the City through additional public outreach and community engagement.

III. HOUSING ELEMENT AND REZONING PURPOSE

The proposed amendments are required to address a shortfall of available housing sites and to demonstrate that the City has adequate capacity to accommodate its Regional Housing Needs Allocation (RHNA). The rezoning ensures consistency with State Housing Element law by providing sufficient sites at appropriate densities, including sites that allow for by-right residential development when affordability requirements are met.

The City's adopted 2021–2029 Housing Element identifies a RHNA obligation of 630 housing units during the current planning cycle. The RHNA is assigned by the Southern California Association of Governments (SCAG) pursuant to State Housing Element law. The Housing Element states that the RHNA “does not encourage or promote growth, but rather assigns a regional ‘fair share’ amount of overall housing demand that each community must accommodate and plan for.”

The proposed rezoning establishes the zoning capacity necessary to demonstrate compliance with State Housing Element law and maintain a certified Housing Element. In addition to meeting current State requirements, the proposed rezoning increases overall housing capacity beyond the City's RHNA to provide a buffer for future Housing Element compliance and help position the City for the upcoming 7th Cycle Housing Element update.

The proposed amendments also include updates to zoning regulations addressing nonconforming uses and structures to improve consistency and compatibility with existing residential development patterns.

IV. THEORETICAL BUILDOUT VS. EXPECTED DEVELOPMENT

The proposed rezoning establishes long-term theoretical development capacity and does not represent anticipated near-term buildout of all rezoned properties.

The maximum theoretical buildout under the proposed rezoning is approximately 3,600 net additional dwelling units if all 97 acres proposed for rezoning were developed at the maximum density of 40 dwelling units per acre and existing residential units were removed. This represents a theoretical planning scenario used for zoning capacity analysis and does not reflect expected real-world development conditions.

Actual residential development is influenced by many factors, including market demand, financing availability, infrastructure capacity, redevelopment feasibility, owner participation, environmental constraints, and economic conditions.

The City's adopted Housing Element notes that development assumptions are adjusted to account for realistic market conditions and site constraints. For purposes of Housing Element planning, Grand Terrace utilized estimated development yields below maximum theoretical density to account for development feasibility, site-specific constraints, and regional absorption trends.

Historically, Grand Terrace has experienced relatively modest residential growth and housing production. According to the adopted Housing Element, the City added approximately 500 housing units over a 20-year period between 2000 and 2020, averaging approximately 25 units annually. In more recent years, the City has averaged substantially fewer new units annually.

Accordingly, the rezoning should not be interpreted as an expectation that all properties will immediately redevelop at maximum allowable density.

V. SCAG GROWTH PROJECTIONS AND HOUSING ELEMENT ESTIMATED YIELDS

The maximum theoretical buildout under the proposed rezoning is approximately 3,600 net additional dwelling units if all 97 acres proposed for rezoning were developed at the maximum density of 40 dwelling units per acre and existing residential units were removed. This represents a long-term theoretical buildout scenario and not an anticipated near-term development outcome.

For purposes of Housing Element planning, the City does not assume that all rezoned sites will develop at maximum allowable density. Instead, the City applies a projected development yield to account for factors such as site-specific constraints, existing development patterns, environmental limitations, market conditions, redevelopment feasibility, and regional growth trends.

Based on historical development patterns and regional trends, the City assumed an estimated yield of approximately 70 percent of maximum allowable density on sites designated to accommodate the Regional Housing Needs Allocation (RHNA). Actual development yields may vary depending on the characteristics of individual sites and future market conditions.

The Southern California Association of Governments (SCAG) projects that Grand Terrace will grow from approximately 4,900 households to approximately 5,700 households by the year 2050, representing approximately 800 additional households over the next 24 years. This equates to an average growth rate of approximately 33 housing units annually.

The City's RHNA allocation for the current 2021–2029 Housing Element planning period is 630 units over eight years, averaging approximately 79 units annually. However, Grand Terrace has historically experienced substantially lower levels of residential development, averaging fewer than 5 new residential units annually in recent years.

Accordingly, while the proposed rezoning establishes sufficient long-term housing capacity to comply with State Housing Element requirements, historical development trends indicate that actual residential construction is likely to occur incrementally over an extended period of time rather than through immediate full buildout of rezoned properties.

VI. RECENT DEVELOPMENT LAWS

Over the last several years, the California Legislature has adopted numerous housing laws intended to increase housing production and expand residential development opportunities within existing neighborhoods. Many of these laws significantly reduced local discretion over residential development and increased the theoretical number of dwelling units that may be constructed on residentially zoned property.

While these laws substantially increased potential residential capacity statewide, the actual rate of housing construction in many communities, including Grand Terrace, has remained significantly lower than the theoretical development potential created by the legislation. Actual development continues to depend on factors such as market demand, financing, infrastructure availability, construction costs, owner participation, and redevelopment feasibility.

Two of the most significant recent State housing laws affecting single-family residential neighborhoods are summarized below.

A. *ADUs*

Beginning in 2018, the California Legislature enacted a series of bills substantially expanding opportunities for Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs). These laws significantly limited local discretion and expanded opportunities for additional residential units on residentially zoned property.

- Senate Bill 1069 (Wieckowski, 2016);
- Assembly Bill 2299 (Bloom, 2016);
- Senate Bill 13 (Wieckowski, 2019);
- Assembly Bill 68 (Ting, 2019);
- Assembly Bill 881 (Bloom, 2019);
- Assembly Bill 587 (Friedman, 2019);
- Assembly Bill 670 (Friedman, 2019);
- Assembly Bill 671 (Friedman, 2019);
- Assembly Bill 3182 (Rivas, 2020);
- Senate Bill 897 (Wieckowski, 2022);
- Assembly Bill 2221 (Quirk-Silva, 2022); and
- Senate Bill 1211 (Skinner, 2024).

Collectively, these laws require ministerial approval of qualifying ADUs and JADUs, limit the ability of local agencies to impose development standards beyond State-established limits, reduce parking requirements, allow ADUs within both single-family and multifamily residential zones, streamline permit processing timelines, and expand

opportunities for detached ADUs and conversion ADUs throughout residential neighborhoods.

These laws effectively doubled the potential number of dwelling units within many single-family residential neighborhoods throughout California.

Despite this significant increase in theoretical residential capacity, Grand Terrace has experienced relatively limited ADU construction activity. Through 2024, the City permitted a total of five (5) ADUs despite approximately 3,250 single-family residential lots potentially being eligible for additional residential units.

The five actual ADUs constructed represent less than 0.15 percent of the theoretical additional residential capacity created by recent State ADU legislation.

B. SB 9

Effective January 1, 2022, Senate Bill 9 (SB 9) requires ministerial approval of qualifying urban lot splits and two-unit residential developments within single-family residential zones. Under SB 9, local agencies must ministerially approve the subdivision of one single-family parcel into two parcels, development of up to two primary dwelling units on each parcel, and certain urban lot splits and duplex developments without discretionary review or public hearing. When combined with recent ADU laws, SB 9 effectively allows up to four residential units on many single-family residential properties statewide through combinations of duplexes and accessory dwelling units.

The passage of SB 9 theoretically increased the potential residential capacity of Grand Terrace's single-family neighborhoods to allow approximately 9,750 additional dwelling units citywide. However, since SB 9 took effect in 2022, Grand Terrace has only received one (1) SB 9 application.

This demonstrates that the creation of additional zoning capacity and development rights does not necessarily result in immediate or widespread residential construction. Actual development activity remains dependent on numerous factors, including property owner participation, financing, construction costs, market demand, infrastructure availability, and redevelopment feasibility. Similarly, the increased housing capacity associated with the proposed Housing Element rezoning does not necessarily mean that all rezoned properties will redevelop at maximum allowable densities.

VII. ENVIRONMENTAL IMPACT REPORT (EIR)

Rezoning actions that implement programs contained within an adopted Housing Element are exempt from the California Environmental Quality Act (CEQA) pursuant to Senate Bill 131 (SB 131). The proposed rezoning does not approve any specific development

project but instead establishes the framework and zoning capacity for future residential development.

Any future development proposal on a rezoned property would still go through separate project review and would need to comply with applicable development standards, building codes, infrastructure requirements, and environmental regulations. Depending on the type and size of the project, future environmental review may evaluate issues such as traffic, water and sewer service, drainage, water quality, air quality, greenhouse gas emissions, noise, public services, and impacts to cultural, historic, or environmental resources.

A future comprehensive General Plan update would also require preparation of a full Environmental Impact Report (EIR). Unlike the current rezoning effort, a General Plan EIR would evaluate broader citywide land use patterns and long-term buildout assumptions, including the potential environmental impacts associated with different land use designations, residential densities, infrastructure demands, circulation patterns, public services, and future growth scenarios throughout the City.

One benefit of a comprehensive General Plan EIR is that future development projects consistent with the land uses, densities, and development assumptions studied in the EIR could potentially rely on that prior environmental analysis. In many cases, future projects may only require a consistency review or supplemental analysis to confirm that the impacts were adequately evaluated in the General Plan EIR, rather than preparing a completely new environmental document for each individual project.

Under the City's current framework, future residential projects are more likely to require project-by-project environmental review because a broader citywide General Plan EIR evaluating long-term buildout and land use assumptions has not yet been completed.

A future General Plan update would therefore provide the City an opportunity to more comprehensively evaluate long-term land use patterns, infrastructure planning, sustainability goals, and community development priorities through a broader public planning and environmental review process.

VIII. CONCLUSION

The proposed Housing Element rezoning program is intended to establish sufficient long-term housing capacity to maintain compliance with State Housing Element law and implement Program 1 of the City's adopted 2021–2029 Housing Element. The rezoning establishes a planning framework and zoning capacity but does not require redevelopment of any specific property or guarantee that all rezoned sites will develop at maximum allowable density.

Historical development trends in Grand Terrace, along with recent experience under State ADU and SB 9 legislation, demonstrate that increases in theoretical housing capacity do not necessarily result in immediate or widespread residential construction. Actual development remains dependent on numerous factors, including market demand, infrastructure availability, financing, property owner participation, and redevelopment feasibility.


HOUSING & HOMELESSNESS

Huntington Beach to Pay \$50,000 a Month Until They Get an Approved Housing Plan



BY **NOAH BIESIADA**

May 15, 2026

 [Why you can trust Voice of OC](#)



The Huntington Beach Pier on April 22, 2026. Credit: JAKE RANDAZZO, Voice of OC

Starting next month, Huntington Beach taxpayers will lose over \$1,600 a day until city leaders get a state approved housing plan in place.

The \$50,000 monthly fine is slated to go into a state housing trust that could spur housing production in other cities.

The penalty comes after San Diego Superior Court Judge Katherine Bacal found city leaders have failed to implement a housing plan after a yearslong battle with state officials over whether they need to implement one at all.

Surf City has lost at every level of state and federal court after officials argued the municipality doesn't have to follow state housing mandates because it's a charter city.

[*Read: [Huntington Beach Continues to Lose Lawsuits Arguing Charter City Rights](#)*]

Now, the bill has come due.

“While the Court did not find the City’s arguments persuasive that no penalties should be imposed, the arguments do factor into determining the appropriate amount of penalties,” Bacal wrote [in her minute order](#) issued Thursday.

City officials didn't return calls for comment.

Starting in June, the city will pay \$50,000 per month “until the City cures the violation.”

That money's slated to go into the state's Building Homes and Jobs Trust Fund, where it could help other cities build housing.

“This fund was created to streamline housing production, support affordable housing, increase home ownership opportunities, and provide other income-related housing grants and programs as specified,” reads a [state summary of the fund](#). “Majority of funds to flow to local governments.”

She also ordered the city to pay an additional \$10,000 a month late fee to cover the months of January 2025 through May of this year, for a total of \$160,000.

It's the first time the city has faced a financial penalty for their refusal to adopt a housing plan after prosecutors from Attorney General Rob Bonta's office repeatedly asked the court to sanction the city.

Huntington Beach leaders have been wrapped up in lawsuits with the state since 2023, when a then-newly elected city council majority swore their top priority was to fight against any new housing coming to Huntington Beach.

“This is one of the biggest threats facing our city,” said then-Councilman, now Mayor, Casey McKeon at the council’s Dec. 2022 meeting. “We have to fight this with every fiber of our being.”

[**[Read: California’s Battle With Huntington Beach Over Housing Goals Heads To Court](#)**]

Since 2021, the city has greenlit permits for around 1,500 new units of housing according to their disclosures.

[In a statement Friday evening](#), Gov. Gavin Newsom and Attorney General Rob Bonta praised the court’s decision, noting it might mean the end of their yearslong legal battle over housing.

“Citizens in this community should be appalled by their city leaders’ actions here which will cost them hundreds of thousands of dollars in penalties,” Newsom wrote. “No more excuses.”

Bonta called it a “costly lesson.”

“Huntington Beach has obstinately and illegally refused to do its part to address our state’s housing crisis, and today, it’s paying for it,” Bonta wrote. “No city is above the law.”

Noah Biesiada is a Voice of OC reporter. Contact him at nbiesiada@voiceofoc.org.



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings to implement Senate Bill No. 707

PRESENTED BY: Adrian R. Guerra, City Attorney

RECOMMENDATION: **ADOPT THE ATTACHED RESOLUTION TO ADOPT A POLICY ENTITLED “POLICY GOVERNING REMOTE PARTICIPATION AND ENHANCEMENT OF PUBLIC PARTICIPATION IN CITY COUNCIL AND COMMISSION MEETINGS” TO IMPLEMENT SENATE BILL NO. 707**

2030 VISION STATEMENT:

This staff report supports City Council Goal #5, “Engage in Proactive Communication” by ensuring that the City is able to communicate and disseminate information to all members of the public.

BACKGROUND:

On October 3, 2025, Governor Newsom signed Senate Bill No. 707 (“SB 707”), which revises and updates the Ralph M. Brown Act’s open meeting laws to provide greater flexibility in teleconferencing and enhance accessibility requirements, including translation services in certain circumstances and real-time captioning. SB 707 requires the City Council to formally authorize teleconferencing for advisory bodies, including commissions, committees, and boards, through a resolution or policy, pursuant to California Government Code section 54953.8.6.

These new requirements build on the existing teleconferencing framework established under prior legislation, including Assembly Bills 361 and 2449. SB 707 takes effect on July 1, 2026, and will remain in effect until January 1, 2030. A draft policy, entitled “Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings” is now presented to the City Council to implement Senate Bill No. 707.

It is important to note that SB 707 has new provisions applicable to all city councils and new provisions only applicable to an “eligible legislative body”, which is defined as “a city council of a city located in a county with a population of 600,000 or more”. Accordingly, the City will be subject to all provisions of SB 707, i.e. both the general provisions of SB

707 and the provisions applicable to an “eligible legislative body” because the City is located in a county that exceeds a population of 600,000 people.

DISCUSSION:

SB 707 updates the City’s open meeting requirements to enhance public participation, transparency, and accessibility.

Teleconferencing and Remote Participation Requirements

- **Mandatory Hybrid Meetings:** By July 1, 2026, the City Council *must* provide for hybrid meetings (in-person plus a teleconference option). The teleconference option must be either a two-way telephonic *or* audiovisual platform (e.g., zoom). If using audiovisual platforms, a call-in option and active captioning (if available) are required.¹
- **Policy Regarding Broadcast Disruption:** Prior to July 1, 2026, the City Council must adopt an open session policy regarding hybrid meetings that includes procedures for restoring service in the event of a broadcast disruption. The policy should include (i) steps to be taken if audio, video, or the entire platform fails, (ii) the appropriate personnel to take corrective action to restore service, and (iii) the procedure to notify the public and resume the meeting upon restoration of service.

In addition, the policy should also outline how the City Council will deal with a disruption or disturbance from a member of the public, either in-person or on teleconference, and restore decorum to the meeting. The policy should also address the procedures for accommodating disability requests by a Councilmember or a member of the public in participating in the meeting, as well as define “just cause” and “emergency circumstances” for purposes of remote participation by a Councilmember.

- **One-Hour Recess Requirement:** Starting July 1, 2026, if a disruption prevents the public from attending the meeting remotely, the City Council must take a recess and try to restore service. If service cannot be restored within one (1) hour, the City Council must conduct a roll call vote confirming that good faith efforts were made, and make a finding that public interest in continuing the meeting outweighs remote access.²
- **Legal Basis for Remote Participation of Councilmember:** Starting January 1, 2026, Councilmembers and commissioners who participate remotely must have their legal basis for remote participation recorded in the

¹ Cal. Gov. Code § 54953.4(b)(1).

² Cal. Gov. Code § 54953.4(b)(1).

meeting minutes.³

- **Councilmember with Disability:** Starting January 1, 2026, Councilmembers and commissioners with a disability may participate remotely as a reasonable accommodation, including participation via audio only (but only if their condition prevents participation on camera). Once an accommodation is granted for a disability, the Councilmember's remote participation counts toward quorum at the in-person meeting site. Unlike the "just cause" or "emergency circumstance" reasons for Councilmembers/commissioners to participate remotely, there are no restrictions on the number of meetings a Councilmember/commissioner may attend remotely and no geographic limits on participation, once a disability is established and accommodated. However, those attending remotely must still disclose any present adults and their relationship to them.⁴
- **"Just cause" definition expanded and extended:** Currently, Councilmembers and commissioners may participate remotely due to "just cause". In addition to the existing reasons of childcare needs, a contagious illness, official City-related travel, and physical or family medical emergency, as of January 1, 2026 the definition of "just cause" will now include military service obligations. Previously sunseting at the end of 2025, the allowance for remote participation via "just cause" has been extended to December 31, 2029.⁵

Enhancing Public Engagement (Starting July 1, 2026):

- **Translation of meeting agendas:** If 20% of the City's population speaks an applicable foreign language **and at the same time, that population speaks English less than "very well"**⁶, then the City must translate meeting agendas (but not the entire agenda packet) into that applicable language. There is no need to verbally state how the foreign language translation of the agenda may be accessed during the applicable Council meeting. [*Note that the 20% calculation must be based on data regarding foreign languages from the most recent American Community Survey.*]

³ Cal. Gov. Code § 54953.8(b)(7).

⁴ Cal. Gov. Code § 54953(c).

⁵ Cal. Gov. Code § 54953.8.3(c).

⁶ Note that the term "very well" is not defined in the Govt. Code, but is a term of art used to identify individuals with limited English proficiency (LEP), and it refers directly to data from the U.S. Census Bureau's American Community Survey (ACS). The U.S. Census Bureau uses this specific phrasing in its survey to measure the level of English proficiency within households and communities. Individuals are considered LEP if they indicate on the ACS that they speak English "less than very well" (which includes responses such as "well", "not well", or "not at all").

- **Translation of the City website:** Similar to meeting agendas, the following information on the City’s website must also be translated if 20% of the City’s population speaks an applicable foreign language and at the same time that population speaks English less than “very well”. Each translation must be accessible through a prominent direct link posted on the City’s website home page.⁷
 - (A) An accessible internet webpage dedicated to public meetings that includes, or provides a link to, all of the following information:
 - (I) A general explanation of the public meeting process for the City Council.
 - (II) An explanation of the procedures for a member of the public to provide in-person or remote oral public comment during a public meeting or to submit written public comment.
 - (III) A calendar of all public meeting dates with calendar listings that include the date, time, and location of each public meeting.
 - (IV) The agenda posted online.
- **Social Media Use:** Existing law temporarily allows a Councilmember to participate in individual communications on an internet-based social media platform for specified purposes, provided that a majority of Councilmembers do not use the platforms to discuss or deliberate on matters within the City’s specific subject matter jurisdiction. This bill makes removes the sunset date and makes this exception permanent.⁸
- **Brown Act Copy:** The City must provide a copy of the Brown Act to each Councilmember of the City.⁹
- **Oral Reporting of Compensation Decisions:** SB 707 clarifies that the City is required to orally report, prior to final action, a summary of any recommendation of final action on compensation for the City Manager, any department heads, or other comparable administrative officer during an open meeting at which the final action is to be taken.
- **Assistance in translation services:** The City is required to reasonably assist members of the public who wish to translate a public meeting into any language or wish to receive interpretation provided by another member of

⁷ Cal. Gov. Code § 54953.4(b).

⁸ Cal. Gov. Code § 54952.2(b).

⁹ Cal. Gov. Code § 54952.7.

the public. The bill does not require the City to provide translation services, but only to reasonably assist others who choose to engage in translation/interpretation services. It is important to note that in providing any translation service, SB 707 limits the City's liability in negligent translation and provides that the City will not be responsible for the contents or accuracy of any translation.¹⁰

- The bill states that the City Council shall publicize instructions on how to request assistance to the public.
- The "assistance" listed in the bill may include any of the following, as determined by the City Council: (i) Arranging space for one or more interpreters at the meeting location, (ii) Allowing extra time during the meeting for interpretation to occur, and/or (iii) Ensuring participants may utilize their personal equipment or reasonably access facilities for participants to access commercially available interpretation services.

Automated translation tools, such as Google Translate, may be used to satisfy these requirements, provided the other statutory obligations are met and a disclaimer is included noting that translations are automatically generated and may not be exact.

- **Translation near posting sites:** The City must also provide a freely accessible physical location near where the agendas are posted to allow the public to post additional translations of the agenda in that location.¹¹
- **Outreach requirements:** The City must make reasonable efforts to invite groups that do not traditionally participate in public meetings to attend those meetings. Examples of such groups include the following:
 - Media organizations providing news coverage within the City or region, including ethnic and language-specific outlets serving non-English-speaking communities.
 - Civil-rights, civic-engagement, neighborhood, and community-based organizations, particularly those active in or serving multilingual or historically marginalized communities.¹²

C. Additional Key Requirements

- **Teleconferencing for Eligible Subsidiary Bodies:** SB 707 further standardizes teleconferencing procedures for eligible subsidiary bodies,

¹⁰ Cal. Gov. Code § 54953.4(b)(2).

¹¹ Cal. Gov. Code § 54953.4(c)(3).

¹² Cal. Gov. Code § 54953.4(b)(3)(C).

such as advisory boards and committees of the City. Before an eligible subsidiary body may use teleconferencing, the City Council must first formally authorize it by charter, ordinance, resolution or other formal action.¹³ If teleconferencing is authorized, members participating remotely must maintain real-time, two-way communication for the duration of the meeting, unless the member has a physical or mental condition meeting ADA disability criteria that results in a need to participate off camera. Further, the bill removes the prior requirement to publicly notice each remote location. Also, SB 707 requires each legislative body to reauthorize an eligible subsidiary body's use of teleconferencing every six months by majority vote, confirming that the practice continues to serve the public interest in accordance with Government Code section 54953.8.6.

The proposed policy sets forth the authority of the City Council to authorize advisory commissions to use teleconferencing, but a separate resolution(s) will need to be adopted by the City Council in the future if the City Council chooses to allow specific teleconferencing authorization. Costs of staffing and the technology for implementation of the hybrid format for each commission will need to be considered.

The policy, if adopted, will help to ensure compliance with Senate Bill 707. Further, the policy will support the City's mission to ensure public meetings remain transparent, accessible, and inclusive, consistent with the City Council's goal of proactive communication with all members of the community.

RECOMMENDATION:

1. Adopt the Attached Resolution to Adopt a Policy Entitled "Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings."
2. Defer action and provide direction to staff.

ENVIRONMENTAL IMPACT:

No Environmental Impact.

FISCAL IMPACT:

No Fiscal Impact.

ATTACHMENTS:

- 1) Resolution No. 2026-xx

¹³ Cal. Gov. Code § 54953.8.6. *Note that the City Council is not required to authorize any of these teleconferencing procedures.*

RESOLUTION NO. 2026-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, ADOPTING A POLICY GOVERNING REMOTE PARTICIPATION AND ENHANCEMENT OF PUBLIC PARTICIPATION IN CITY COUNCIL AND COMMISSION MEETINGS FOR IMPLEMENTATION OF NEW PROVISIONS OF THE RALPH M. BROWN ACT AS ENACTED BY SENATE BILL NO. 707

WHEREAS, the Ralph M. Brown Act (“Brown Act”), California’s open meeting law, governs the conduct of public meetings by governmental bodies; and

WHEREAS, on October 3, 2025, Governor Newsom signed Senate Bill No. 707 (“SB 707”) to revise the Brown Act’s open meeting laws by allowing greater flexibility in teleconferencing and accessibility requirements, including translation services in certain circumstances and real time captioning, effective July 1, 2026, and until January 1, 2030; and

WHEREAS, the City Council now desires to adopt a policy, entitled “Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings” to implement Senate Bill No. 707.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

1. The foregoing Recitals are true and correct and are incorporated herein by this reference.
2. The City Council hereby adopts the “Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings” dated May 12, 2026, attached hereto, for purposes of implementing Senate Bill 707.
3. The City Manager or designee is authorized to implement and enforce the provisions of the Policy adopted herein.
4. The City Manager, or his/her designee, is hereby directed and authorized to make such modifications as may be necessary to the agenda templates of the City Council and City’s commissions, committees, and boards, along with any other agenda related materials, in order to implement the teleconferencing and related rules of SB 707.
5. If any section, subsection, sentence, clause, phrase, or portion of this Resolution is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution. The City Council of the City of Grand Terrace hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections,

subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

6. The City Clerk shall certify to the adoption of this Resolution, which, shall in turn, have immediate effect.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Grand Terrace at a regular meeting held on the 26th day of May 2026.

Bill Hussey
Mayor

ATTEST:

Daysi Alcocer
City Clerk

APPROVED AS TO FORM:

Adrian R. Guerra
City Attorney

Policy Governing Remote Participation and Enhancement of Public Participation in City Council Meetings

PURPOSE:

The purpose of this Policy Governing Remote Participation and Enhancement of Public Participation in City Council and Commission Meetings is to implement Senate Bill No. 707 (“SB 707”), signed into law on October 3, 2025, which revises and updates the Ralph M. Brown Act’s open meeting laws to provide greater flexibility in teleconferencing and enhance public participation, transparency, and accessibility in public meetings of the City Council and authorized commissions approved by the City Council pursuant to this Policy.

POLICY:

For purposes of implementation of SB 707, the City Council hereby adopts the following requirements.

I. Hybrid meeting format.

Meetings of the City Council and commissions approved for teleconferencing pursuant to Section VII below shall be conducted in a hybrid-format, consisting of two-way telephonic or audiovisual platform, with a call-in option and automatic captioning activated if the platform provides this feature, pursuant to Government Code section 54953.4(b)(1), as may be amended.

II. Broadcast disruption procedures.

If audio, video, or the entire teleconference platform fails in a manner that prevents the public from observing or participating remotely, the presiding officer shall recess the meeting. The City Clerk or appropriate technical personnel shall take immediate corrective action to restore service. Notice of the disruption shall be posted on the City’s website and announced at the in-person meeting location, if feasible.

If remote access cannot be restored within one (1) hour, the City Council or approved commission shall conduct a roll call vote confirming that good faith efforts were made to restore service and shall make a finding that the public interest in continuing the meeting outweighs the need for remote access before proceeding in accordance with Government Code section 54953.8(b)(7).

If a disruption affects a Councilmember or a commissioner (for commissions approved for teleconferencing pursuant to Section VII below) participating remotely due to an authorized basis, including for just cause or as a reasonable accommodation for a disability, the presiding officer shall

determine whether quorum is maintained and shall recess the meeting if necessary to restore quorum or connectivity. All disruption procedures shall apply equitably whether the disruption affects the public, a Councilmember/ a commissioner (for commissions approved for teleconferencing pursuant to Section VII below), or a member participating remotely for disability accommodation. These procedures also apply to disruptions impacting individuals participating remotely as a reasonable accommodation under applicable law.

III. Disruptions by members of the public.

In addition to authority exercised pursuant to Government Code sections 54954.3 and 54957.9, the presiding officer or their designee may remove, or cause the removal of, an individual who is disrupting a meeting, including a teleconferenced meeting, consistent with Government Code section 54957.95.

For purposes of this Policy, “disrupting” means engaging in behavior during a meeting that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting, including failure to comply with reasonable and lawful regulations governing public comment.

Prior to removing an individual for disruptive behavior, the presiding officer or their designee shall warn the individual that their behavior is disrupting the meeting and that failure to cease the behavior may result in removal. If the individual does not promptly cease the disruptive behavior, the presiding officer or their designee may remove the individual.

A warning is not required if the behavior constitutes use of force or a true threat of force, meaning a threat that a reasonable observer would perceive as an actual threat to use force.

IV. Remote participation by Councilmembers and Commissioners.¹

- (1) Just cause. A Councilmember or commissioner may participate remotely for “just cause” as defined by Government Code section 54953.8.3(c), including childcare or caregiving needs, a contagious illness, official City-related travel, a physical or family medical emergency, or military service obligations. The legal basis for remote participation shall be disclosed and recorded in the meeting minutes as required by law.

¹ This section applies to the City Council and all commissions whether or not advisory commissions are approved for teleconferencing pursuant to Section VII below.

- (2) Emergency circumstances. Remote participation due to emergency circumstances shall comply with applicable statutory requirements, including required findings and disclosures.
- (3) Disability accommodation. A Councilmember with a qualifying disability may participate remotely as a reasonable accommodation consistent with state and federal law. Participation may occur via audio only if the disability prevents on-camera participation. Once granted, such remote participation shall count toward quorum at the in-person meeting location. Required disclosures regarding adults present at the remote location shall be made as required by law.

V. Translation and public access.

- (1) If twenty percent (20%) or more of the City's population speaks a single non-English language and speaks English less than "very well," based on the most recent American Community Survey data, City Council meeting agendas (but not full agenda packets) shall be translated into that language and made accessible on the City's website pursuant to Government Code section 54953.4(b).
- (2) When the applicable population threshold is met, the City shall provide translated versions of required public meeting information on a prominently linked webpage accessible from the City's homepage, pursuant to Government Code section 54953.4(b), including:
 - (i) A general explanation of the public meeting process;
 - (ii) Instructions for providing in-person or remote public comment;
 - (iii) A calendar of public meeting dates with date, time, and location; and
 - (iv) Posted meeting agendas.
- (3) The City shall reasonably assist members of the public who wish to provide interpretation or translate public meetings. Assistance may include arranging space for interpreters, allowing additional time for interpretation, or permitting the use of personal equipment or commercially available interpretation services. The City shall publicize clear instructions for requesting such assistance in advance of or during meetings.
- (4) The City shall also provide a freely accessible physical location near where the agendas are posted to allow the public to post additional translations of the agenda in that location pursuant to Government Code section 54953.4(c)(3).

- (4) The City may use digital translation services, such as Google Translate or similar automated tools, to satisfy the translation requirements for agendas and the public meetings webpage, provided the other requirements of Government Code section 54953.4 are met. The City is not responsible for the content or accuracy of any translation provided by such tools, in accordance with Government Code section 54953.4(b)(2). The City may include a disclaimer noting that translations are automatically generated and may not be exact. The City shall make reasonable efforts to ensure translations are understandable to the public and may provide additional clarification upon request.

VI. Outreach efforts.

The City shall make reasonable, good-faith efforts to invite organizations that do not traditionally participate in public meetings to attend City Council meetings. The City retains discretion in determining what constitutes reasonable effort consistent with applicable law. Outreach efforts may include media organizations serving non-English-speaking communities and community groups that historically have lower participation in public meetings.

VII. Teleconferencing authorization for eligible subsidiary bodies.

Pursuant to Government Code section 54953.8.6, eligible subsidiary bodies of the City may be authorized by the City Council to use teleconferencing consistent with applicable law. This policy shall only apply to advisory commissions if authorized for use by the City Council.

Members participating remotely shall maintain real-time, two-way communication for the duration of the meeting unless participating remotely due to a qualifying disability. The City Council shall adopt resolutions authorizing such teleconferencing and, if so adopted, may reauthorize teleconferencing for eligible subsidiary bodies every six (6) months by majority vote confirming that such practice serves the public interest.

VIII. Social media use.

Councilmembers may participate in individual communications on internet-based social media platforms for specified purposes, provided that a majority of Councilmembers do not use the platform to discuss or deliberate on matters within the City's subject matter jurisdiction. This exception is now permanent pursuant to SB 707 and consistent with Government Code section 54952.2(b).

IX. Brown Act copies.

The City Clerk shall provide a copy of the Brown Act to each Councilmember as required by Government Code section 54952.7.

X. Oral reporting of compensation decisions.

Prior to final action on compensation for the City Manager, any department head, or other comparable administrative officer, the City Council shall orally report, during the open meeting at which the final action is to be taken, a summary of any recommendation for final action, consistent with SB 707.



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Introduction of the FY2026-27 Proposed Budget

PRESENTED BY: Christine Clayton, Finance Director

RECOMMENDATION: **REVIEW THE PROPOSED BUDGET FOR FISCAL YEAR 2026-27; AND BEGIN BUDGET DELIBERATIONS FOR THE PROPOSED BUDGET FOR FISCAL YEAR 2026-27; AND CONTINUE BUDGET DELIBERATIONS ON JUNE 9, 2026, FOR BUDGET ADOPTION**

2030 VISION STATEMENT:

This staff report supports City Council Goal #1 "Ensure of Fiscal Viability" through the continuous monitoring of revenue receipts and expenditure disbursements against approved budget appropriations.

BACKGROUND:

In prior years, staff has submitted, for City Council's review and approval, the proposed budget for the upcoming year. Once approved, this document has served as the City's financial plan for the following year and acts as the basis for budgetary control.

For Fiscal Year (FY) 2025-26, City Council approved a one-year budget, with any adjustments submitted for the FY2025-26 budget, during the current year.

An annual budget allows the city to:

1. Improve financial management,
2. Greater flexibility to respond to our confusing and uncertain environment,
3. Greater ability to shift resources because of service level demands; and
4. Quickly Reallocation and redeploy resources.

DISCUSSION:

GENERAL FUND

FISCAL YEAR 2025-26

Table 1 reflects the FY2025-26 Year-End Revenue and Expenditure projections.

**City of Grand Terrace
FY 2025-26 General Fund Revenue and Expenditure Report**

Revenues	2025-26	2025-26
	Adj. Budget 05-26-26	Projections 03-18-2026
Property Tax	\$5,190,000	\$6,478,224
Proceeds from Sale of Property	\$0	\$0
Franchise Fees	\$675,000	\$708,466
Licenses, Fees & Permits	\$505,320	\$470,509
Sales Tax	\$1,600,000	\$1,372,682
Intergovernmental Revenue/Grants	\$58,500	\$43,791
Charges for Services	\$132,500	\$47,914
Fines & Forfeitures	\$41,000	\$21,591
Miscellaneous	\$33,624	\$144,065
Use of Money & Property	\$72,660	\$200,463
Wastewater Receipts	\$401,500	\$481,800
Transfers In	\$0	\$0
Total Revenues	\$8,710,104	\$9,969,505
Expenditures		
Salaries	\$2,186,753	\$1,974,924
Benefits	\$1,642,959	\$1,571,925
Materials & Supplies	\$455,175	\$434,991
Professional/Cont. Services	\$4,552,992	\$4,974,117
Equipment	\$50,400	\$411,946
Lease of Facility/Equipment	\$3,750	\$5,316
Utilities	\$257,620	\$256,777
Overhead Cost Allocation	(\$281,950)	(\$90,145)
Capital Projects	\$0	\$56,000
Debt Service	\$0	\$3
Transfers Out	\$208,152	\$479,946
Total Expenditures	\$9,075,851	\$10,075,800
Revenues	\$8,710,104	\$9,969,505
Expenditures	(\$9,075,851)	(\$10,075,800)
Projected Surplus	(\$365,747)	(\$106,295)

FISCAL YEAR 2026-27

The City continues to receive optimistic sales tax projections that build on the success from prior and current year sales tax growth. Staff continues to meet with our property and sales tax consultants (HdL) to monitor quarterly sales tax trends.

Revenues:

1. Property Tax projections: Were provided by HdL with funds being received in the amount of \$4,145,000; and
2. Property Tax VLF swap projections: Were provided by HdL in the amount of \$2,370,000; and
3. Sales Tax projections: HdL projects sales tax revenue for FY2026-27 in the amount of \$1,350,000.

Expenditures:

1. For the Sheriff’s Department, the proposed contract amount is \$3,061,144, which is a 13.6% increase from fiscal year 2025-26, which equates to \$366,766. The contract proposes the addition of a Sheriff’s Service Specialist and in personnel liability and bonding.
2. Under Public Works, the addition of a Senior Management Analyst with costs ranging from \$140,000 to \$163,200.
3. General Fund Maintenance of Effort: The City receives Measure “I” funds (1/2 cent sales tax collected throughout San Bernardino County for transportation improvements - \$332k) and Road Maintenance and Rehabilitation Program (RMRP) funds (\$330k) into the RMRA Fund for use on local street and road systems. The term “Maintenance of Effort” (MOE) generally refers to a requirement placed upon state and federally funded grant programs that requires local cities and counties to maintain general fund spending for streets and roads either through a certain percentage or formula, which may include the local agency’s history of past spending on street rehabilitation and/or maintenance.

Table 2 summarizes the FY2026-27 Proposed General Fund Budget:

**City of Grand Terrace
FY 2026-27 Proposed General Fund Revenue and Expenditure Report**

<u>Revenues</u>	<u>Proposed 05/26/2026</u>
Property Tax	\$6,515,000
Franchise Fees	\$710,000
Licenses, Fees & Permits	\$665,300
Sales Tax	\$1,350,000
Intergovernmental Revenue/Grants	\$60,000
Charges for Services	\$58,400
Fines & Forfeitures	\$35,000
Miscellaneous	\$25,000
Use of Money & Property	\$219,200
Wastewater Receipts	\$481,800
Transfers In	\$13,000
Total Revenues	<u>\$10,132,700</u>
<u>Expenditures</u>	<u>Proposed 05/26/2026</u>
Salaries	\$2,344,229
Benefits	\$1,741,021
Materials & Supplies	\$508,975
Professional/Contractual Services	\$5,031,625
Equipment	\$86,500
Lease of Facility/Equipment	\$4,850
Utilities	\$273,530
Overhead Cost Allocation	(\$90,145)

Capital Projects	\$1,250
Transfers Out	\$229,052
Total Expenditures	\$10,130,887
Revenues	\$10,132,700
Expenditures	(\$10,130,887)
Fund Balance	\$1,813

There is no liquidation of assets that will impact the Fund Balance. The projected revenues are greater than the projected expenditures. This is consistent with the City Council’s policy to not fund ongoing expenses with one-time revenue.

CITY-WIDE PROPOSED FY2026-27 BUDGET

The total Proposed Budget for FY2026-27 is \$13,536,431 in revenues and \$14,544,305 in expenditures.

The City’s Proposed Budget, which is presented for City Council’s review and consideration,

- Supports the City’s mission, vision, core values and goals by preserving and protecting the community and its exceptional quality of life; and

PROPOSED BUDGET BY FUND FY 2026-27

The next two tables show the Citywide Proposed Revenues and Expenditure budgets by fund:

Table 3 (Proposed Revenues)
City of Grand Terrace
FY 2026-27 Proposed Revenue Summary by Fund

		<u>2024-25</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2025-26</u>	<u>2026-27</u>
<u>Fund</u>	<u>Type</u>	<u>Adjusted Budget</u>	<u>Actuals</u>	<u>Adjusted Budget</u>	<u>Year-End Projections</u>	<u>Proposed Budget</u>
<u>GENERAL FUNDS</u>						
10	GENERAL FUND	\$8,251,489	\$8,913,707	\$8,710,104	\$9,969,505	\$10,132,700
61	COMMUNITY BENEFITS FUND	\$20,000	\$22,498	\$20,000	\$20,000	\$20,000
62	LIGHT UP GRAND TERRACE	\$33,000	\$31,272	\$33,000	\$35,434	\$33,000
63	GT ILLEGAL FIREWORKS ENFORCEMENT	\$2,000	\$6	\$0	\$0	\$0
64	PUBLIC SAFETY FUND	\$0	\$716	\$0	\$0	\$0
69	COMMUNITY DAY FUND	\$22,000	\$8,805	\$20,000	\$20,000	\$20,000
68	40TH YEAR BIRTHDAY CELEBRATION FND	\$0	\$0	\$0	\$0	\$0
70	EQUIP	\$0	\$5	\$0	\$180,728	\$0

	REPLACEMENT RESERVE FUND					
71	FIRE STATION PROCEEDS	\$0	\$819,780	\$0	\$0	\$0
	<u>DEVELOPMENT IMPACT FEES (DIF)</u>					
11	STREET FUND	\$88,000	\$24,808	\$58,000	\$4,801	\$0
12	STORM DRAIN FUND	\$800	\$12,771	\$3,500	\$3,423	\$0
13	PARK FUND	\$800	\$70,066	\$800	\$775	\$0
19	FACILITIES FUND	\$1,800	\$5,811	\$3,300	\$3,253	\$2,500
	<u>SPECIAL REVENUE FUNDS</u>					
14	SLESF (AB3229 COPS)	\$185,500	\$196,718	\$196,100	\$202,733	\$201,100
15	AIR QUALITY IMPROVEMENT FUND	\$16,400	\$19,664	\$17,200	\$17,178	\$17,400
16	GAS TAX FUND	\$438,400	\$456,807	\$441,000	\$440,898	\$441,000
17	TRAFFIC SAFETY FUND	\$5,000	\$6,127	\$4,000	\$3,993	\$4,500
20	MEASURE "I" FUND	\$330,400	\$349,658	\$342,500	\$342,500	\$332,500
25	SPRING MOUNTAIN RANCH	\$2,000	\$30,134	\$0	\$30,000	\$0
26	LNDSCP & LGTG ASSESSMENT DIST	\$60,732	\$71,507	\$72,219	\$72,219	\$72,219
56	ROAD MAINT & REHAB ACCT	\$305,000	\$370,614	\$325,000	\$324,900	\$330,000
67	PUBLIC, EDUCATIONAL & GOVT ACCESS	\$19,300	\$21,552	\$19,300	\$26,247	\$22,000
76	EIFD - ENHANCED INFRAST FIN DIST	\$0	\$0	\$0	\$0	\$0
85	OPIOID SETTLEMENT PAYMENTS	\$3,400	\$28,231	\$3,400	\$9,549	\$8,000
90	COVID-19 FEMA REIMBURSEMENT FUND	\$0	\$0	\$0	\$0	\$0
91	SB COUNTY COVID- 19	\$0	\$0	\$0	\$0	\$0
93	COVID - INFRASTRUCTURE	\$0	\$0	\$0	\$0	\$0
94	ARPA	\$0	\$0	\$0	\$0	\$0
	<u>ENTERPRISE FUND</u>					
21	WASTEWATER DISPOSAL FUND	\$4,000	\$52,605	\$10,000	\$9,578	\$10,000
	<u>GRANT FUNDS</u>					

22	CDBG - COMM DEV BLOCK GRANT	\$90,000	\$73,929	\$138,678	\$128,678	\$124,998
65	SENIOR BUS PROGRAM FUND	\$114,996	\$72,623	\$109,334	\$269,334	\$109,514
66	CAL RECYCLE GRANT	\$0	(\$20,880)	\$0	\$0	\$0
73	ACTIVE TRANSPORTATION PRGRM FUND	\$0	\$0	\$0	\$0	\$0
74	HIGHWAY SAFETY IMPROV PROGRAM	\$0	\$0	\$0	\$0	\$0
75	EMERMGMT PREP GRANT	\$0	\$0	\$27,216	\$0	\$0
77	SO CAL INCENTIVE PROJ (SCIP) GRANT	\$0	\$0	\$0	\$0	\$0
92	CDBG – COVID	\$0	\$0	\$0	\$0	\$0
<u>SUCCESSOR</u>						
<u>AGENCY</u>						
31	S/A RDA REVENUE FUND	\$0	\$0	\$0	\$0	\$0
32	S/A CAPITAL PROJECTS FUND	\$0	\$0	\$0	\$0	\$0
33	S/A DEBT SERVICE FUND	\$0	\$0	\$0	\$0	\$0
36	2011 TABS A & B BOND PROCEEDS	\$0	\$0	\$0	\$0	\$0
<u>CAPITAL PROJECT</u>						
<u>FUNDS</u>						
45	CIP - COMMERCE WAY	\$0	\$26,283	\$0	\$0	\$0
46	CAPITAL IMPROVEMENTS - STREETS	\$664,833	\$896,749	\$650,000	\$750,000	\$1,655,000
47	CAP.PRJ. BARTON/COLTON BRIDGE	\$0	\$0	\$0	\$0	\$0
48	CAPITAL PROJECTS FUND	\$0	\$0	\$0	\$0	\$0
49	CAPITAL PROJECTS FUND- PARKS	\$0	\$207,723	\$0	\$0	\$0
50	CAPITAL PROJECT BOND PROCEEDS	\$0	\$819,403	\$0	\$0	\$0
52	<u>HOUSING</u> <u>AUTHORITY</u>	\$0	\$108,638	\$0	(\$365)	\$0
95	<u>DOG PARK</u> <u>ENDOWMENT FUND</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

\$10,659,850 \$13,698,330 \$11,204,651 \$12,865,361 \$13,536,431

Table 4 (Proposed Expenditures)
City Of Grand Terrace
FY 2026-27 Proposed Expense Summary by Fund

<u>Fund</u>	<u>Type</u>	<u>2024-25</u> <u>Adjusted</u> <u>Budget</u>	<u>2024-25</u> <u>Actuals</u>	<u>2025-26</u> <u>Adjusted</u> <u>Budget</u>	<u>2025-26</u> <u>Year-End</u> <u>Projections</u>	<u>2026-27</u> <u>Proposed</u> <u>Budget</u>
<u>GENERAL FUNDS</u>						
10	GENERAL FUND	\$8,918,863	\$10,688,561	\$9,075,851	\$10,075,800	\$10,130,887
61	COMMUNITY BENEFITS FUND	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
62	LIGHT UP GRAND TERRACE	\$33,000	\$23,795	\$33,000	\$35,434	\$33,000
63	GT ILLEGAL FIREWORKS ENFORCEMENT	\$2,000	\$0	\$0	\$0	\$0
64	PUBLIC SAFETY FUND	\$0	\$0	\$0	\$0	\$0
69	COMMUNITY DAY FUND	\$22,000	\$16,552	\$20,000	\$20,000	\$20,000
68	40TH YEAR BIRTHDAY CELEBRATION FND	\$0	\$0	\$0	\$0	\$0
70	EQUIP REPLACEMENT RESERVE FUND	\$0	\$70,852	\$0	\$180,728	\$0
<u>DEVELOPMENT IMPACT FEES (DIF)</u>						
11	STREET FUND	\$0	\$0	\$0	\$0	\$0
12	STORM DRAIN FUND	\$0	\$0	\$0	\$0	\$0
13	PARK FUND	\$0	\$0	\$0	\$0	\$0
19	FACILITIES FUND	\$0	(\$2,742)	\$0	\$0	\$0
<u>SPECIAL REVENUE FUNDS</u>						
14	SLESF (AB3229 COPS)	\$185,550	\$194,820	\$195,000	\$195,000	\$200,550
15	AIR QUALITY IMPROVEMENT FUND	\$0	\$0	\$20,000	\$20,000	\$25,000
16	GAS TAX FUND	\$484,400	\$503,726	\$436,198	\$436,198	\$431,042

17	TRAFFIC SAFETY FUND	\$4,000	\$0	\$4,000	\$4,000	\$4,000
20	MEASURE "I" FUND	\$330,000	\$335,598	\$340,000	\$340,000	\$330,000
25	SPRING MOUNTAIN RANCH	\$0	\$0	\$0	\$0	\$1,041,000
26	LNDSCP & LGTG ASSESSMENT DIST	\$52,325	\$35,252	\$41,545	\$41,899	\$40,315
56	ROAD MAINT & REHAB ACCT	\$305,000	\$525,391	\$325,000	\$325,000	\$330,000
67	PUBLIC, EDUCATIONAL & GOVT ACCESS	\$16,800	\$9,910	\$16,800	\$23,889	\$22,000
76	EIFD - ENHANCED INFRAST FIN DIST	\$0	\$0	\$0	\$0	\$0
85	OPIOID SETTLEMENT PAYMENTS	\$0	\$0	\$0	\$0	\$0
90	COVID-19 FEMA REIMBURSEMENT FUND	\$0	\$0	\$0	\$0	\$0
91	SB COUNTY COVID-19	\$0	\$0	\$0	\$0	\$0
92	CDBG – COVID	\$0	\$0	\$0	\$0	\$0
93	COVID – INFRASTRUCTURE	\$0	\$0	\$0	\$0	\$0
94	ARPA	\$0	\$69,717	\$0	\$0	\$0
<u>ENTERPRISE FUND</u>						
21	WASTEWATER DISPOSAL FUND	\$0	\$88,570	\$0	\$0	\$0
<u>GRANT FUNDS</u>						
22	CDBG - COMM DEV BLOCK GRANT	\$90,000	\$45,563	\$138,678	\$128,678	\$124,998
65	SENIOR BUS PROGRAM FUND	\$114,996	\$101,590	\$109,334	\$109,430	\$109,514
66	CAL RECYCLE GRANT	\$0	\$0	\$0	\$0	\$0
73	ACTIVE TRANSPORTATION PRGRM FUND	\$0	\$0	\$0	\$0	\$0
74	HIGHWAY SAFETY IMPROV PROGRAM	\$1,691	\$0	\$0	\$0	\$0
75	EMER MGMT PREP GRANT	\$0	\$0	\$27,216	\$0	\$0
77	SO CAL	\$0	\$0	\$0	\$0	\$0

INCENTIVE PROJ (SCIP) GRANT						
<u>SUCCESSOR AGENCY</u>						
31	S/A RDA REVENUE FUND	\$0	\$0	\$0	\$0	\$0
32	S/A CAPITAL PROJECTS FUND	\$0	\$0	\$0	\$0	\$0
33	S/A DEBT SERVICE FUND	\$0	\$0	\$0	\$0	\$0
36	2011 TABS A & B BOND PROCEEDS	\$0	\$0	\$0	\$0	\$0
<u>CAPITAL PROJECT FUNDS</u>						
45	CIP - COMMERCE WAY	\$0	\$0	\$0	\$0	\$0
46	CAPITAL IMPROVEMENTS - STREETS	\$868,825	\$896,749	\$650,000	\$684,852	\$1,655,000
47	CAP.PRJ. BARTON/COLTON BRIDGE	\$0	\$0	\$0	\$0	\$0
48	CAPITAL PROJECTS FUND	\$0	\$33,810	\$0	\$0	\$0
49	CAPITAL PROJECTS FUND- PARKS	\$0	\$29,373	\$0	\$45,194	\$0
50	CAPITAL PROJECTS BOND PROCEEDS	\$0	\$945	\$0	\$0	\$0
52	<u>HOUSING AUTHORITY</u>	\$19,567	\$22,338	\$24,017	\$44,637	\$26,999
95	<u>DOG PARK ENDOWMENT FUND</u>	\$0	\$0	\$0	\$0	\$0
		\$11,469,017	\$13,710,370	\$11,476,639	\$12,730,739	\$14,544,305

Budget Schedule

The proposed schedule leading to adoption of the FY2026-27 is as follows:

<u>Description</u>	<u>Date</u>
Budget Workshop	Tuesday, May 12th
Budget Introduction and Deliberations	Tuesday, May 26th
Continue Budget Deliberations and Budget Adoption	Tuesday, June 9th

ENVIRONMENTAL IMPACT:

N/A

FISCAL IMPACT:

Fiscal impacts of the FY2026-27 Proposed Budget are identified in the FY2026-27 Proposed Budget Summary (which is being made available in the City Clerk's office).



FY 2026-27 Proposed Budget

Type	Fund	Comb 1	Fund	Type	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget
R	10	R10	General Fund	Rev	\$8,251,489	\$8,913,707	\$8,710,104	\$9,969,505	\$10,132,700
E	10	E10	General Fund	Exp	8,918,863	10,688,561	9,075,851	10,075,800	10,130,887
					\$(667,374)	\$(1,774,854)	\$(365,747)	\$(106,295)	\$1,813
R	11	R11	Street Fund	Rev	88,000	24,808	58,000	4,801	-
E	11	E11	Street Fund	Exp	-	-	-	-	-
					\$88,000	\$24,808	\$58,000	\$4,801	\$-
R	12	R12	Storm Drain Fund	Rev	800	12,771	3,500	3,423	-
E	12	E12	Storm Drain Fund	Exp	-	-	-	-	-
					\$800	\$12,771	\$3,500	\$3,423	\$-
R	13	R13	Park Fund	Rev	800	70,066	800	775	-
E	13	E13	Park Fund	Exp	-	-	-	-	-
					\$800	\$70,066	\$800	\$775	\$-
R	14	R14	SLESF (AB3229 COPS)	Rev	185,500	196,718	196,100	202,733	201,100
E	14	E14	SLESF (AB3229 COPS)	Exp	185,550	194,820	195,000	195,000	200,550
					\$(50)	\$1,898	\$1,100	\$7,733	\$550
R	15	R15	Air Quality Improvement Fund	Rev	16,400	19,664	17,200	17,178	17,400
E	15	E15	Air Quality Improvement Fund	Exp	-	-	20,000	20,000	25,000
					\$16,400	\$19,664	\$(2,800)	\$(2,822)	\$(7,600)
R	16	R16	Gas Tax Fund	Rev	438,400	456,807	441,000	440,898	441,000
E	16	E16	Gas Tax Fund	Exp	484,400	503,726	436,198	436,198	431,042
					\$(46,000)	\$(46,919)	\$4,802	\$4,700	\$9,958
R	17	R17	Traffic Safety Fund	Rev	5,000	6,127	4,000	3,993	4,500
E	17	E17	Traffic Safety Fund	Exp	4,000	-	4,000	4,000	4,000
					\$1,000	\$6,127	\$-	\$(7)	\$500
R	19	R19	Facilities Fund	Rev	1,800	5,811	3,300	3,253	2,500
E	19	E19	Facilities Fund	Exp	-	(2,742)	-	-	-
					\$1,800	\$8,553	\$3,300	\$3,253	\$2,500
R	20	R20	Measure "I" Fund	Rev	330,400	349,658	342,500	342,500	332,500
E	20	E20	Measure "I" Fund	Exp	330,000	335,598	340,000	340,000	330,000
					\$400	\$14,060	\$2,500	\$2,500	\$2,500
R	21	R21	Waste Water Disposal Fund	Rev	4,000	52,605	10,000	9,578	10,000
E	21	E21	Waste Water Disposal Fund	Exp	-	88,570	-	-	-
					\$4,000	\$(35,965)	\$10,000	\$9,578	\$10,000

FY 2026-27 Proposed Budget (continued)

Type	Fund	Comb 1	Fund	Type	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget
R	22	R22	CDBG - Comm Dev Block Grant	Rev	90,000	73,929	138,678	128,678	124,998
E	22	E22	CDBG - Comm Dev Block Grant	Exp	90,000	45,563	138,678	128,678	124,998
					\$-	\$28,366	\$-	\$-	\$-
R	25	R25	Spring Mountain Ranch	Rev	2,000	30,134	-	30,000	-
E	25	E25	Spring Mountain Ranch	Exp	-	-	-	-	1,041,000
					\$2,000	\$30,134	\$-	\$30,000	\$(1,041,000)
R	26	R26	LNDSCP & LGTG Assessment Dist	Rev	60,732	71,507	72,219	72,219	72,219
E	26	E26	LNDSCP & LGTG Assessment Dist	Exp	52,325	35,252	41,545	41,899	40,315
					\$8,407	\$36,255	\$30,674	\$30,320	\$31,904
R	31	R31	S/A RDA Obligation Retirement Fund	Rev	-	-	-	-	-
E	31	E31	S/A RDA Obligation Retirement Fund	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	32	R32	S/A Capital Projects Fund	Rev	-	-	-	-	-
E	32	E32	S/A Capital Projects Fund	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	33	R33	S/A Debt Service Fund	Rev	-	-	-	-	-
E	33	E33	S/A Debt Service Fund	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	36	R36	2011 Tabs A & B Bond Proceeds	Rev	-	-	-	-	-
E	36	E36	2011 Tabs A & B Bond Proceeds	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	45	R45	Capital Improvements - Commerce Way	Rev	-	26,283	-	-	-
E	45	E45	Capital Improvements - Commerce Way	Exp	-	-	-	-	-
					\$-	\$26,283	\$-	\$-	\$-
R	46	R46	Capital Improvements - Streets	Rev	664,833	896,749	650,000	750,000	1,655,000
E	46	E46	Capital Improvements - Streets	Exp	868,825	896,749	650,000	684,852	1,655,000
					\$(203,992)	\$-	\$-	\$65,148	\$-
R	47	R47	Cap. Prj. Barton/Colton Bridge	Rev	-	-	-	-	-
E	47	E47	Cap. Prj. Barton/Colton Bridge	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	48	R48	Capital Projects Fund	Rev	-	-	-	-	-
E	48	E48	Capital Projects Fund	Exp	-	33,810	-	-	-
					\$-	\$(33,810)	\$-	\$-	\$-



FY 2026-27 Proposed Budget (continued)

Type	Fund	Comb 1	Fund	Type	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget
R	49	R49	Capital Projects Fund - Parks	Rev	-	207,723	-	-	-
E	49	E49	Capital Projects Fund - Parks	Exp	-	29,373	-	45,194	-
					\$-	\$178,350	\$-	\$(45,194)	\$-
R	50	R50	Capital Project Bond Proceeds	Rev	-	819,403	-	-	-
E	50	E50	Capital Project Bond Proceeds	Exp	-	945	-	-	-
					\$-	\$818,458	\$-	\$-	\$-
R	52	R52	Housing Authority	Rev	-	108,638	-	(365)	-
E	52	E52	Housing Authority	Exp	19,567	22,338	24,017	44,637	26,999
					\$(19,567)	\$86,300	\$(24,017)	\$(45,002)	\$(26,999)
R	56	R56	Road Maintenance & Rehab Acct Fund	Rev	305,000	370,614	325,000	324,900	330,000
E	56	E56	Road Maintenance & Rehab Acct Fund	Exp	305,000	525,391	325,000	325,000	330,000
					\$-	\$(154,777)	\$-	\$(100)	\$-
R	61	R61	Community Benefits Fund	Rev	20,000	22,498	20,000	20,000	20,000
E	61	E61	Community Benefits Fund	Exp	20,000	20,000	20,000	20,000	20,000
					\$-	\$2,498	\$-	\$-	\$-
R	62	R62	Light Up Grand Terrace	Rev	33,000	31,272	33,000	35,434	33,000
E	62	E62	Light Up Grand Terrace	Exp	33,000	23,795	33,000	35,434	33,000
					\$-	\$7,477	\$-	\$-	\$-
R	63	R63	GT Illegal Fireworks Enforcement	Rev	2,000	6	-	-	-
E	63	E63	GT Illegal Fireworks Enforcement	Exp	2,000	-	-	-	-
					\$-	\$6	\$-	\$-	\$-
R	64	R64	Public Safety Fund	Rev	-	716	-	-	-
E	64	E64	Public Safety Fund	Exp	-	-	-	-	-
					\$-	\$716	\$-	\$-	\$-
R	65	R65	Senior Bus Program	Rev	114,996	72,623	109,334	269,334	109,514
E	65	E65	Senior Bus Program	Exp	114,996	101,590	109,334	109,430	109,514
					\$-	\$(28,967)	\$-	\$159,904	\$-
R	66	R66	Cal Recycle Grant	Rev	-	(20,880)	-	-	-
E	66	E66	Cal Recycle Grant	Exp	-	-	-	-	-
					\$-	\$(20,880)	\$-	\$-	\$-
R	67	R67	Public, Educational, & Govt Access	Rev	19,300	21,552	19,300	26,247	22,000
E	67	E67	Public, Educational, & Govt Access	Exp	16,800	9,910	16,800	23,889	22,000
					\$2,500	\$11,642	\$2,500	\$2,358	\$-

FY 2026-27 Proposed Budget (continued)

Type	Fund	Comb 1	Fund	Type	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget
R	68	R68	40TH Year Birthday Celebration Fnd	Rev	-	-	-	-	-
E	68	E68	40TH Year Birthday Celebration Fnd	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	69	R69	Community Day Fund	Rev	22,000	8,805	20,000	20,000	20,000
E	69	E69	Community Day Fund	Exp	22,000	16,552	20,000	20,000	20,000
					\$-	\$(7,747)	\$-	\$-	\$-
R	70	R70	Equip Replacement Reserve Fund	Rev	-	5	-	180,728	-
E	70	E70	Equip Replacement Reserve Fund	Exp	-	70,852	-	180,728	-
					\$-	\$(70,847)	\$-	\$-	\$-
R	71	R71	Firestation Proceeds	Rev	-	819,780	-	-	-
E	71	E71	Firestation Proceeds	Exp	-	-	-	-	-
					\$-	\$819,780	\$-	\$-	\$-
R	73	R73	Active Transportation Prgm Fund	Rev	-	-	-	-	-
E	73	E73	Active Transportation Prgm Fund	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	74	R74	Highway Safety Improv Program	Rev	-	-	-	-	-
E	74	E74	Highway Safety Improv Program	Exp	1,691	-	-	-	-
					\$(1,691)	\$-	\$-	\$-	\$-
R	75	R75	Emer Mgmt Prep Grant (EMPG) Fund	Rev	-	-	27,216	-	-
E	75	E75	Emer Mgmt Prep Grant (EMPG) Fund	Exp	-	-	27,216	-	-
					\$-	\$-	\$-	\$-	\$-
R	76	R76	Eifd - Enhanced Infrast Fin Dist	Rev	-	-	-	-	-
E	76	E76	Eifd - Enhanced Infrast Fin Dist	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	77	R77	So Cal Incentive Proj (Scip) Grant	Rev	-	-	-	-	-
E	77	E77	So Cal Incentive Proj (Scip) Grant	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-
R	85	R85	Opiod Settlement Funds	Rev	3,400	28,231	3,400	9,549	8,000
E	85	E85	Opiod Settlement Funds	Exp	-	-	-	-	-
					\$3,400	\$28,231	\$3,400	\$9,549	\$8,000
R	90	R90	COVID-19 Reimbursement Funds	Rev	-	-	-	-	-
E	90	E90	COVID-19 Reimbursement Funds	Exp	-	-	-	-	-
					\$-	\$-	\$-	\$-	\$-



FY 2026-27 Proposed Budget (continued)

Type	Fund	Comb 1	Fund	Type	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget	
R	91	R91	SB County Corona Virus Relief	Rev	-	-	-	-	-	
E	91	E91	SB County Corona Virus Relief	Exp	-	-	-	-	-	
					\$-	\$-	\$-	\$-	\$-	
R	92	R92	CDBG - Covid	Rev	-	-	-	-	-	
E	92	E92	CDBG - Covid	Exp	-	-	-	-	-	
					\$-	\$-	\$-	\$-	\$-	
R	93	R93	Covid - Infrastructure	Rev	-	-	-	-	-	
E	93	E93	Covid - Infrastructure	Exp	-	-	-	-	-	
					\$-	\$-	\$-	\$-	\$-	
R	94	R94	ARPA (American Rescue Plan Act)	Rev	-	-	-	-	-	
E	94	E94	ARPA (American Rescue Plan Act)	Exp	-	69,717	-	-	-	
					\$-	\$(69,717)	\$-	\$-	\$-	
R					Total Revenue	\$10,659,850	\$13,698,330	\$11,204,651	\$12,865,361	\$13,536,431
E					Total Expense	\$11,469,017	\$13,710,370	\$11,476,639	\$12,730,739	\$14,544,305
					\$	(809,167)	\$(12,040)	\$(271,988)	\$134,622	\$(1,007,874)

FY 2026-27 Proposed Revenue Summary by Fund

Fund	Fund Title	2023-24 Actual	2024-25 Actual	2025-2026 Projected	2026-27 Proposed Budget
General Funds					
10	General Fund	\$11,197,404	\$8,913,707	\$9,969,505	\$10,132,700
61	Community Benefits Fund	22,481	22,498	20,000	20,000
62	Light Up Grand Terrace	33,920	31,272	35,434	33,000
63	GT Illegal Fireworks Enforcement	6	6	-	-
64	Public Safety Fund	719	716	-	-
69	Community Day Fund	28,097	8,805	20,000	20,000
70	Equip Replacement Reserve Fund	64,287	5	180,728	-
71	Firestation Proceeds	-	819,780	-	-
Development Impact Fees					
11	Street Fund	\$70,646	\$24,808	\$4,801	\$-
12	Storm Drain Fund	9,896	12,771	3,423	-
13	Park Fund	4,330	70,066	775	-
19	Facilities Fund	7,550	5,811	3,253	2,500
Special Revenue Funds					
14	SLESF (AB3229 COPS)	\$188,355	\$196,718	\$202,733	\$201,100
15	Air Quality Improvement Fund	20,144	19,664	17,178	17,400
16	Gas Tax Fund	534,061	456,808	440,898	441,000
17	Traffic Safety Fund	7,666	6,127	3,993	4,500
20	Measure "I" Fund	351,743	349,658	342,500	332,500
25	Spring Mountain Ranch	31,039	30,134	30,000	-
26	LNDSCP & LGTG Assessment Dist	71,039	71,507	72,219	72,219
56	Road Maintenance & Rehab Acct Fund	359,920	370,614	324,900	330,000
67	Public, Educational, & Govt Access	7,969	21,552	26,247	22,000
85	Opioid Settlement Funds	5,740	28,231	9,549	8,000
94	ARPA (American Rescue Plan Act)	747,544	-	-	-
Enterprise Fund					
21	Waste Water Disposal Fund	\$64,578	\$52,605	\$9,578	\$10,000
Grant Funds					
22	CDBG - Comm Dev Block Grant	\$3,142	\$73,929	\$128,678	\$124,998
65	Senior Bus Program	162,377	72,623	269,334	109,514
66	Cal Recycle Grant	562	(20,880)	-	-
75	Emer Mgmt Prep Grant (EMPG) Fund	29,212	-	-	-
Successor Agency					
Capital Project Funds					
45	Capital Improvements - Commerce Way	\$26,388	\$26,283	\$-	\$-
46	Capital Improvements - Streets	851,878	896,749	750,000	1,655,000
49	Capital Projects Fund - Parks	89	207,723	-	-
50	Capital Project Bond Proceeds	-	819,403	-	-
Housing Authority					
52	Housing Authority	\$44,932	\$108,638	\$(365)	\$-
Dog Park Endowment Fund					
		\$14,947,714	\$13,698,331	\$12,865,361	\$13,536,431

FY 2026-27 Proposed Expenditure Summary by Fund

Fund	Fund Title	2023-24 Actual	2024-25 Actual	2025-2026 Projected	2026-27 Proposed Budget
General Funds					
10	General Fund	\$7,981,623	\$10,688,561	\$10,075,800	\$10,130,887
61	Community Benefits Fund	11,350	20,000	20,000	20,000
62	Light Up Grand Terrace	26,626	23,795	35,434	33,000
69	Community Day Fund	20,266	16,552	20,000	20,000
70	Equip Replacement Reserve Fund	35,598	70,852	180,728	-
Development Impact Fees					
19	Facilities Fund	5,000	(2,742)	-	-
Special Revenue Funds					
14	SLESF (AB3229 COPS)	\$186,851	\$194,820	\$195,000	\$200,550
15	Air Quality Improvement Fund	11,000	-	20,000	25,000
16	Gas Tax Fund	336,092	503,726	436,198	431,042
17	Traffic Safety Fund	6,571	-	4,000	4,000
20	Measure "I" Fund	299,336	335,598	340,000	330,000
25	Spring Mountain Ranch	50,000	-	-	1,041,000
26	LNDSCP & LGTG Assessment Dist	47,093	35,252	41,899	40,315
56	Road Maintenance & Rehab Acct Fund	625,794	525,391	325,000	330,000
67	Public, Educational, & Govt Access	9,142	9,910	23,889	22,000
94	ARPA (American Rescue Plan Act)	785,989	69,717	-	-
Enterprise Fund					
21	Waste Water Disposal Fund	\$88,570	\$88,570	\$-	\$-
Grant Funds					
22	CDBG - Comm Dev Block Grant	\$43,526	\$45,563	\$128,678	\$124,998
65	Senior Bus Program	306,027	101,590	109,430	109,514
75	Emer Mgmt Prep Grant (EMPG) Fund	29,212	-	-	-
92	CDBG - Covid	22,995	-	-	-
Successor Agency					
Capital Project Funds					
46	Capital Improvements - Streets	916,682	896,749	684,852	1,655,000
48	Capital Projects Fund	-	33,810	-	-
49	Capital Projects Fund - Parks	27,426	29,373	45,194	-
50	Capital Project Bond Proceeds	207,000	945	-	-
Housing Authority					
52	Housing Authority	\$38,325	\$22,338	\$44,637	\$26,999
		\$12,118,094	\$13,710,370	\$12,730,739	\$14,544,305

FY 2026-27 Proposed Citywide Revenue and Expenditure Report

	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget
REVENUES					
Property Tax	\$4,970,732	\$5,253,219	\$5,262,219	\$6,550,443	\$6,587,219
Residual Receipts - RPTTF	-	-	-	-	-
Proceeds from Sale of Property	-	1,325	-	-	-
Franchise Fees	675,000	737,287	675,000	708,466	710,000
Licenses, Fees & Permits	758,970	693,033	575,520	487,709	681,700
Sales Tax	1,690,000	1,697,739	1,940,000	1,712,682	1,680,000
Intergovernmental Revenue/Grants	749,007	1,017,161	791,876	927,139	744,460
Charges for Services	135,500	101,065	132,500	47,914	58,400
Fines & Forfeitures	49,400	91,971	48,400	35,140	47,000
Miscellaneous	42,710	66,420	49,624	157,725	39,000
Use of Money & Property	84,060	559,302	101,860	258,397	239,800
Waste Water Receipts	318,349	401,500	401,500	481,800	481,800
Transfers In	818,122	2,704,188	858,152	1,129,946	871,052
Residual Receipts - Sr Ctr	-	-	-	-	-
Gas Tax	368,000	374,121	368,000	368,000	368,000
Bond Proceeds	-	-	-	-	-
Capital Projects	-	-	-	-	1,028,000
Total Revenues	\$10,659,850	\$13,698,331	\$11,204,651	\$12,865,361	\$13,536,431
EXPENDITURES BY CATEGORY					
Salaries	\$2,123,159	\$2,136,812	\$2,410,151	\$2,198,322	\$2,612,746
Benefits	1,532,638	1,342,104	1,746,015	1,674,697	1,857,521
Materials & Supplies	489,880	406,052	457,825	437,641	511,635
Professional/Contractual Services	5,509,657	5,670,586	5,167,101	5,581,887	5,581,341
Equipment	7,100	168,372	50,400	539,138	86,500
Lease of Facility/Equipment	8,700	8,473	3,750	5,316	4,850
Utilities	360,645	333,519	372,195	371,352	393,005
Overhead Cost Allocation	(248,400)	-	(248,400)	(56,595)	(56,595)
Capital Projects	879,516	940,256	659,450	849,032	1,656,250
Debt Service	-	8	-	3	-
Transfers Out	806,122	2,704,188	858,152	1,129,946	1,897,052
Total Expenditures	\$11,469,017	\$13,710,370	\$11,476,639	\$12,730,739	\$14,544,305
Revenues	10,659,850	13,698,331	11,204,651	12,865,361	13,536,431
Expenditures by Category	(11,469,017)	(13,710,370)	(11,476,639)	(12,730,739)	(14,544,305)
Surplus or Approved Use of Fund Balance	\$(809,167)	\$(12,039)	\$(271,988)	\$134,622	\$(1,007,874)



FY 2026-27 Proposed General Fund Revenue and Expenditure Report

	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget
REVENUES					
Property Tax	\$4,910,000	\$5,187,316	\$5,190,000	\$6,478,224	\$6,515,000
Proceeds from Sale of Property	-	1,325	-	-	-
Franchise Fees	675,000	737,287	675,000	708,466	710,000
Licenses, Fees & Permits	658,770	606,030	505,320	470,509	665,300
Sales Tax	1,360,000	1,365,441	1,600,000	1,372,682	1,350,000
Intergovernmental Revenue/Grants	58,500	74,018	58,500	43,791	60,000
Charges for Services	132,500	101,065	132,500	47,914	58,400
Fines & Forfeitures	39,000	59,664	41,000	21,591	35,000
Miscellaneous	26,710	53,326	33,624	144,065	25,000
Use of Money & Property	72,660	257,018	72,660	200,463	219,200
Waste Water Receipts	318,349	401,500	401,500	481,800	481,800
Transfers In	-	69,717	-	-	13,000
Total Revenues	\$8,251,489	\$8,913,707	\$8,710,104	\$9,969,505	\$10,132,700
EXPENDITURES BY CATEGORY					
Salaries	\$1,983,894	\$1,982,956	\$2,186,753	\$1,974,924	\$2,344,229
Benefits	1,468,901	1,289,221	1,642,959	1,571,925	1,741,021
Materials & Supplies	489,280	403,412	455,175	434,991	508,975
Professional/Contractual Services	4,849,769	5,022,581	4,552,992	4,974,117	5,031,625
Equipment	7,100	97,520	50,400	411,946	86,500
Lease of Facility/Equipment	8,700	8,473	3,750	5,316	4,850
Utilities	251,880	224,562	257,620	256,777	273,530
Overhead Cost Allocation	(281,950)	(90,145)	(281,950)	(90,145)	(90,145)
Capital Projects	-	12,251	-	56,000	1,250
Debt Service	-	8	-	3	-
Transfers Out	141,289	1,737,722	208,152	479,946	229,052
Total Expenditures	\$8,918,863	\$10,688,561	\$9,075,851	\$10,075,800	\$10,130,887
Revenues	8,251,489	8,913,707	8,710,104	9,969,505	10,132,700
Expenditures by Category	(8,918,863)	(10,688,561)	(9,075,851)	(10,075,800)	(10,130,887)
Surplus or Approved Use of Fund Balance	\$(667,374)	\$(1,774,854)	\$(365,747)	\$(106,295)	\$1,813

FY 2026-27 Proposed General Fund Revenue and Expenditure Report

	2024-25 Adjusted Budget	2024-25 Actuals	2025-26 Adjusted Budget	2025-26 Year-End Projections	2026-27 Proposed Budget
REVENUES					
Property Tax	\$4,910,000	\$5,187,316	\$5,190,000	\$6,478,224	\$6,515,000
Proceeds from Sale of Property	-	1,325	-	-	-
Franchise Fees	675,000	737,287	675,000	708,466	710,000
Licenses, Fees & Permits	658,770	606,030	505,320	470,509	665,300
Sales Tax	1,360,000	1,365,441	1,600,000	1,372,682	1,350,000
Intergovernmental Revenue/Grants	58,500	74,018	58,500	43,791	60,000
Charges for Services	132,500	101,065	132,500	47,914	58,400
Fines & Forfeitures	39,000	59,664	41,000	21,591	35,000
Miscellaneous	26,710	53,326	33,624	144,065	25,000
Use of Money & Property	72,660	257,018	72,660	200,463	219,200
Waste Water Receipts	318,349	401,500	401,500	481,800	481,800
Transfers In	-	69,717	-	-	13,000
Total Revenues	\$8,251,489	\$8,913,707	\$8,710,104	\$9,969,505	\$10,132,700
EXPENDITURES BY DEPARTMENT					
City Council	\$115,650	\$117,662	\$110,522	\$109,088	\$124,294
City Manager	1,026,316	972,575	1,014,832	1,133,740	1,298,871
City Clerk	355,978	347,842	309,618	305,113	364,485
Finance	682,162	666,857	838,726	759,139	807,302
City Attorney	185,000	219,259	207,500	294,887	235,000
Planning & Dev. Svcs	1,366,671	1,269,801	1,168,324	1,096,673	1,126,266
Public Works	1,648,797	1,847,078	1,537,477	1,987,846	1,595,412
Non-Departmental	787,089	2,579,004	947,602	1,406,918	1,243,057
Public Safety	2,751,200	2,668,483	2,941,250	2,982,396	3,336,200
Total Expenditures	\$8,918,863	\$10,688,561	\$9,075,851	\$10,075,800	\$10,130,887
Revenues	\$8,251,489	\$8,913,707	\$8,710,104	\$9,969,505	\$10,132,700
Expenditures by Department	(8,918,863)	(10,688,561)	(9,075,851)	(10,075,800)	(10,130,887)
Surplus or Approved Use of Fund Balance	\$(667,374)	\$(1,774,854)	\$(365,747)	\$(106,295)	\$1,813

Summary of Positions

Class Title	2021-22	2022-23	2023-24	2024-25	2025-26	Proposed Requests	2026-27	Annual Minimum	Annual Maximum
1 Assistant City Manager	1.0	-	-	-	-	-	-	\$172,839	\$210,087
2 Assistant Planner	1.0	1.0	1.0	1.0	-	1	1.0	66,732	81,113
3 Assistant to CM	-	-	-	-	-	-	-	77,433	94,120
4 Associate Planner	1.0	-	-	-	1.0	-	1.0	77,249	93,896
5 Building Permit Tech	1.0	1.0	1.0	1.0	1.0	(1)	-	58,339	70,911
6 Bus Driver	1.0	1.0	1.0	1.0	1.0	-	1.0	48,845	59,372
7 City Clerk	1.0	1.0	1.0	1.0	1.0	-	1.0	103,744	126,102
8 City Manager	1.0	1.0	1.0	1.0	1.0	-	1.0	253,050	253,050
9 Code Enf/Animal Ctrl Off	1.0	1.0	1.0	1.0	1.0	(1)	-	63,057	76,646
10 Community Development Director	-	-	-	-	-	1	1.0	181,153	220,193
11 Department Secretary	2.0	2.0	2.0	2.0	2.0	1	3.0	51,689	62,828
12 Executive Assistant	-	-	-	-	-	-	-	57,698	70,132
13 Finance Director	-	1	1.0	1.0	1.0	-	1.0	152,177	184,972
14 Finance Manager	1	1	1.0	1.0	1.0	0.0	1.0	103,744	126,102
15 Finance Technician	-	-	1.0	1.0	-	-	-	43,439	52,799
16 Grants & Government Affairs Manager	-	-	-	-	-	1	1.0	108,493	131,874
17 Intern-1 (P/T)	0.5	0.5	0.5	0.5	0.5	-	0.5	18,200	22,122
18 Maintenance Crew Leader	1.0	-	1.0	1.0	2.0	-	2.0	61,247	74,446
19 Maintenance Crew Leader (PT)	-	-	-	-	-	-	-	61,247	74,446
20 Maintenance Project Manager	-	-	-	-	1.0	-	1.0	104,797	127,382
21 Maintenance Worker I	1.0	1.0	2.0	2.0	1.0	(1)	-	45,703	55,553
22 Maintenance Worker II	2.0	3.0	1.0	1.0	1.0	1.0	2.0	52,907	64,309
23 Management Analyst	1.0	1.0	1.0	1.0	2.0	-	2.0	77,052	93,657
24 Office Specialist	1.0	-	-	1.0	1.0	(1.0)	-	44,650	54,273
25 Planning & Development Svcs Dir	1.0	-	1.0	1.0	1.0	(1.0)	-	149,035	181,153
26 Planning Technician	-	-	-	-	-	-	-	54,899	66,731
27 Senior Accountant	2.0	1.0	-	1.0	1.0	-	1.0	77,258	93,907
28 Senior Finance Tech	-	-	-	-	-	-	-	51,415	62,495
29 Sr. Code Enforcement Off	-	1.0	1.0	1.0	1.0	1.0	2.0	72,993	88,723
30 Sr. Maint Crew Leader	-	1.0	1.0	1.0	-	-	-	74,597	90,673
31 Sr. Management Analyst	1.0	1.0	2.0	2.0	2.0	0	2.0	89,257	108,493
32 Sr. Planner	0.0	1.0	0	0.0	0	-	-	89,824	109,182
TOTAL	21.5	20.5	21.5	23.5	23.5	1.0	24.5		

City Council
FY2026-27 Budget - GENERAL FUND

	<u>10-110</u> <u>City</u> <u>Council</u>	<u>TOTAL</u> <u>CITY COUNCIL</u>
Salaries	\$31,200	\$31,200
Benefits	\$54,144	\$54,144
Materials & Supplies	\$37,800	\$37,800
Professional/Contractual Services	\$1,150	\$1,150
Equipment	\$0	\$0
Lease of Facility/Equipment	\$0	\$0
Utilities	\$0	\$0
Overhead Cost Allocation	\$0	\$0
Capital Projects	\$0	\$0
Debt Service	\$0	\$0
Transfers Out	\$0	\$0
TOTAL	<u>\$124,294</u>	<u>\$124,294</u>

City Manager's Office
FY2026-27 Budget - GENERAL FUND

	<u>10-120</u> <u>City Manager's</u> <u>Office</u>	<u>10-805</u> <u>Sr. Citizen's</u> <u>Program</u>	<u>10-808</u> <u>Emergency</u> <u>Operations</u>	<u>10-380</u> <u>Mgmt</u> <u>Information Sys</u>	<u>TOTAL</u> <u>CITY MGR</u>
Salaries	\$666,060	\$0	\$0	\$0	\$666,060
Benefits	\$267,991	\$0	\$0	\$0	\$267,991
Materials & Supplies	\$47,120	\$14,500	\$9,000	\$1,500	\$72,120
Professional/Contractual Services	\$42,500	\$27,000	\$7,500	\$5,000	\$82,000
Special Events	\$10,000				\$10,000
Advertising	\$18,400				\$18,400
Janitors		\$20,500			\$20,500
OnSite				\$132,000	\$132,000
Equipment	\$0	\$3,500	\$0	\$0	\$3,500
Lease of Facility/Equipment	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$26,300	\$0	\$0	\$26,300
Overhead Cost Allocation	\$0	\$0	\$0	\$0	\$0
Capital Projects	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Debt Service					
Transfers Out	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	<u>\$1,052,071</u>	<u>\$91,800</u>	<u>\$16,500</u>	<u>\$138,500</u>	<u>\$1,298,871</u>

City Clerk's Department
 FY2026-27 Budget - GENERAL FUND

	<u>10-125</u> City Clerk's Office	<u>10-804</u> Historical & Cultural Comm	<u>TOTAL</u> CITY CLERK
Salaries	\$185,926	\$0	\$185,926
Benefits	\$87,509	\$0	\$87,509
Materials & Supplies	\$9,700	\$0	\$9,700
Professional/Contractual Services	\$0	\$2,000	\$2,000
<i>Agenda Mgmt System</i>	\$12,700		\$12,700
<i>Laserfiche</i>	\$11,200		\$11,200
<i>Election</i>	\$25,000		\$25,000
<i>Various</i>	\$30,450		\$30,450
Equipment	\$0	\$0	\$0
Lease of Facility/Equipment	\$0	\$0	\$0
Utilities	\$0	\$0	\$0
Overhead Cost Allocation	\$0	\$0	\$0
Capital Projects	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0
Transfers Out	\$0	\$0	\$0
TOTAL	<u>\$362,485</u>	<u>\$2,000</u>	<u>\$364,485</u>

City Attorney
 FY2026-27 Budget - GENERAL FUND

	<u>10-160</u> City Attorney	<u>TOTAL</u> CITY ATTY
Salaries	\$0	\$0
Benefits	\$0	\$0
Materials & Supplies	\$0	\$0
Professional/Contractual Services	\$0	\$0
<i>General Services</i>	\$150,000	\$150,000
<i>Litigation</i>	\$85,000	\$85,000
Equipment	\$0	\$0
Lease of Facility/Equipment	\$0	\$0
Utilities	\$0	\$0
Overhead Cost Allocation	\$0	\$0
Capital Projects	\$0	\$0
Debt Service	\$0	\$0
Transfers Out	\$0	\$0
TOTAL	<u>\$235,000</u>	<u>\$235,000</u>

Finance Department
FY2026-27 Budget - GENERAL FUND

	<u>10-140</u> <u>Finance</u> <u>Department</u>	<u>10-190</u> <u>Non-</u> <u>Departmental</u>	<u>10-999</u> <u>Overhead Cost</u> <u>Allocation</u>	<u>TOTAL</u> <u>FINANCE</u>
Salaries	\$429,745	\$0	\$0	\$429,745
Benefits	\$154,757	\$705,000	\$0	\$859,757
Materials & Supplies	\$8,700	\$87,625	\$0	\$96,325
Professional/Contractual Services	\$0	\$0	\$0	\$0
<i>Eden</i>	\$36,000			\$36,000
<i>LSL - Auditors</i>	\$50,000			\$50,000
<i>Payroll Processing</i>	\$20,000			\$20,000
<i>Gravity</i>	\$21,000			\$21,000
GovInvest - Pension/OPEB	\$18,400			\$18,400
<i>Various</i>	\$65,300			\$65,300
<i>Gen Liab Insurance</i>		\$110,000		\$110,000
<i>Property</i>		\$22,500		\$22,500
<i>Bank Fees</i>		\$10,000		\$10,000
<i>Various</i>		\$35,125		\$35,125
Equipment	\$0	\$0	\$0	\$0
Lease of Facility/Equipment	\$3,400	\$0	\$0	\$3,400
Utilities	\$0	\$133,900	\$0	\$133,900
Overhead Cost Allocation	\$0	\$0	(\$90,145)	(\$90,145)
Capital Projects	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0
Transfers Out	<u>\$0</u>	<u>\$70,000</u>	<u>\$159,052</u>	<u>\$229,052</u>
TOTAL	<u>\$807,302</u>	<u>\$1,174,150</u>	<u>\$68,907</u>	<u>\$2,050,359</u>

Public Safety
FY2026-27 Budget - GENERAL FUND

	<u>10-410</u> <u>Sheriff's</u> <u>Department</u>	<u>TOTAL</u> <u>SHERIFF's</u>
Salaries	\$0	\$0
Benefits	\$0	\$0
Materials & Supplies	\$150,000	\$150,000
Professional/Contractual Services	\$0	\$0
<i>See next page for detail</i>	\$3,060,000	\$3,060,000
<i>Overtime</i>	\$230,000	\$230,000
<i>CAL ID</i>	\$15,200	\$15,200
<i>LESS: Amt coded to Fund 14</i>	(\$200,000)	(\$200,000)
Equipment	\$81,000	\$81,000
Lease of Facility/Equipment	\$0	\$0
Utilities	\$0	\$0
Overhead Cost Allocation	\$0	\$0
Capital Projects	\$0	\$0
Debt Service	\$0	\$0
Transfers Out	<u>\$0</u>	<u>\$0</u>
TOTAL	<u>\$3,336,200</u>	<u>\$3,336,200</u>



**SCHEDULE A
LAW ENFORCEMENT SERVICES CONTRACT
CITY OF GRAND TERRACE
FY 2026-27**

ROLLOVER

LEVEL OF SERVICE	FY 2026-27 COST
0.21 - Lieutenant	93,781
0.90 - Sergeant	326,591
0.56 - Detective/Corporal	173,774
5.76 - Deputy Sheriff Tier 2	1,518,762
1.26 - Law & Justice Office Specialist	132,055
1.00 - Sheriff's Services Specialist	104,913
3.00 - Marked Unit	68,956
0.50 - Unmarked Unit	5,698
0.50 - Command Staff Vehicle	8,198
1.00 - Pickup Truck	11,557
1.00 - Citizen Patrol Truck	9,697
Dispatch Services	152,982
9 - HTs (Amortization, Access & Maintenance)	18,738
Administrative Support	11,949
Office Automation	29,356
Axon Contract	17,918
Vehicle Insurance	43,460
Personnel Liability & Bonding	291,787
Workers' Comp Experience Modification	4,775
County Administrative Cost	36,197
Estimated Cost for FY2026-27	
\$3,061,144	

Monthly Payment Schedule

1st payment due July 15, 2026:	\$255,095
2nd through 12th payments due the 5th of each month:	\$255,095

1 Personnel costs include salary and benefits and are subject to change by Board of Supervisors' action. Changes in salary and benefit costs will be billed to the City on a quarterly invoice.

2 Vehicle costs do not include fuel and maintenance. The City is responsible for fuel, repair and maintenance of all contract vehicles, including collision damage. All fuel, repair and maintenance costs incurred by the County will be billed to the City on a quarterly invoice.

3 No replacement cost is included for grant funded or donated vehicles.

4 Services and supplies will be billed to the City on a quarterly invoice.

Planning & Development Services
FY2026-27 Budget - GENERAL FUND

	<u>10-172</u> <u>Building</u> <u>& Safety</u>	<u>10-185</u> <u>Code</u> <u>Enforcement</u>	<u>10-187</u> <u>Enforcement</u> <u>Programs</u>	<u>10-370</u> <u>Planning &</u> <u>Development</u>	<u>10-801</u> <u>Planning</u> <u>Commission</u>	<u>TOTAL</u> <u>PLNG & DEV</u>
Salaries	\$76,803	\$170,322	\$0	\$264,155	\$6,000	\$517,280
Benefits	\$39,016	\$80,654	\$0	\$93,856	\$875	\$214,401
Materials & Supplies	\$5,835	\$21,800	\$0	\$13,000	\$15,600	\$56,235
Professional/Contractual Services	\$0	\$0	\$0	\$0	\$0	\$0
<i>Willdan</i>	\$120,000					\$120,000
<i>Various</i>	\$2,400					\$2,400
<i>SB Animal Shelter</i>		\$60,000				\$60,000
<i>Various</i>		\$10,500				\$10,500
<i>Homeless Encampment CleanUp</i>			\$20,000			\$20,000
<i>Household Waste</i>			\$22,000			\$22,000
<i>Weedabatement</i>			\$10,000			\$10,000
<i>Various</i>			\$8,200			\$8,200
<i>MBI</i>				\$25,000		\$25,000
<i>BRSP Disolution/ZCA</i>				\$45,000		\$45,000
<i>Various</i>				\$14,000		\$14,000
Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Lease of Facility/Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0
Overhead Cost Allocation						
Capital Projects	\$0	\$0	\$0	\$1,250	\$0	\$1,250
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	<u>\$244,054</u>	<u>\$343,276</u>	<u>\$60,200</u>	<u>\$456,261</u>	<u>\$22,475</u>	<u>\$1,126,266</u>

Public Works
FY2026-27 Budget - GENERAL FUND

	<u>10-175</u> <u>Public</u> <u>Works</u>	<u>10-195</u> <u>Facilities</u> <u>Maintenance</u>	<u>10-450</u> <u>Parks</u> <u>Maintenance</u>	<u>10-625</u> <u>NPDES</u>	<u>10-631</u> <u>Storm Drain</u> <u>Maintenance</u>	<u>TOTAL</u> <u>PUBLIC WKS</u>
Salaries	\$319,366	\$0	\$194,652	\$0	\$0	\$514,018
Benefits	\$190,759	\$0	\$66,460	\$0	\$0	\$257,219
Materials & Supplies	\$79,065	\$0	\$7,730	\$0	\$0	\$86,795
Professional/Contractual Services	\$0	\$0	\$0	\$85,400	\$8,100	\$93,500
<i>Goodman - Engineering Svcs</i>	\$15,000					\$15,000
<i>Willdan - Plan Check</i>	\$89,500					\$89,500
<i>Riverside Personnel</i>	\$28,000					\$28,000
<i>Various</i>	\$65,860					\$65,860
<i>HVAC Svcs</i>		\$9,500				\$9,500
<i>Maint of City Hall & grounds</i>		\$16,295				\$16,295
<i>Various</i>		\$16,860				\$16,860
<i>EZ Sunny Days</i>		\$0	\$44,120			\$44,120
<i>Mowing Rollins Field</i>			\$28,200			\$28,200
<i>Janitorial Svcs</i>		\$41,000	\$23,065			\$64,065
<i>Baseball Field Renovation</i>			\$90,000			\$90,000
<i>Various</i>			\$59,700			\$59,700
Equipment	\$2,000	\$0	\$0	\$0	\$0	\$2,000
Lease of Facility/Equipment	\$1,450	\$0	\$0	\$0	\$0	\$1,450
Utilities	\$5,000	\$0	\$108,330	\$0	\$0	\$113,330
Overhead Cost Allocation	\$0	\$0	\$0	\$0	\$0	\$0
Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	<u>\$796,000</u>	<u>\$83,655</u>	<u>\$622,257</u>	<u>\$85,400</u>	<u>\$8,100</u>	<u>\$1,595,412</u>



AGENDA REPORT

MEETING DATE: May 26, 2026

TITLE: Consideration of a Special Transactions and Use Tax at a Rate of Up to 1.00%

PRESENTED BY: Adrian Guerra, City Attorney

RECOMMENDATION: **PROVIDE DIRECTION WHETHER TO PREPARE SPECIAL TRANSACTIONS AND USE TAX MEASURE FOR THE NOVEMBER 3, 2026 GENERAL MUNICIPAL ELECTION**

2030 VISION STATEMENT:

This staff report supports City Council Goal #1, “Ensure Our Fiscal Viability” by identifying additional revenue sources.

BACKGROUND:

A transactions and use tax measure was previously considered by the City Council and placed before the voters but was not approved in 2024. Most recently, on March 10, 2026, the City Council considered resolutions and an ordinance relating to a proposed general transactions and use tax measure for the November 3, 2026 General Municipal Election; however, the measure did not receive City Council approval to move forward.

This item is being presented for City Council consideration regarding whether to proceed with preparation of a proposed special transactions and use tax measure for the November 3, 2026 General Municipal Election.

The current city-wide tax rate is 7.75%, which is composed of State, County and City sales tax rates. The City’s component is only 1.00% as shown below:

<u>Taxing Jurisdiction</u>	<u>Rate</u>
California state sales tax	6.00%
San Bernardino County sales tax	0.25%
Grand Terrace sales tax	1.00%
Special tax (San Bernardino County)	<u>0.50%</u>
Combined Sales Tax:	7.75%

State law caps the total cumulative sales tax rate at a maximum rate of 10.25% for the jurisdiction of Grand Terrace. Because 7.75% has already been allocated toward this maximum, 2.50% remains

available.

To utilize a portion of this remaining 2.50%, the City would need to adopt an ordinance establishing a transactions and use tax with a specified tax rate. Pursuant to Revenue and Taxation Code sections 7285.92 and 7251.1, a maximum of 2.00% of the remaining 2.50% may be adopted by the City.

By this staff report, City staff seeks direction from the City Council regarding whether staff should prepare the resolutions, ordinance, and related election materials necessary to submit a proposed transactions and use tax measure as a special tax (versus a general tax) with a rate of 1.00% to the voters at the November 3, 2026, General Municipal Election.

If directed to proceed, staff will return to the City Council with proposed ballot materials identifying the specific purposes for which the special tax revenues may be used. If approved by the voters, the measure is estimated to generate approximately \$1 million annually.

DISCUSSION:

City Council Procedures

To place a special tax ordinance on the ballot in the City of Grand Terrace, the City Council must approve the action by a two-thirds vote of the total membership of the Council pursuant to California Government Code § 53724(b). Because the City Council consists of five members, this requires at least four affirmative votes.

Revenues derived from a special tax must be used only for the purposes identified in the measure and may not be used for unrestricted general governmental purposes. Accordingly, if the City Council desires to proceed with a special tax, the City Council must clearly identify the specific purposes for which the tax revenues may be used, which will be incorporated into the ballot measure.

If placed on the ballot by the City Council, a special tax is subject to voter approval under Article XIII C of the California Constitution (Proposition 218) and must be approved by a two-thirds vote of the electorate casting ballots on the measure.

It is important to point out that, if the special tax is proposed by a citizen initiative, only simple majority voter approval (50% + 1) is required for approval by the voters, according to the Fifth District Court of Appeal's recent decision in *City of Fresno v. Fresno Building Healthy Communities* (2020) 59 Cal.App.5th 220. In reversing the trial court decision, the court found that the requirement under articles XIII A and XIII C of the California Constitution to obtain two-thirds does not apply where the special tax is proposed by citizen initiative. Article XIII C, section 2(d) of the California Constitution was added by Proposition 218. Similar to Proposition 13, Section 2(d) states that a special tax imposed, extended or increased by a "local government" must be approved by a two-thirds vote. On the contrary, the court concluded that the plain language of Section 2(d) shows that citizen initiative power was not intended to be similarly limited.

Potential Election Resolutions

If the City Council desires to proceed with placing a special transactions and use tax measure before the voters at the November 2026 General Municipal Election, staff will return at a future meeting with the necessary election resolutions and ordinance for City Council consideration.

Potential future actions may include consideration of the following:

1. A resolution submitting the proposed transactions and use tax measure to the voters at the November 3, 2026 General Municipal Election and requesting consolidation with the County

election.

2. A resolution establishing priorities for written ballot arguments and directing the City Attorney to prepare an impartial analysis of the proposed measure.
3. A resolution authorizing rebuttal arguments, if desired by the City Council.

Additionally, the City Council would be required to consider the introduction and first reading, by title only, of a proposed ordinance establishing the special transactions and use tax. Per the City Clerk and relevant County requirements, adopted election materials must be submitted to the San Bernardino County Elections Office no later than August 7, 2026.

Ballot Label Considerations

If the City Council directs staff to proceed, the proposed ballot label would be limited to 75 words or fewer and would be required to comply with the following State law requirements:

1. "If the proposed measure imposes a tax or raises the rate of a tax, the ballot shall include in the statement of the measure to be voted on the amount of money to be raised annually and the rate and duration of the tax to be levied." (Elec. Code § 13119(b).)
2. "The statement of the measure shall be a true and impartial synopsis of the purpose of the proposed measure, and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure." (Elec. Code § 13119(c).)
3. "The ballot label must be in the form of "Shall the measure...be adopted?" (Elec. Code § 13119(a).)

Because the proposed measure would impose a special transactions and use tax, the ballot label and measure text should clearly identify the specific purposes for which the tax revenues may be used. Revenues derived from the tax must be used only for the purposes identified in the measure and may not be used for unrestricted general governmental purposes.

Ballot Arguments and Rebuttals

If the City Council ultimately elects to proceed with a ballot measure, future resolutions may authorize Councilmembers to submit written arguments in favor of the measure. If three or more Councilmembers jointly prepare a ballot argument, the Brown Act would require that collaboration to occur during a properly noticed public meeting.

Rebuttal arguments are optional under State law and may be authorized at the discretion of the City Council.

Collection of Tax Revenue

The transactions and use tax would be collected by the California Department of Tax and Fee Administration (CDTFA) and distributed to the City. Pursuant to Revenue and Taxation Code section 7265, the CDTFA may begin collecting the tax on the first day of the calendar quarter that is at least 110 days following adoption of the ordinance.

If ultimately approved by the voters and adopted by the City Council, staff anticipates the operative date of the tax would be April 1, 2027, depending on the timing of ordinance adoption and CDTFA processing requirements.

The CDTFA will review any proposed ordinance and related election materials to confirm legal and administrative compliance. If CDTFA identifies required revisions, staff would return to the City Council with updated documents for consideration.

RECOMMENDATION:

City staff recommends that the City Council:

1. Determine whether to proceed with preparation of a proposed special transactions and use tax measure for placement on the November 3, 2026 General Municipal Election ballot; and
2. Direct staff to prepare the necessary resolutions, ordinance, and related election materials for future City Council consideration; and
3. Provide any additional direction to staff, as appropriate.

ENVIRONMENTAL IMPACT:

None.

FISCAL IMPACT:

Costs anticipated include city attorneys' fees to prepare the necessary impartial analysis and costs associated with reviewing and preparing written arguments and rebuttals.