



CITY *of* CLOVIS

AGENDA • CITY COUNCIL MEETING

Council Chamber, 1033 Fifth Street, Clovis, CA 93612 (559) 324-2060
www.clovisca.gov

November 3, 2025

6:00 PM

Council Chamber

In compliance with the Americans with Disabilities Act, if you need special assistance to access the City Council Chamber to participate at this meeting, please contact the City Clerk or General Services Director at (559) 324-2060 (TTY – 711). Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the Council Chamber.

The Clovis City Council meetings are open to the public at the physical address listed above. There are numerous ways to participate in the City Council meetings: you are able to attend in person; you may submit written comments as described below; and you may view the meeting which is webcast and accessed at www.clovisca.gov/agendas.

Written Comments

- Members of the public are encouraged to submit written comments at: www.clovisca.gov/agendas at least two (2) hours before the meeting (4:00 p.m.). You will be prompted to provide:
 - Council Meeting Date
 - Item Number
 - Name
 - Email
 - Comment
- Please submit a separate form for each item you are commenting on.
- A copy of your written comment will be provided to the City Council noting the item number. If you wish to make a verbal comment, please see instructions below.
- Please be aware that any written comments received that do not specify a particular agenda item will be marked for the general public comment portion of the agenda.
- If a written comment is received after 4:00 p.m. on the day of the meeting, efforts will be made to provide the comment to the City Council during the meeting. However, staff cannot guarantee that written comments received after 4:00 p.m. will be provided to City Council during the meeting. All written comments received prior to the end of the meeting will be made part of the record of proceedings.



SCAN ME

CAMPAIGN CONTRIBUTION PROHIBITIONS AND MANDATORY DISCLOSURE – Pursuant to Government Code section 84308, a Councilmember shall not accept, solicit, or direct a campaign contribution of more than \$500 from any party or their agent, or from any participant or their agent, while a proceeding involving a license, permit, contract, or other entitlement for use is pending before the City or for 12 months after a final decision is rendered in that proceeding. Any Councilmember who has received a campaign contribution of more than \$500 within the preceding 12 months from a party or their agent, or from a participant or their agent, must disclose that fact on the record of the proceeding and shall not make, participate in making, or in any way attempt to use their official position to influence the decision.

Pursuant to Government Code section 84308, subdivision (e), any party to a covered proceeding before the City Council is required to disclose on the record of the proceeding any campaign contribution, including aggregated contributions, of more than \$500 made within the preceding 12 months by the party or their agent to any Councilmember. The disclosure shall be made as required by Government Code Section 84308, subdivision (e)(1) and California Code of Regulations, Title 2, section 18438.8. No party or their agent, and no participant or their agent, shall make a campaign contribution of more than \$500 to any Councilmember during the covered proceeding or for 12 months after a final decision is made in that proceeding. The foregoing statements do not constitute legal advice, and parties and participants are urged to consult with their own legal counsel regarding the applicable requirements of the law.

CALL TO ORDER

FLAG SALUTE - Mayor Pro Tem Pearce

ROLL CALL

PRESENTATIONS/PROCLAMATIONS

1. Presentation of Proclamation Honoring MachineHead Brewery for Its Outstanding Achievement at the 2025 Great American Beer Festival.

PUBLIC COMMENTS - This is an opportunity for the members of the public to address the City Council on any matter within the City Council's jurisdiction that is not listed on the Agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less, or 10 minutes per topic. Anyone wishing to be placed on the Agenda for a specific topic should contact the City Manager's office and submit correspondence at least 10 days before the desired date of appearance.

CONSENT CALENDAR - Items considered routine in nature are to be placed upon the Consent Calendar. They will all be considered and voted upon in one vote as one item unless a Councilmember requests individual consideration. A Councilmember's vote in favor of the Consent Calendar is considered and recorded as a separate affirmative vote in favor of each action listed. Motions in favor of adoption of the Consent Calendar are deemed to include a motion to waive the reading of any ordinance or resolution on the Consent Calendar. For adoption of ordinances, only those that have received a unanimous vote upon introduction are considered Consent items.

2. Administration - Approval - Minutes from the October 13, 2025, Joint Meeting with CUSD and the October 20, 2025, Council Meeting.

3. Administration – Approval – Approve the Affordable Housing Program Loan Repayment Policies and Procedures Manual for loans made with Local Program Funds.
4. Administration – Approval – HOME First-Time Homebuyer Program Guidelines, and accompanying implementing documents.
5. Administration – Approval – Res. 25-____, Authorizing the City of Clovis to Renew participation in the Fresno/Clovis Tourism Business Improvement District (FCTBID).
6. General Services - Approval - Waive the City's Usual Purchasing Requirements and Authorize the City Manager to Approve the Purchase of Four (4) Electric Dodge Ram ProMasters for \$1,361,697.48, Utilizing the California Association for Cooperative Transportation (CalACT) Competitive Bid Award; and Approval – Res. 25-____, Amending the FY 2025-26 General Services Department Transit Fund Budget to Include CMAQ and STA Funding for the Vehicle Purchase.
7. General Services – Approval – Authorize the City Manager to Execute the Second Amendment to Spare Labs, Inc., Agreement for an Amount Not to Exceed \$60,000 to Account for Additional Vehicles on the Spare Platform; and add the Spare One Trip Module for Fixed-Route and Microtransit Service Expansion.
8. General Services – Approval - Res. 25-____, Authorizing Amendments to the City's Classification and Compensation Plans to Adopt a Lead Community Service Officer with a Salary Range of \$6,357- \$7,727 per month; and Approval – Res. 25-____, Amending the City's FY 2025-26 Position Allocation Plan by adding three (3) Lead Community Service Officer positions and deleting three (3) Community Service Officer positions.
9. General Services – Approval - Claim Rejection of the General Liability Claim on behalf of Mercedes Trevino.
10. Planning and Development Services – Approval – Final Acceptance for CIP 20-12, Peach and Shepherd Traffic Signal, with a final contract cost of \$757,424.94.
11. Planning and Development Services – Approval – Final Acceptance for CIP 25-03 Peg Bos Plaza Improvements, for a final contract cost of \$149,643.99.
12. Planning and Development Services – Approval – Final Acceptance for Final Map for Tract 6284, acceptance of public improvements with authorization to record the Notice of Completion, and authorize the release of sureties, located at the southwest area of Teague Avenue and Fowler Avenue (Woodside 06N, LP (Woodside Homes)).
13. Planning and Development Services – Approval – Final Acceptance for Final Map for Tract 5168 acceptance of public improvements with authorization to record the Notice of Completion, and release of sureties as required, located at the southeast corner of Gettysburg Avenue and Locan Avenue (Pulte Group).
14. Planning and Development Services - Approval – Res. 25-____, Annexation of Miscellaneous Properties to the Landscape Maintenance District No. 1.
15. Public Utilities – Approval – Award the Request for Proposals and Approve the Purchase of the Fleet Asset Management Software Five (5) Year Subscription from AssetWorks, Inc., for a Total of \$344,051.37.

PUBLIC HEARINGS - A public hearing is an open consideration within a regular or special meeting of the City Council, for which special notice has been given and may be required. When a public hearing is continued, noticing of the adjourned item is required as per Government Code 54955.1.

16. Consider Approval - Res. 25-____, Resolution of Necessity to determine that public interest and necessity require acquisition of property for public purposes and; authorizing proceedings in eminent domain for property located North of Nees Avenue, West of Armstrong Avenue.

Staff: Ryan C. Burnett, AICP, Engineering Program Supervisor

Recommendation: Approve

ADMINISTRATIVE ITEMS - Administrative Items are matters on the regular City Council Agenda other than Public Hearings.

17. Workshop – Presentation on Draft 2025 Water Rate Study Findings.

Staff: Kevin Tuttle, Assistant Public Utilities Director

Recommendation: Receive and File

CITY MANAGER COMMENTS

COUNCIL COMMENTS

CLOSED SESSION - A “closed door” (not public) City Council meeting, allowed by State law, for consideration of pending legal matters and certain matters related to personnel and real estate transactions.

18. Government Code Section 54956.9(d)(2)
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Significant exposure to litigation
One potential case

RECONVENE INTO OPEN SESSION AND REPORT FROM CLOSED SESSION

ADJOURNMENT

FUTURE MEETINGS

Regular City Council Meetings are held at 6:00 P.M. in the Council Chamber. The following are future meeting dates:

Nov. 10, 2025 (Mon.)
Nov. 17, 2025 (Mon.)
Dec. 1, 2025 (Mon.)
Dec. 8, 2025 (Mon.)
Dec. 15, 2025 (Mon.)

CITY of CLOVIS

Proclamation

Honoring MachineHead Brewing Co. for Its Outstanding Achievement at the 2025 Great American Beer Festival

WHEREAS, On November 14, 2020, Robert and Jennifer Arabian proudly opened MachineHead Brewing Co., bringing exceptional craft beer, community spirit, and local pride to the residents and visitors of Clovis; and

WHEREAS, since its founding, MachineHead Brewing Co. has become a cornerstone of the Clovis craft beer community, recognized for its innovation, craftsmanship, and dedication to excellence in brewing; and

WHEREAS, MachineHead Brewing Co. recently earned national recognition by winning the Bronze Medal at the 2025 Great American Beer Festival for its beer "Punk Fuzz" in the Contemporary Gose category; and

WHEREAS, this achievement is particularly remarkable given that the 2025 Great American Beer Festival featured 8,315 entries from 273 breweries and cideries in 108 categories; and

WHEREAS, MachineHead Brewing Co. is the first and only brewery in the City of Clovis to earn a medal at this prestigious national competition, thereby bringing home an award of excellence and distinction to our community; and

WHEREAS, the City of Clovis is proud to recognize and commend MachineHead Brewing Co. for its significant contribution to the local economy, its commitment to quality and creativity, and for representing Clovis with pride on a national stage.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Clovis does hereby recognize and congratulate

MachineHead Brewing Co.

for its outstanding achievement at the 2025 Great American Beer Festival and extends sincere appreciation for its continued contributions to the community and the craft beer industry.

IN WITNESS THEREOF, I hereunto set my hand and cause the official seal of the City of Clovis to be affixed this 3rd day of November 2025.


Vong Mouanoutoua, Mayor

**CLOVIS CITY COUNCIL / CLOVIS UNIFIED SCHOOL DISTRICT GOVERNING
BOARD JOINT MEETING**

October 13, 2025

6:00 P.M.

Council Chamber

Meeting called to order by Mayor Mouanoutoua at 6:00

Flag Salute led by Board President Yolanda Moore

Roll Call: Present: Councilmembers Ashbeck, Basgall, Bessinger, Mayor Pro Tem Pearce
Mayor Mouanoutoua

Roll Call: Present: Board Members Madsen, Oliver, Hashimoto, President Moore.
Superintendent Folmer, Ed.D.

Absent Board members Fogg, Awtrey, Combs-Flores.

INTRODUCTIONS - 6:02

Members of the Clovis City Council and the Clovis Unified School District Board of Trustees, along with the Superintendent, were introduced.

PRESENTATION – 6:06

6:06 – ITEM 1 - Presentation of Proclamation declaring “Clovis on Tour” The Official Children’s Book of the City of Clovis.

6:20 – ITEM 2 - Presentation by Miss California Rachel Axt on her Miss America Pageant experience.

PUBLIC COMMENTS – 6:26

Eric Rollins, resident, thanked both the City Council and School Board for working together and emphasized how their collaboration benefits the community.

Marcos Rodriguez, student, asked how the recent federal government shutdown might affect student financial aid and scholarships.

Christopher Flores, Clovis West student, requested that water be made more accessible to students at Clovis West High School without paying for it.

Magdalena, Clovis West student, suggested making basic medications like Tylenol or allergy medicine more accessible for students who may struggle to get a doctor’s appointment.

Lorenzo Rios CEO with Clovis Veterans Memorial District, expressed gratitude for community support of “The Wall That Heals” event and shared upcoming memorial district initiatives and community collaborations.

Steven Trevino, resident, suggested adding flowers near the Civic Center sign, raised concerns about swings in parks due to safety, and recommended creating a YouTube video to explain how City Council meetings and the Brown Act work for the public.

Dr. Ken Smith with California Health Sciences University, requested collaboration opportunities with the school district to encourage students to pursue medical careers and promote the local medical program.

6:38 ITEM 1. Partnership on parades (buses, bands participating).

Superintendent Dr. Folmer explained the strong partnership between the City and the School District, highlighting the use of school buses for parades both for safety and community pride and the participation of student bands and performing groups. Superintendent Dr. Folmer emphasized how proud the district is of its transportation team and students and shared that Clovis High's band was selected to perform in the 2027 Rose Parade.

Upon call, there was no public comment.

6:40 ITEM 2. Evolve security at large scale events in CUSD.

Associate Superintendent, Administrative Services Johnston presented on the implementation of the Evolve security screening system at large events such as football games and swim meets. He explained that the system is used in major venues like SoFi Stadium, speeds up entry, can detect weapons while allowing normal items like phones and keys, and provides visual alerts so security knows exactly where to check. He also noted that officers are stationed at every entry point and that similar security measures like security film on windows are being added across schools.

Upon call, there was no public comment.

6:46 ITEM 3. E-bikes and scooters; update on communication sent out and report on Youth Commission project.

Chief Fleming; Economic Development, Housing, and Communications Director McCollum, and Corporal O'Brien outlined a joint City–Clovis Unified education effort on e-bike and e-scooter safety, including a summer social media campaign, media outreach, and upcoming Youth Commission projects. Economic Development, Housing, and Communications Director McCollum mentioned the Youth Commission is developing youth-focused ideas such as helmet giveaways, tagging bikes with safety flyers, and student-led social content. Corporal O'Brien reviewed basic legal distinctions among e-bike classes, e-motorcycles, golf carts, and low-speed electric vehicles, plus where each can operate.

Brian Wilson, resident, asked how many citations have been issued for e-bike/e-scooter violations in the past year.

Steven Trevino, resident, suggested a bike license or permit program with police-led safety education like the city offered in the past.

Erin Wink, resident, described unsafe pickup/drop-off behavior near Clovis Elementary after road widening and urged stronger parent education and traffic enforcement.

7:02 ITEM 4. City of Clovis Police Department Mental Health & Drug Awareness Efforts.

Chief Fleming presented the item to Council and spoke regarding the long-standing partnership with Clovis Unified, noting that school buses have been used since 2017 as security barriers for parade safety, and thanked the district for continued collaboration. He outlined the Police Department's new mental health initiatives, including the addition of a Mental Health Liaison Officer who follows up with individuals and families outside of crisis situations, resulting in a 30% reduction in mental health calls. He shared that the Youth Commission will also be addressing youth mental health issues in the youth community. He spoke about the opioid settlement that allowed the department to hire a Community Service Officer to provide drug education in schools. Additional settlement funds will be used to purchase software to track overdoses and integrate school district and city cameras into the real-time information center, improving emergency response. The City Council encouraged including cyberbullying as part of mental health efforts and emphasized that Measure Y and the partnership with Clovis Unified make these investments possible

Upon call, there was no public comment.

7:09 ITEM 5. Updates on Projects/Construction.

City Engineer Avery discussed the City completed a high volume of street work over the summer, focusing on neighborhoods and streets near schools, including Cape Seal projects around Sierra Vista and Gettysburg and repaving eight street segments. A new traffic signal at Shepherd and Peach is now operational, and next summer the city expects fewer major repairs overall but several key projects near Clovis East: widening Ashlan west of Leonard, sidewalk and curb/gutter at Gettysburg and Leonard, and potential Shaw Avenue improvements between Leonard and DeWolf. Larger regional projects such as widening Shepherd between Fowler and Sunnyside and improvements north of Minnewawa are expected to begin next spring and will require coordinated traffic management to lessen public impact. Additional work includes a water line on Clovis Avenue near Nees and ongoing coordination with developers for infrastructure in growing areas.

Assistant Superintendent Stairs reported its busiest construction summer in recent history, including opening Phase 1 of the Terry Bradley Educational Center and continuing work on Phases 3–6, with more openings coming over the next few years. He mentioned at Fowler and Herndon, Phase 1 is complete, and Phase 2 (Plant Operations relocation) will open in March; Phase 3 Child Development offices is in design and expected to bid in December. The district is working with the City on approval of a warehouse to store visual and performing arts sets so they can be reused instead of destroyed. The transportation facility will undergo a major modernization once Plant Ops relocates. Security upgrades funded by prior bond measures are ongoing, including Catapult emergency alerts, districtwide lockdown technology with automatic door locks, and installation of delayed-entry security window film tested with Clovis Police Department. The district is also advancing the Gettysburg fence solution and preparing to launch multiple school modernization projects with bond funds beginning this summer.

City Council stressed the importance of long-awaited sidewalks near schools especially around Clovis East, Reagan Elementary/Ashlan, and Freedom/Armstrong areas and acknowledged safety concerns for students walking in muddy or narrow areas. They highlighted past collisions on Fowler/Barstow and emphasized keeping route safety a priority. Measure C was discussed as a future funding source for “Safe Routes to School” projects, which would allow the City and District to partner on sidewalks and crossings near campuses. Concerns were raised about traffic impacts when Shepherd is closed and whether Fowler could become a dangerous detour; staff noted enforcement is often the only effective speed control. Additional concerns were raised about missing sidewalks on Armstrong between Gettysburg and Ashlan, and staff discussed how development or Measure C could be used to fill those gaps.

Brian Wilson, resident, expressed concern about traffic at Fowler and Herndon, asking why there isn't a northbound turn lane into the new facility, how much traffic future phases will add, and whether access to Herndon will be available.

7:27 ITEM 6. Update on State Meets.

Superintendent Dr. Folmer discussed Clovis Unified currently hosts the State Swim & Dive Meet, operates the State Cross Country Meet at Woodward Park for Fresno County, and hosts the State Track & Field Championships. Dr. Fulmer explained that the bids to host these events will reopen soon, and Clovis Unified intends to reapply because hosting benefits the community economically, highlights local facilities, and allows student-athletes to compete at home. She shared that these events draw state and national-level athletes, set records, and rely on hundreds of community volunteers, making it a meaningful partnership with the City of Clovis.

Upon call, there was no public comment.

7:32 ITEM 7. CITY MANAGER / SUPERINTENDENT COMMENTS

City Manager Haussler praised the partnership with Clovis Unified, highlighted how rare and special this level of collaboration is, and expressed appreciation for the relationship and shared goals that benefit the community.

Superintendent Dr. Folmer echoed gratitude, emphasized how both entities proactively work together to address community needs as both the city and district grow, and shared the importance of preserving tradition while planning for the future and supporting youth.

7:35 ITEM 8. COUNCIL / BOARD COMMENTS

School Board Members thanked the City for hosting, praised the strong partnership and ability to solve problems together quickly (e.g., e-bikes), and noted that this collaboration is rare compared to other cities. They also appreciated community support for programs like Miss Clovis and bond measures that fund facilities.

Council Members shared personal experiences of Clovis Unified's positive statewide/national reputation, emphasized accessibility and teamwork between city and district, and reported on community events such as the Wall That Heals, senior center issues, economic development efforts, and youth mentorship programs. The Council highlighted the importance of planning long-

term together (50 years out), supporting Measure C, addressing traffic and recreation needs, and ensuring future growth north of Shepherd stays within Clovis Unified.

ADJOURNMENT – 7:56

Mayor Mouanoutoua adjourned the meeting of the Council to October 20, 2025.

Meeting adjourned: 7:56 p.m.

Vong Mouanoutoua, Mayor

Briana Parra, City Clerk

CLOVIS CITY COUNCIL MEETING

October 20, 2025

6:00 P.M.

Council Chamber

Meeting called to order by Mayor Mouanoutoua at **6:00**

Flag Salute led by Councilmember Bessinger

Roll Call: Present: Councilmembers Ashbeck, Basgall, Bessinger, Mayor Pro Tem Pearce
Mayor Mouanoutoua

PUBLIC COMMENTS – 6:01

Steven Trevino, resident, commended the Council for last week's CUSD Joint meeting and requested that the City consider placing a memorial at the corner of Sunnyside to honor Andrew Reese, Mr. Perkins, and other longtime community members who contributed to Clovis.

CONSENT CALENDAR – 6:05

Bill Scott, resident, commented on Consent Calendar items 9 -12, expressing concern about revisions, renaming, and adoptions of positions, urging caution in how funds and staffing changes are handled.

Motion by Councilmember Ashbeck, seconded by Councilmember Bessinger, that the items on the Consent Calendar be approved. Motion carried by unanimous vote.

1. Administration - Approval - Minutes from the October 6, Council Meeting.
2. Administration - Receive and File – Annual Report regarding status of the Affordable Housing Development Impact Fee Deferral Program for the 2024-2025 Fiscal Year.
3. Finance – Receive and File – Investment Report for the Month of June 2025.
4. Finance – Receive and File – Treasurer's Report for the Month of June 2025.
5. Finance - Approval – **Res. 25-106**, Amending the 2025-26 Budget to reappropriate carryover funding from the 2024-25 budget.
6. General Services – Approval - Claim Rejection of the General Liability Claim by LaToya Lewis.
7. General Services – Approval - Claim Rejection of the General Liability Claim on behalf of April Gallardo.
8. General Services – Approval - Claim Rejection of the General Liability Claim on behalf of Delilah Casarez.
9. General Services – Approval – **Res. 25-107**, Authorizing Amendments to the City's Classification and Compensation Plans by Revising and Renaming the Classification of Building Inspector to Building Inspector I with a Monthly Salary Range of \$6,219 to \$7,560, Revising the Senior Building Inspector with a Monthly Salary Range of \$8,227 to \$10,000, and by Adopting the Classification of Building Inspector II with a Monthly Salary Range of \$6,969 to \$8,470, in the Planning and Development Services Department, and Approval – **Res. 25-108**, Amending the City's FY 25-26 Position Allocation Plan.
10. General Services – Approval – **Res. 25-109**, Authorizing Amendments to the City's Classification and Compensation Plans by Revising and Renaming the Classification of

Permit Technician to Permit Technician I with a Monthly Salary Range of \$4,869 to \$5,918, Adopting the Classification of Permit Technician II with a Salary Range of \$5,869 to \$7,134, and Adopting the Classification of Senior Permit Technician with a Monthly Salary Range of \$6,474 to \$7,870, in the Planning and Development Department, and Approval – **Res. 25-110**, Amending the City's FY 25-26 Position Allocation Plan.

11. General Services – Approval – **Res. 25-111**, Authorizing Amendments to the City's Classification and Compensation Plans by Revising and Renaming the Classification of Plans Examiner to Plans Examiner I with a Monthly Salary Range of \$6,321 to \$7,683, Adopting the Classification of Plans Examiner II with a Salary Range of \$7,321 to \$8,899, and Adopting the Classification of Senior Plans Examiner with a Monthly Salary Range of \$8,227 to \$10,000, in the Planning and Development Department, and Approval – **Res. 25-112**, Amending the City's FY 25-26 Position Allocation Plan.
12. General Services – Approval - **Res. 25-113**, Authorizing Amendments to the City's Classification and Compensation Plans to Adopt a Communications and Marketing Specialist with a Salary Range of \$6,021- \$7,319 per month; and Approval – **Res. 25-114**, Amending the City's FY 2025-26 Position Allocation Plan by adding one (1) Communications and Marketing Specialist.
13. Planning and Development Services – Approval – Final Acceptance for CIP 24-05 Barstow Avenue Street Improvements, for a final contract cost of \$714,181.14.
14. Public Utilities – Approval – Bid Award for CIP 24-28 Loma Vista Recharge Basin Park Demo to David Knott, Inc., in the Amount of \$178,128; and Authorize the City Manager to Execute the Contract on Behalf of the City.
15. Public Utilities – Approval – Waive Formal Bidding Requirements and Authorize the Purchase of a Landfill Automatic Tarping Machine from Tarp O Matic, Inc., in the Total Amount of \$90,831.90.
16. Public Utilities – Approval – Waive Formal Bidding Requirements and Authorize the Purchase of a Vactor Hydro-Excavator Truck from Haaker Equipment Company Utilizing the Sourcewell Purchasing Contract in the Total Amount of \$723,753.10.
17. Public Utilities – Approval – Waive Formal Bidding Requirements and Award a Contract to Aqua-Metric Sales Company for the Purchase and Installation of Two Sensus Base Stations and Associated Software in the Amount of \$181,787.63, and Authorize the City Manager to Execute the Contract on Behalf of the City.
18. Public Utilities – Approval – **Res. 25-115**, Authorizing the Public Utilities Director to Approve and Execute Agreements and Other Instruments Incidental to Right-of-Way, Regulatory, Operational, and Maintenance Programs and Projects Approved by the City Council, and Accept and Consent to Recording Grants of Real Property Interests to the City for Public Purposes as Authorized by Government Code Section 27281.

PUBLIC HEARINGS – 6:10

- 6:10 ITEM 19 - Consider Approval - **Res. 25-116**, SPR2025-029, Adopting a Class 1 Categorical Exemption from further environmental review under the California Environmental Quality Act; and Approving a site plan review for the site layout and design of the Big Dry Creek Trail Improvements at Letterman Park, Barstow Avenue and Villa Avenue. City of Clovis, Owner and Applicant.

Steven Trevno, resident, asked several questions regarding Leon Park and the nearby trail project.

Motion for approval by Councilmember Ashbeck, seconded by Councilmember Basgall. Motion carried by unanimous vote.

6:27 ITEM 20 - Consider Approval - **Res. 25 -117**, Resolution of Necessity to determine that public interest and necessity require acquisition of property for public purposes; and Authorize proceedings in eminent domain for property located North of Shepherd Avenue, West of Fowler Avenue.

Upon call, there was no public comment.

Motion for approval by Councilmember Ashbeck, seconded by Councilmember Bessinger. Motion carried by unanimous vote.

ADMINISTRATIVE ITEMS – 6:34

6:34 ITEM 21 - Consider Approval – **Res. 25-118**, Amending License Fees for Gaming Clubs and Card Rooms in the City.

Jarrold with Clovis 500 Club spoke on behalf of the Clovis 500 Club, thanking city staff for their continued support and collaboration.

Motion for approval by Councilmember Bessinger, seconded by Mayor Pro Tem Pearce. Motion carried by unanimous vote.

CITY MANAGER COMMENTS – 6:43

City Manager Haussler reported the installation of a new sign at David McDonald Park, honoring McDonald's contributions to Clovis, including his support for Miss Winkle's Pet Adoption Center and local job creation. He invited the public to upcoming events and meetings, including the Planning Commission meeting, a countertop compost pail giveaway at Letterman Park, the General Plan Advisory Committee meeting on October 30, 2025, and encouraged residents to participate in the Community Needs Survey for the next five-year Community Development Block Grant plan.

COUNCIL COMMENTS – 6:45

There was no formal Council direction for staff.

CLOSED SESSION – 6:51

Upon call, there was no public comment.

ITEM 22 - GOVERNMENT CODE SECTION 54957.6 CONFERENCE WITH LABOR NEGOTIATORS AGENCY DESIGNATED REPRESENTATIVES: ANDREW HAUSSLER, PAUL ARMENDARIZ, AMY HANCE, JAY SCHENGEL, SCOTT CROSS EMPLOYEE ORGANIZATIONS: TRANSIT EMPLOYEES BARGAINING UNIT, CLOVIS PUBLIC SAFETY EMPLOYEES ASSOCIATION, CLOVIS POLICE OFFICERS ASSOCIATION, CLOVIS PUBLIC WORKS EMPLOYEES ASSOCIATION, AND UNREPRESENTED EMPLOYEES

ITEM 23 - GOVERNMENT CODE SECTION 54956.8 CONFERENCE WITH REAL PROPERTY NEGOTIATORS PROPERTY: APN 580-072-41S, SOUTHWEST CORNER OF MINNEWAWA/INTERNATIONAL AGENCY NEGOTIATORS: ANDREW HAUSSLER, SCOTT CROSS, RYAN BURNETT, AND AMY HANCE NEGOTIATING PARTIES: HGCLOVIS, LLC UNDER NEGOTIATION: PRICE AND TERMS OF PAYMENT

RECONVENE INTO OPEN SESSION AND REPORT FROM CLOSED SESSION

No action taken.

ADJOURNMENT

Mayor Mouanoutoua adjourned the meeting of the Council to November 3, 2025.

Meeting adjourned: 7:25 p.m.

Mayor

City Clerk



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Administration

DATE: November 3, 2025

SUBJECT: Administration – Approval – Approve the Affordable Housing Program Loan Repayment Policies and Procedures Manual for loans made with Local Program Funds.

ATTACHMENTS: 1. Affordable Housing Program Loan Repayment Policies and Procedures Manual

RECOMMENDATION

For the City Council to Approve the Affordable Housing Program Loan Repayment Policies and Procedures Manual for loans previously made with Local Program Funds.

EXECUTIVE SUMMARY

The Repayment Policies and Procedures will provide processing procedures for loans that are due and payable through the City's Affordable Housing Program, and who have received funding from local resources. The loans were made with funding previously referred to as Tax Increment Financing or Redevelopment Agency Loans.

BACKGROUND

Currently there are approximately 66 loans in the local funding portfolio still due, for a total of \$3,254,485 due to the City. Of these, 10 loans are currently due and payable, or will become due and payable in the next two months.

As loans made from local financing have become due and payable, staff has found the need to delay the request for payments due to borrowers expressing their financial hardship. The City currently does not have written policies and procedures that guide repayment processes for these loans, including additional remedies for low-income borrowers and those with financial hardship. The Repayment Policies and Procedures Manual for City Council consideration will provide clear guidance to staff on implementing loan repayment policies for those loans made with local financing.

For loans currently due, City staff will send the borrower a Demand for Payment, and present financial hardship remedies, if applicable. The Repayment Policies and Procedures outline when and how borrowers can request additional assistance based on the Borrower's current financial situation and hardships.

The following scenarios are included in the repayment guidelines:

IF AT LOAN DUE DATE:			
Borrower is low income (80% or below AMI) <u>AND</u> continues to live in home:	Borrower has income between 80-120% AMI <u>AND</u> continues to live in home:	Borrower has income over 120% AMI, has financial hardship <u>AND</u> continues to live in home:	Borrower no longer lives at assisted home, Borrower unwilling to provide income information, or other Borrower Default:
- Extend loan for 20 years - All other terms remain the same	- Restructure loan to require payments over 15 years (payments made twice a year) - All other terms remain the same	- Restructure loan to require payments over 10 years (payments made twice a year) - All other terms remain the same	Loan is immediately due and payable

Borrowers requesting modifications to their loans will be required to submit income verification documents to be reviewed and verified by City staff. The City may send the loan to a collection agency if Borrower fails to make payment(s) on time, or if there is no response from Borrower within 90 days of the loan due date. The City may also have the option of foreclosing on the property, as may be allowed in the Original Loan Documents.

These guidelines do not apply to state or federally funded loans, as those must follow funding agency repayment guidelines.

FISCAL IMPACT

There is no fiscal impact related to approval of the Manual. Any loans repaid are treated as program income and re-utilized for new affordable housing loans.

REASON FOR RECOMMENDATION

Staff recommends approval of the Repayment Policies and Procedures Manual to provide staff uniform policies in the implementation of local Loan Repayment Guidelines.

ACTIONS FOLLOWING APPROVAL

Several loans have become due and payable. These borrowers will be contacted and provided the repayment options available through this action.

CONFLICT OF INTEREST

None.

Prepared by: Claudia Cazares, Housing Program Manager

Reviewed by: City Manager *AA*



City of Clovis – Affordable Housing Program Loan Repayment Policies and Procedures Manual “LOCAL PROGRAM FUNDS”

The City of Clovis ("City") administers affordable housing programs that provide financial assistance to low-income families to either purchase their first home or repair their existing home. Assistance is provided as a loan, and the loans are typically in the form of silent second financing, down payment assistance, closing cost assistance, home improvement loans, or other similar loan products ("loan(s)").

The City has adopted this Loan Repayment Policies and Procedures Manual ("Manual") to provide staff guidance on actions needed when servicing loans and processing payments due only on loans assisted with "local program funds". Loans made with "local program funds" refers to loans provided through programs previously referred to as Tax Increment Program Funds, Redevelopment Agency (RDA) Program Funds, Clovis Community Development Agency Program Funds, or any other local source that excludes any funds originating from the State of California or the Federal government, as those carry their own repayment policies and procedures.

Loans may carry various due dates, affordability periods, terms, conditions, and rates. This Manual will address various loan repayment circumstances, as found below.

I. Required/Amortized Loan Repayments:

For Promissory Notes that require regular (e.g. monthly) payments during the life of the loan, Borrower will be required to submit the monthly payments to the City of Clovis, as identified in Section VII below.

Late fees will be charged for payments received after the identified regular due date(s), as may be identified in the Promissory Note.

Any repayments received will be credited to the appropriate fund for future use.

II. Voluntary Loan Repayments

For Promissory Notes that do not require regular (e.g. monthly) payments (e.g. deferred payment loans) and for which Borrowers desire to make voluntary loan payments, the City will accept voluntary payments on the loan, on an annual basis, made payable to the City of Clovis, as identified Section VII below. The City may accept bi-annual payments, if pre-approved in writing by the City Manager, or designee, in advance.

The Borrower may repay the loan balance, and any interest as applicable, at any time with no penalty. Voluntary loan payments will be credited to any principal amount due first, then any interest due, then any penalties due. Partial/voluntary repayments will be annotated in the City's loan portfolio, and individual homeowner file.

Any repayments received will be credited to the appropriate fund for future use.

III. Loan Repayments at Loan Due Date

When a Promissory Note becomes due and payable, Borrower will be required to immediately repay the entire amount of the loan, plus any interest and penalties. This Section applies to Promissory Notes that have become due and payable for the following causes:

- End of loan term
- Borrower's failure to maintain home as their principal place of residence during the affordability period as defined in the promissory note and/or loan agreement
- Borrower's failure to provide annual proof of occupancy, property hazard insurance and property tax payment information, to the City, as required by the Promissory Note
- Borrower's failure to meet other requirements of the Promissory Note, Loan Agreement, and/or Deed of Trust
- Upon death of Borrower(s) (for exception see Section IV.B below)
- Other causes, as may be identified by City Staff in accordance with the Promissory Note, Loan Agreement and/or Deed of Trust.

NOTE: In some cases, Promissory Notes may specifically identify loan repayment guidelines at sale or transfer, including the treatment of net proceeds. In these cases, the requirements found in the Promissory Note will take precedence over this Manual.

A. The following steps are to be followed when loans are due and payable:

1. The City will send Borrower a Payoff Demand Letter, including a calculation of the loan amount due, plus applicable interest and/or penalties when the Note becomes due and payable. The City will allow the Borrower ninety (90) days to repay the loan or seek additional assistance as may be provided below in Section III.B. below. City will send the loan to a collection agency if Borrower fails to make payment(s) on time, or if there is no response from Borrower within 90 days of the loan due date. The City may also have the option of foreclosing on the property, as may be allowed in the Original Loan Documents.
2. Borrower, or Borrower's representative, shall issue a check made out to the City of Clovis, as identified in Section VII below.
3. Once the loan is paid in full, the City will draft and execute a Full Reconveyance and have the notarized reconveyance recorded at the County Recorder's Office. The City will also locate the original Promissory Note and return it to Borrower, with "PAID IN FULL" noted on the face of the Note.
4. The loan will be noted as "PAID OFF" on the City's loan portfolio and the amount credited to the appropriate fund for future use.

B. Borrower(s) may request additional assistance when loans are due and payable, under the circumstances below.

1. Additional Assistance Scenario #1:

If original Borrower, and their household members (if any), is/are low-income (80% or below the Area Median Income (AMI)) at the time the loan becomes due and payable, and they are UNABLE to repay the loan due to financial hardship related to their income level, AND they continue to live in the home as their principal place of residence:

- a. Borrower may request an extension of the term of the loan for up to an additional twenty (20) years.
- b. The request for the term extension shall be in writing, be submitted to the City within 45 days of the Payoff Demand Letter, and include verification of income documents (see Exhibit A – Income Verification Requirements).
- c. City staff will review the income verification documents submitted and compute the Borrower's household income.
- d. If City staff confirms Borrower's household income is at or below 80% of the AMI, the loan extension request will be submitted to the Economic Development, Housing, and Communications Director ("Director") for review first, and subsequently to the City Manager, or designee, for approval and execution of loan documents.

- e. All requirements, excluding the loan payment term, of the original Promissory Note, including but not limited to principal place of residency, payment of property taxes, maintenance of property hazard insurance, and annual proof of occupancy will remain in place under the extended loan terms.
- f. City staff will then re-evaluate loan repayment due at the time the extension expires.
- g. The loan will be noted as “term extended for 20 years” on the City’s loan portfolio and the loan due date updated.
- h. Borrower may make voluntary loan repayments at any time.
- i. Any repayments received will be credited to the appropriate fund for future use.

2. Additional Assistance Scenario #2

If original Borrower, and their household members (if any), have income between 80-120% of the AMI at the time the loan becomes due and payable, and they experience financial hardship in repaying the loan, AND they continue to live in the home as their principal place of residence:

- a. Borrower may request a restructure of the loan to require bi-annual payments amortized over a fifteen (15) year period. That is, any principal, interest, and penalties due at the time the loan is due and payable will be divided by 30 payments to start after, and no later than 60 days after, the execution of the revised loan documents.
 - Example: Principal, interest, and penalties due at the time loan is due and payable equals \$45,000.00.
 - i. Calculation: $\$45,000 \div 30 \text{ (payments)} = \$1,500$ payment due twice a year for 15 years
- b. The request for the restructure and loan extension shall be in writing, submitted to the City within 45 days of the Payoff Demand Letter, include a justification for Financial Hardship, and include verification of income documents (see Exhibit A – Income Verification Requirements).
- c. City staff will review the income verification documents submitted and compute the Borrower’s household income.
- d. If City staff confirms Borrower’s household income is between 80-120% of the AMI, the loan amortization and extension request will be submitted to the Director for review first, and subsequently to the City Manager, or designee, for approval and execution of loan documents.

- e. All requirements, excluding the loan payment term, of the original Promissory Note, including but not limited to principal place of residency, payment of property taxes, maintenance of property hazard insurance, and annual proof of occupancy will remain in place under the extended loan terms.
- f. City staff will then re-evaluate loan repayment due at the time the extension expires.
- g. The loan will be noted as “term extended to include bi-annual payment for 15 years” on the City’s loan portfolio and the loan due date updated.
- h. City staff will add the loan to a bi-annual loan payment list for the issuance of bi-annual invoicing and/or issuance of payment coupons.
- i. City will send the loan to a collection agency if Borrower fails to make payment(s) on time, or if there is no response from Borrower within 90 days of the loan due date, as may be amended. The City may also have the option of foreclosing on the property, as may be allowed in the Original Loan Documents.
- j. Borrower may make voluntary loan repayments or payment in full at any time.
- k. Any repayments received will be credited to the appropriate fund for future use.

3. Additional Assistance Scenario #3

If original Borrower, and their household members (if any), have income that is over 120% of the AMI at the time the loan becomes due and payable, and they experience financial hardship in repaying the loan, AND they continue to live in the home as their principal place of residence:

- a. Borrower may request a restructure of the loan to require bi-annual payments amortized over a ten (10) year period. That is, any principal, interest, and penalties due at the time the loan is due and payable will be divided by 20 payments to start after, and no later than 60 days after, the execution of the revised loan documents.
 - Example: Principal, interest and penalties due at the time loan is due and payable equals \$45,000.00.
 - i. Calculation: $\$45,000 \div 20 \text{ (payments)} = \$2,250$ payment due twice a year for 10 years
- b. The request for the restructure and loan extension shall be in writing, submitted to the City within 45 days of the Payoff Demand Letter, and include a justification for Financial Hardship. Income verification will only be required in Scenario 1 and 2 above.

- c. City staff will review the request, including the justification for Financial Hardship.
- d. The loan amortization and extension request will be submitted to the Director for review first, and subsequently to the City Manager, or designee, for approval and execution of loan documents.
- e. All requirements, excluding the loan payment term, of the original Promissory Note, including but not limited to principal place of residency, payment of property taxes, maintenance of property hazard insurance, and annual proof of occupancy will remain in place under the extended loan terms.
- f. City staff will then re-evaluate loan repayment due at the time the extension expires.
- g. The loan will be noted as “term extended to include bi-annual payment for 10 years” on the City’s loan portfolio and the loan due date updated.
- h. City staff will add the loan to a bi-annual loan payment list for the issuance of bi-annual invoicing.
- i. City will send the loan to a collection agency if Borrower fails to make payment(s) on time, or if there is no response from Borrower within 90 days loan due date, as may be amended. The City may also have the option of foreclosing on the property, as may be allowed in the Original Loan Documents.
- j. Borrower may make voluntary loan repayments or payment in full at any time.
- k. Any repayments received will be credited to the appropriate fund for future use.

IV. Failure to Retain Assisted Home as Owner Occupied Housing and/or Refusal to Submit Income Documentation

- A. The loan is immediately due and payable if Borrower fails to retain the assisted home as Owner Occupied Housing.
- B. The loan is immediately due and payable if Borrower does not request Additional Loan Repayment Assistance as identified in Section III.B above.
- C. City will send the loan to a collection agency if Borrower fails to make payment(s) on time, or if there is no response from Borrower within 90 days of the loan due date, as may be amended. The City may also have the option of foreclosing on the property, as may be allowed in the Original Loan Documents.

V. Selling or Transferring Title of an Assisted Home

This policy will be followed upon sale or transfer of title of an assisted home. The sale/transfer of the home can include (but is not limited to):

- Voluntary Sale or Transfer, such as the decision of a Borrower to sell the property, or when the Borrower moves to another residence, where new owner is not low-income, and/or new owner will not live in the home as their principal place of residence.
- Transfer or sale can include selling the property, or transferring through inheritance, to a new low-income owner who will utilize the home as their principal place of residence
- Involuntary such as a foreclosure, a deed in lieu of foreclosure, or a short sale.

A. The following steps are to be followed **before** the Voluntary Sale or Transfer of the assisted home when the new owner is not low-income and/or will not live in the home as their principal place of residence:

1. Borrower, or Borrower's representative, will submit a written Request for Payoff Demand to the City before the close of escrow or final transfer of property.
2. City will process the Request for Payoff Demand by calculating loan payoffs, including any applicable interest schedules, and/or penalties.
3. City will provide the calculation to the Borrower, Borrower's representative, or escrow officer, with a "good until" date.
 - a. If the loan repayment calculated amount isn't paid off in full by the "good until" date, the Borrower will have to submit a new Request for Payoff Demand from the City.
4. Borrower, Borrower's representative, or Title Company shall issue a check made out to the City of Clovis, as identified in Section VII below by the "good until" date.
5. Once the loan is paid in full, the City will draft and execute a Full Reconveyance and have the notarized reconveyance recorded at the County Recorder's Office. The City will locate the original Promissory Note and return it to Borrower, with "PAID IN FULL" noted on the face of the Note.
6. The loan will be noted as PAID OFF on the City's loan portfolio and the amount credited to the appropriate fund for future use.

B. The following steps are to be taken **before** transfer or sale of the assisted home, or transfer through inheritance, to a **new low-income first-time homebuyer** who will utilize the home as their principal place of residence ("eligible new owner"), who requests to assume the loan.

1. Borrower, or Borrower's representative, will submit notification to the City that the Borrower proposes to sell/transfer the property to an "eligible" new owner.
 - a. An "eligible" new owner refers to a first-time eligible homebuyer, whose household income qualifies as low-income (80% or below the AMI)
 - b. This notification must be submitted before close of escrow, and/or before transfer of the property, and provide City staff with sufficient time (minimum of 20 working days) to qualify the new owner as "eligible."
 - c. This notification must also include an application on a City approved form for assuming the loan, as well as income verification documents (see Exhibit A – Income Verification Requirements).
 2. City staff will review the application and income verification documents submitted to verify the eligibility of the new proposed buyer.
 3. If City staff confirms the new buyer's eligibility, the request to assume the loan will be submitted to the Director for review first, and subsequently to the City Manager, or designee, for approval and execution of loan documents.
 4. All requirements, excluding the loan payment term, of the original Promissory Note, including but not limited to principal place of residency, payment of property taxes, maintenance of property hazard insurance, and annual proof of occupancy will remain in place under the assumed loan. A revised loan term of thirty (30) years will then be approved for the new eligible owner(s).
- C. The following steps are to be taken when an involuntary transfer occurs, such as a foreclosure, auction, a deed in lieu of foreclosure or a short sale.
1. City shall be notified immediately if the Borrower is in default.
 2. Remedies will be as allowed in the Original Borrower Loan Documents and as allowed by the State of California.
- D. Upon sale/transfer of an assisted home that requires repayment of the City loan, the City will recapture the entire amount of the subsidy (the repayment), or assistance provided, plus any interest and penalties, before the Borrower receives a return. The recaptured amount is limited to the net proceeds available from the sale or foreclosure. In some cases, such as in declining housing markets, net proceeds available at the time of sale/transfer may not be sufficient to recapture the entire City subsidy plus interest/penalties due. The City will recapture only what is available from net proceeds.
- E. In cases where there is appreciation in the value of the assisted property, Borrower may retain any net proceeds exceeding the amount of the City subsidy plus interest/penalties due.

- F. NOTE: In some cases, Promissory Notes may specifically identify loan repayment guidelines at sale or transfer, including the treatment of net proceeds. In these cases, the requirements found in the Promissory Note will take precedence over this Manual.

VI. Other Loan Requirements

When a transfer/sale from Borrower to owner-occupant occurs, including through inheritance, and the new owner-occupant is **not** low-income (80% or below the AMI), the loan is **not** assumable and the loan balance becomes **immediately** due and payable.

A change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full immediately.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the City allow for a partial conversion where some of the residence is used for a business, but the household still resides in the property. Partial conversions can be allowed if reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

This policy **is not applicable to rental properties**.

VII. Review and Appeals

The Department Director overseeing the Affordable Housing Programs will provide final staff level recommendation for approval of any requests included in this Manual. Recommendations for approval will be submitted to the City Manager, or designee, for final approval.

Requests/applications not recommended for City Manager approval will be provided a detailed explanation in writing identifying an explanation for the denial. Appeals may be submitted in writing to the City Manager's office within 30 days of the decision by staff. The City Manager, or designee, will review the appeal and provide a final determination. The determination by the City Manager shall be final.

VIII. Loan Payments

Any loan payments shall be made to:

City of Clovis
1033 Fifth Street
Clovis, CA 93612

*Borrower's First and Last Name, Property Address and Loan Number (if available) should be identified in the repayment paperwork so that it may be applied correctly.

EXHIBIT A
INCOME VERIFICATION REQUIREMENTS

Insert from OOR Program

Exhibit A

INCOME VERIFICATION

1. Borrower is required to complete an application form, which asks for information concerning income, assets, employment, household members, and income of household members to establish eligibility for participation.
2. All applications will be processed in accordance with state and federal fair lending regulations to ensure nondiscriminatory treatment, outreach, and access to the Program. No person shall be excluded or denied participation in the program on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation.
3. Applications are date/time stamped when received by the City and reviewed for completeness and eligibility. Incomplete applications are returned to the borrower with an opportunity for the borrower to resubmit. The City will request any additional documentation to determine income eligibility, as needed.
 - a. If the City encounters material discrepancies and/or misrepresentations, during Program eligibility confirmation, and/or there is income, asset, household composition, or other important questions that can't be resolved, the City reserves the right to deny assistance to the borrower.
4. The City will confirm borrower eligibility, by verifying income qualification, homeownership and owner-occupancy.
5. Verifying Income Qualification - To be eligible to participate in the Program, gross household annual income must not as identified in the Program guidelines, which is adjusted for household size and reported in the most current income guidelines published by HCD.
6. Income Documentation
 - a. Income will be determined by examining source documents evidencing gross income. Third-party verification of employment forms sent to employers is the preferable method to determine income. Other source documents will be used to assist in income determination (i.e. tax returns, copies of wage receipts, subsidy checks, and bank statements). When collecting income verification documentation, City will consider any known or upcoming changes.
 - b. If third-party verification of employment/income isn't available, other types of documentation will be used, such as pay stubs, tax returns and/or three months of bank statements.

- c. Undocumented income or “stated income” will not be utilized but will be investigated and documented when possible.
 - d. All documentation shall be dated within six months prior to funding/project approval and kept in the borrower file and held in strict confidence. If the borrower was previously qualified for the program and more than 6 months have lapsed, they must be re-qualified.
7. The following terms are key to understanding the requirements for calculating gross income.
- a. Gross amount. The amount earned before any deductions have been taken.
 - b. Projected to be received. Projected earnings rather than past earnings will be used when estimating annual income for income-eligibility purposes.
 - c. Household. All persons in the residence are considered household members for the purpose of income eligibility. Household members are not restricted to immediate family.
 - d. Household income. The borrower’s income combined with the income of all household members, related or non-related, aged 18 and older.
 - e. ADU/JADU related income. The definition of “Annual Income” has been modified to exempt ADU or JADU related income from the income calculation since this rental income will help low-income families achieve or maintain homeownership.
 - f. Income inclusions and exclusions. Detailed guidance pertaining to what types of incomes must be included or excluded when calculating gross annual income can be found in Attachment A, as identified in Part 5, Appendix B Annual Income Inclusions and Exclusions, as stated in the HUD Technical Guide for Determining Income and Allowances. The information can also be found at: <https://www.hcd.ca.gov/grants-funding/income-limits/income-calculation-and-determination-guide.shtml>. The borrower’s file will be documented for any exceptions or exclusions from the gross income calculation.
8. Calculating Gross Income – Gross Income means all anticipated eligible income of a person or household for the 12-month period following the date of determination of income. City will complete the Gross Income Worksheet, using the guidelines below, to determine borrower’s eligibility.
- a. Income qualification for self-employed persons is based on prior year income tax returns. Net income plus depreciation from the operation of a business or profession will be used. Any withdrawal of cash or assets from the operation of a business will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family. Income averaging is allowed only when the borrowers are seasonal employees with fluctuating incomes.
 - b. For a seasonal worker, the City will determine the flow of pay and relate it to the paystub’s year-to-date (YTD) figure. The YTD may only cover either the period of

time when the season is strong and the figure is high, or during the off-season period when the figure is low – this will be taken into consideration, and income will be adjusted to anticipate earnings for the next 12 months.

- c. Per diem income is not counted, as it is considered a reimbursement to the employee for expenses, he/she had to pay out of pocket to perform work for the employer.
- d. City is to ascertain the basis on which employees are paid (hourly, weekly, or monthly, with or without overtime or bonuses or if on commission, or seasonal work). An employee who gets paid “twice a month” may actually be paid twice a month (24 times a year) or every two weeks (26 times a year).
- e. It is important to clarify whether overtime is sporadic or a predictable component of an employee’s income.
- f. An annual salary is counted as annual income regardless of the payment schedule. For example, if a teacher’s annual salary is \$30,000, this is the annual income regardless if the teacher is paid over a 9- or 12- month period.
- g. Gross income from all sources must be used, including:
 - Overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions).
 - If an upcoming raise is shown on the Verification of Employment, it must be calculated as current income.
 - Wages from a second job.
 - The regular amount of periodic payments received from Social Security, Supplemental Security Income (SSI), annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts. These amounts should not be grossed up.
 - Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay.
 - Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.

9. Treatment of Assets - An asset is a cash or non-cash item that can be converted to cash (i.e. checking and savings and money market accounts, stocks, bonds, and other forms of capital investments), and recognized as part of annual income.

- a. When a household has household assets in excess of \$5,000, gross income will include the greater of:

- Actual amount of income, if any, derived from all the household assets, or
 - HUD Passbook rate of the value of all such assets.
- b. If the assets are less than \$5,000 no income is counted from assets. If the assets are \$5,000 or greater, count the income from all of the assets.
 - c. Note: it is the income earned from the assets that is counted – e.g. interest on a savings account – not the asset value.
 - d. If there is no regular income from assets, the income is imputed by using the HUD Passbook rate.
 - e. The City does not have a requirement to spend down the borrower's assets to qualify for a loan and the program encourages a borrower to retain adequate emergency funds (3-6 months of expenses).
 - f. For checking accounts, City will use the average 3-month balance.
 - g. Retirement accounts are not counted as assets for Income verification if they are not accessible to the borrower without retiring or terminating employment.
 - h. The value of equity in real property, value of gems, art collections, etc. is not to be considered in the asset base because the value fluctuates until sold. However, income from the property must be separately considered.
 - i. The value of necessary items such as furniture and automobiles shall be excluded.
 - j. City will utilize Part 5, Annual Income Asset Inclusions and Exclusions, as stated in the HUD Technical Guide for Determining Income and Allowances, to identify what types of assets must be included or excluded when calculating gross annual income. The guidance can also be found at: <https://www.hcd.ca.gov/grants-funding/income-limits/income-calculation-and-determination-guide.shtml>.
 - k. The borrower's file will be documented for any exceptions or exclusions from the asset base.
10. Owner-Occupancy – Borrowers must live in the property, be on title and intend to continue occupying the home as a principal place of residence, as stated in the Program guidelines. In some cases, there may be owners on title not living in the property, such as a parent who co-owns the home with their son or daughter. If the children do not live on the property, do not deduct the property on their income taxes, and can document a different place of residence, their income may be excluded, and they would not be counted as household members. However, if they are on title, they must sign the loan modification documents. City staff will determine owner-occupancy by researching electronic City data, mobile home park space tenancy, or other means, and cross-referencing it with recorded title documentation/deed.



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Administration

DATE: November 3, 2025

SUBJECT: Administration – Approval – HOME First-Time Homebuyer Program Guidelines, and accompanying implementing documents.

ATTACHMENTS:

1. HOME First-Time Homebuyer (FTHB) Program Guidelines
2. HOME FTHB Homebuyer Written Agreement
3. HOME FTHB Loan Deed of Trust
4. HOME FTHB Loan Promissory Note

RECOMMENDATION

For the City Council to approve the HOME Program funded First-Time Homebuyer (FTHB) Program Guidelines, and accompanying implementing documents.

EXECUTIVE SUMMARY

City Council approval of the HOME Program FTHB Guidelines, and implementing documents, is required by the funding agency, the State of California Department of Housing and Community Development to authorize the implementation and use of HOME Program funds for first-time homebuyer loans.

BACKGROUND

The City has administered HOME Program funded First Time Homebuyer (FTHB) assistance since 2009. The HOME Program is federally funded through the U.S. Department of Housing and Urban Development (HUD), but is distributed to communities such as Clovis, through a competitive grant program administered by the State of California Department of Housing and Community Development (HCD).

In July 2022, HCD advised the City that HUD was requiring a state-wide pause on funding until revised FTHB Program guidelines were completed. Although the City did not have a then current award of HOME Program funds to administer, the City did have program income (funds from previously paid off HOME Program loans) now in the amount of \$257,096 to administer a FTHB program.

State HCD staff worked with HUD staff from 2022 through 2024 to draft and distribute new guidelines and documents. The City was required to review and request City Council approval

of the documents. Upon our internal review, City staff and the City Attorney requested several edits to the documents, which were submitted back to the State HCD in December 2024. After several rounds of review, the Program Guidelines and implementing documents have now been finalized for City Council review and approval.

The HOME FTHB Program guidelines and implementing documents follow federal regulations in the implementation of the HUD funded FTHB loans. Adoption of the documents will allow City staff to implement the HOME FTHB Program with the program income currently held by the City, as well as any future HOME Program awards received by the City.

City staff will work with local lenders to market the program and commence administration of the FTHB program once again. Borrowers will be required to apply and qualify for a primary mortgage from a mortgage lender before applying for City assistance.

HOME FTHB Loans will be provided as a silent second, 45-year deferred payment loans. Interest rates are tiered, and start at 3% if the loan is repaid in years 1-5, 2% if repaid in years 6-10, 1% if repaid in years 11-20 and finally 0% if repaid in years 21-45. The maximum loan amount will not exceed the maximum subsidy limits as authorized by HUD. The maximum HOME Program authorized loan for a 3-bedroom home is \$327,293. The City anticipates funding HOME Program loans in the range of \$100,000 to \$200,000.

FISCAL IMPACT

There is no fiscal impact related to approval of the Program guidelines and implementing documents. HOME Program Income is available in the City budget for the issuance of new FTHB loans.

REASON FOR RECOMMENDATION

Staff recommends approval of the HOME First-Time Homebuyer Program Guidelines, and accompanying implementing documents for final submittal to the State HCD, and upon their approval, implementation of the HOME FTHB Program.

ACTIONS FOLLOWING APPROVAL

Staff will submit the approved documents to the State HCD for their approval. Once approval from HCD is received, staff will commence implementation of the HOME FTHB Program.

CONFLICT OF INTEREST

None.

Prepared by: Claudia Cazares, Housing Program Manager

Reviewed by: City Manager *AK*

City of Clovis

HOME Investment Partnerships Program (HOME)

First-Time Homebuyer Program Guidelines

Serving the City of Clovis



HOME FIRST-TIME HOMEBUYER PROGRAM GUIDELINES

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CITY OF CLOVIS

HOME PROGRAM FIRST-TIME HOMEBUYER PROGRAM GUIDELINES**1.0. GENERAL**

The above-named entity, hereinafter referred to as the “Sponsor” or “Lender,” has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer a HOME First-Time Homebuyer program. The homebuyer program described herein (the “Program”) is designed to assist eligible homebuyers in purchasing homes, also referred to herein as “housing units”, located within the Program’s eligible area, as described in Section 3.1.A. The Program provides this assistance in the form of a 30+ year deferred payment “silent” junior priority loan as “Gap” financing toward the purchase price and closing costs of an affordable housing unit that will be occupied by the homebuyers as their primary residence during the HOME Affordability Period. The Program will be administered by the City of Clovis, (the “Program Operator”).

1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to ensure nondiscriminatory treatment, outreach, and access to the Program. No person shall, on the grounds of race, color, ancestry, national origin, citizenship, immigration status, primary language, religion, disability (mental or physical), sex and gender, sexual orientation, gender identity, gender expression, genetic information, marital status, familial status (families with children under 18 or people who are pregnant), source of income, military or veteran status, or age be excluded, denied benefits, or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with disabilities, have access to the Program and will take steps to ensure effective communication with and marketing to applicants, residents, and members of the public with disabilities.

- A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Affirmative marketing efforts will be based upon a comparison (census data will be used) of the Program’s eligible area compared to the demographic characteristics of the population served by the Program. This includes tracking separately all applications, including subsets for those which result in denial of assistance or withdrawal, and for those which result in assistance), and an explanation and analysis of any underserved segments of the population. This information is used to show that protected classes (listed above) are not being intentionally or unintentionally excluded from the Program. Flyers or other outreach materials, in English and any other languages that are the primary

languages of a significant portion of the area's residents, in accordance with Sponsor's Limited English Proficiency (LEP) Plan, or equivalent, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homebuyer seminars to help educate homebuyers about the homebuying process and future responsibilities.

- B. The Program Operator will market the Program to local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be invited to have their customers participate in the Program.
- C. The following statement will be included in all outreach and marketing materials: Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds.
- D. The Sponsor will ensure that all Personally-Identifiable Information remains confidential and is properly protected.

1.2. APPLICATION PROCESS AND SELECTION

- A. The Sponsor will market and open the Program for applications contingent on funding availability. Applicants are asked to complete an application form, which asks for sufficient information concerning income, employment, and credit history to establish preliminary eligibility for Program participation. Completed applications are processed on a first-come-first-served basis. Applications are deemed complete only if all information is completed and the application is signed and dated. Incomplete applications are returned to the applicant and will not be date/time stamped until complete.
- B. Once the application is deemed complete and an applicant is deemed eligible, they will then be invited to a briefing regarding participation in the Program. At the briefing, the application is reviewed and the potential homebuyer is given a "Preliminary Eligibility Letter" for the Program, along with the following forms: Program Brochure, Attachment (G) Instructions to Homebuyer, List of lenders familiar with the Program, Attachment (E) Seller's Lead-Based Paint Disclosure and the EPA Booklet "Protect Your Family from Lead in Your Home", and (F) Notice to Seller.

If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that cannot be resolved, the

Sponsor reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months, as stated in a written assistance denial letter, contingent on funding availability.

- C. Each applicant must participate in individual Homebuyer Counseling consistent with the requirements in Section 1.5 of these Program Guidelines.
- D. The potential homebuyer is given 90 days to find a qualified home and secure a primary loan for the housing unit. If during the 90-day timeframe, the potential homebuyer is unable to achieve this, an extension may be given. However, if the potential homebuyer cannot meet the requirements of finding a qualified housing unit and closing a primary loan within the allotted time to participate in the Program, the reservation of funds expires and the next person on the waiting list will be given an opportunity to participate in the Program.

1.3. THE HOME PURCHASE PROCESS

- A. The following is a simplified example of how a primary lender would analyze a homebuyer's finances to determine how much the homebuyer could afford to borrow from the primary lender towards homeownership.

DEBT SERVICE FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH			
HOUSING PAYMENTS		TOTAL OVERALL PAYMENTS	
Principal & Interest Payment	\$ 865	\$ 1,180	Housing
Insurance	82	+ 200	Other Debt Service
Taxes	<u>233</u>	\$1,380	Total Debt Service
Total Housing Expense	\$1,180	(Overall debt service per month is 41% of \$3,388)	
	(PITI is 35% of \$3,388)		
OTHER HOUSEHOLD DEBT SERVICE			
	Car Payment	\$ 150	
	Credit Card Payment	<u>50</u>	
	Total Other Debt	\$ 200	
A \$865 per month loan payment equates to borrowing \$143,000 at 5.88% for a 30-year term.			

**SUBSIDY CALCULATION
FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH**

Purchase Price of Property	\$ 280,000
Less Primary loan amount	143,000
Less down payment of 1%	<u>2,800</u>
Equals “ GAP ”	\$ 134,200
Plus estimated allowable settlement charges	<u>8,400</u>
Equals Total Subsidy	\$ 142,600

- B. The housing unit selection process will be conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (see Section 3.0), homebuyer shall provide seller with a disclosure containing the following provisions (see **Attachment F** for Disclosure to Seller form):
- 1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement;
 - 2) Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state-licensed appraiser;
 - 3) The housing unit will be subject to inspection. In accordance with 24 CFR section 92.251(c), the housing unit must be decent, safe, sanitary, and in good repair. The standards must provide that the housing meets all applicable State and local housing quality standards and code requirements and the housing does not contain the specific deficiencies established by HUD based on the applicable standards in 24 CFR section 5.703 and published in the Federal Register for HOME assisted projects and units;
 - 4) All housing units built prior to January 1, 1978, will require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment E);
 - 5) Since the sale is voluntary, seller is not eligible for relocation payments or other relocation assistance;
 - 6) Seller understands that the housing unit must be either: currently owner-occupied, newly constructed, bought by the current tenant, or vacant for three months prior to submission of the purchase offer;
 - 7) If the seller is not provided with a statement of the above six provisions prior to or with the purchase offer, the seller may withdraw from the agreement after this information is provided.

- C. Applicant submits an executed Standard Form Purchase and Sale Agreement, along with a primary lender pre-qualification letter to Program Operator. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval. Program Operator verifies applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.
- D. Program Operator conducts an Environmental Review in accordance with 24 CFR Part 58, and Sponsor's NEPA Certifying Officer signs the appropriate form before any commitment of funds are made to the homebuyer. An acquisition cannot and must not include rehabilitation immediately after transfer of title, and requires completion of a HUD CENST form from the [Environmental Review - HUD Exchange](#) webpage.
- E. Program Operator, where Program Operator is not the Sponsor, submits recommendation to the Sponsor for approval or denial, including the reasons for the recommendation. Sponsor determines Applicant's approval or denial and instructs Program Operator to notify Applicant. Program Operator provides written notification to Applicant of approval or denial with reason and, if denied, a copy of the Program's appeal procedures. See Section 11 of these Program Guidelines.
- F. When primary lender requirements are met, Program funds are deposited into escrow, with required closing instructions and loan documents.
- G. At the time of escrow closing, the Sponsor shall be named as an additional loss payee on fire, flood (if required), and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of Title Insurance naming the Sponsor as insured is also required.

1.4. HOMEBUYER COSTS

- A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the primary lender and the Sponsor. The Program's down payment requirement (below) is in place even if the primary lender has a lower down payment requirement. If the primary lender has a higher down payment requirement, there is no additional down payment requirement required by the Program.
- B. Homebuyer must contribute a minimum down payment of one percent (1%) of the purchase price but may contribute more if desired.

- C. Sponsor will provide a subsidy that is no greater than the applicable HOME Maximum Per-Unit Subsidy Limit for the State of California, and no greater than the amount of the primary loan. The subsidy will reduce the amount of the primary lender's loan so that the payments of principal, interest, taxes, insurance, and mortgage insurance and HOA dues, if any, are within approximately 25 to 30% of the household's gross monthly household income. In addition, the borrower's total debt must be within the ranges in Section 5.0. of these Program Guidelines.
- D. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the HCD funding Program.

1.5. HOMEBUYER EDUCATION

All Program participants are required to receive housing counseling prior to Program approval, delivered by a HUD-certified housing counselor who works for an organization certified by HUD to perform housing counseling. The Program Operator will provide the homebuyer with the needed counselor information. A list of such counseling entities is available at:

https://hud4.my.site.com/housingcounseling/s/?language=en_US.

A copy of the applicant's certificate of completion must be placed into the homebuyer file maintained by the Program Operator. In addition, the Program Operator must include evidence that the counseling provider was HUD-certified when the counseling certification was issued.

Acceptable forms of housing counseling include in-person, phone, and/or internet, provided the client and counselor have an individualized dialogue, with guidance and advice tailored to client's needs. This includes creating a client budget, financial analysis, an action plan, and referrals to relevant resources such as down payment assistance programs or legal services.

Housing Counseling defined: Housing counseling is independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals and must include the following processes: Intake; financial and housing affordability analysis; an action plan, and a reasonable effort to have follow-up communication with the client when possible. The content and process of housing counseling must meet the standards outlined in 24 CFR Part 214, which include:

- addressing unique financial circumstances or housing issues;
- focusing on ways of overcoming specific obstacles to achieving a housing goal such as repairing credit;
- addressing a rental dispute, purchasing a home, locating cash for a down payment, and being informed of fair housing and fair lending requirements of the Fair Housing Act;
- finding units accessible to persons with disabilities;
- avoiding foreclosure;
- resolving a financial crisis; and
- the creation of an action plan.

1.6. CONFLICT OF INTEREST REQUIREMENTS

The applicable Conflict of Interest requirements of 24 CFR section 92.356 of the HOME Final Rule shall be followed for HOME assistance, as follows:

(a) Conflicts prohibited. No persons described in paragraph (b) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage, or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

(b) Persons covered. The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient receiving HOME funds.

(c) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction to HCD, HUD may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR sections 92.356(d)(1-6) for details on the documentation needed in order to submit an exception request to HUD.

1.7. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented in ways consistent with the Sponsor's commitment to non-discrimination. No person shall be excluded from participation

in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State or federal funds on the basis of race, color, ancestry, national origin, citizenship, immigration status, primary language, religion, disability (mental or physical), sex and gender, sexual orientation, gender identity, gender expression, genetic information, marital status, familial status (families with children under 18 or people who are pregnant), source of income, military or veteran status, or age.

2.0 APPLICANT QUALIFICATIONS

2.1. CURRENT INCOME LIMITS FOR THE AREA, BY HOUSEHOLD SIZE

All applicants must certify that they meet the household income eligibility requirements for the applicable HCD program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD.

(See Attachment C for current income limits).

Household: Means one or more persons who will occupy a housing unit. Unborn children don't count in family size determination.

Annual Income: Generally, this is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the HCD-published HUD income limits. The annual income definition found at 24 CFR Part 5, as detailed in the most recent HCD program-specific guidance at <https://www.hcd.ca.gov/grants-and-funding/income-limits/income-calculation-and-determination-guide>, will be used to independently determine and certify the household's annual gross income. The Program Operator should compare this annual gross income to the income the primary lender used when qualifying the household. The primary lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by examining at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) and six months of checking statements for the household. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period and will be used to determine program eligibility. For those types of income counted, gross amounts (before any deductions have been taken) are used. The income of live-in aides and the earned income of minors are not included in annual gross income calculations. Certain other household members living apart from the household also require special consideration. The household's projected income must be used, rather than past earnings, when calculating income.

See Attachment A: Income Inclusions and Exclusions

B. ASSETS:

There is no asset limitation for participation in the Program. Income, or imputed income from assets, however, is recognized as part of annual income under the 24 CFR Part 5 regulations (included as Attachments A and B). An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. *(Note: it is the income earned – e.g., interest on a savings account – or in some cases imputed income, not the asset value, which is counted in annual income.)*

An asset's cash value is the market value, less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings, and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

See Attachment B: Asset Inclusions and Exclusions

2.3. DEFINITION OF AN ELIGIBLE HOMEBUYER

Program Operators are required to use the following definition of an eligible homebuyer, which is a "first-time homebuyer" from 8201(m) Title 25 California Code of Regulations:

"First-time homebuyer" means an individual or individuals, or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

1. a displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
2. a single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
3. an individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance, a dwelling unit whose structure is:
 - a. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - b. not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

- A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: "Within the City of Clovis."
- B. Housing unit types eligible for the Homebuyer Program are new or previously-owned single-family residences; condominiums; or manufactured homes in mobile home parks, in common-interest developments or on a single-family lot and placed on a permanent foundation system. HOME does not allow manufactured homes unless on a permanent foundation system.
- C. All housing units must be in compliance with property standards in Section 1.3.B.3 of these Program Guidelines.
- D. Housing units located within a 100-year flood zone will be required to provide proof of flood insurance with an endorsement naming the City of Clovis as loss payee in order to close escrow.

- E. Housing must be “modest”, in accordance with the federal HOME regulations at 24 CFR section 92.254(a)(2).

3.2. CONDITIONS

- A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit and, prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

- 1) When the Sponsor’s Program utilizes Federal funds and if the housing unit was constructed prior to 1978 then the lead-based paint requirements of Section 3.2.C will apply.

The Program Operator is responsible to ensure that a certified housing inspector walks through the housing unit, determines if it is structurally sound, and identifies any code-related and health and safety deficiencies that need to be corrected. A list of necessary repair items will be given to the homebuyers and their Realtor to present to the seller’s agent.

If there are one or more health and safety deficiencies, and/or violations of applicable building codes noted in the written report, the Sponsor will approve the subsidy only if prior to close of escrow, and seller agrees to have necessary repairs made to the dwelling unit prior to transfer of property ownership, at the seller’s expense.

Upon completion of all work required by the Program Operator, Sponsor, appraiser, pest inspector and/or certified housing inspector, a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance complies with Section 1.3.B.3. requirements of these Program Guidelines that the unit is decent, safe, sanitary, and in good repair, and that it meets all applicable State and local housing quality standards and code requirements and does not contain the specific deficiencies established by HUD based on the applicable standards in 24 CFR section 5.703 and published in the Federal Register for HOME-assisted projects and units, at the time of purchase and prior to occupancy.

- 2) Only new construction and homes built within the previous 12 months and not previously occupied are not subject to a home inspection.

- B. Per 24 CFR section 92.214(a)(6), no additional HOME assistance, including rehabilitation funds, may be provided after the 1-year anniversary of the

filing of the Project Completion Report through the end of the HOME Affordability Period. The HOME Affordability Period is as follows (amount does not include Activity Delivery and Administration Costs paid to the State Recipient by HCD):

Amount of HOME Assistance	Period of Affordability in Years
Under \$25,000	5 years
\$25,000 to \$50,000	10 years
Over \$50,000	15 years

During the HOME Affordability Period, the home must remain occupied by the borrower or an eligible heir, as their primary residence, or else all HOME assistance becomes due and payable.

- C. Lead-Based Paint Hazards: All housing units built prior to 1978 for which HOME funding is anticipated are subject to the requirements of this section 3.2.C. Such homes must undergo a visual assessment by a person who has taken HUD's online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS-certified LBP Risk Assessor/Inspector. HOME general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.
- D. The following requirements must be met:
- 1) **Notification:** a) Prior to homebuyer's obligation to purchase a home built prior to 1978, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet "*Protect Your Family From Lead in Your Home*". (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the Sponsor's homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment H).
 - 2) **Disclosure:** Prior to the homebuyer's obligation to purchase a home built prior to 1978, the HUD disclosure (Attachment E), "Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.
 - 3) **Inspections:** The Inspector shall conduct a "Visual Assessment" of all the dwelling unit's painted surfaces to identify deteriorated paint. All

deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.

- 4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately-trained workers. Prior to the contractor starting mitigation work, the Program Operator shall obtain copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job, to assure that only qualified contractors and workers are allowed to perform the mitigation.
- E. The Program Operator will: 1) confirm that the housing unit is within the eligible area, 2) will review each proposed housing unit to ensure that it meets all eligibility criteria before funding, and 3) ensure a completed Lead Compliance Document Checklist is placed in each purchaser's file (see Attachment I).
- F. Environmental Review: Program Operator conducts an Environmental Review in accordance with 24 CFR Part 58, and Sponsor's NEPA Certifying Officer signs the appropriate form before any commitment of funds are made to the homebuyer. An acquisition must not include rehabilitation immediately after transfer of title, and requires completion of a HUD CENST form from the [Environmental Review - HUD Exchange](#) webpage.

3.3. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner-occupied or have been vacant for three months prior to the acceptance of a contract to purchase. A unit is ineligible if its purchase would result in the displacement of a tenant. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant-occupied homes are inadvertently included in the Program and relocation becomes necessary, the activity will be carried out in compliance with Sponsor's relocation plan, which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

A. **Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970**

The federal URA and Real Property Acquisition Policies Act of 1970, as amended, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including HOME) is provided. Requirements governing real property acquisition are described in HUD's [CPD Handbook 1378.0](#). The implementing regulations, 49 CFR

Part 24, require developers and owners to take certain steps regarding tenants of housing to be acquired, rehabilitated, or demolished, including tenants who will not be relocated even temporarily.

B. Section 104(d) of the Housing and Community Development Act of 1974

Section 104(d) requires each contractor (CHDO or State Recipient), as a condition of receiving assistance under HOME, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME-assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 42, subpart (C).

3.4. PROPER NOTIFICATION AND DISCLOSURES

- A. Upon selection of a housing unit, a qualified seller and homebuyer will be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. All property disclosures must be reviewed and signed by the homebuyer and seller.
- B. All owners who wish to sell their housing units must receive an acquisition notice (Attachment F) prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (required for federally-funded programs).

4.0. PURCHASE PRICE LIMITS

The purchase price limits for this Program shall not exceed the HOME Homeownership Value Limit for the Sponsor's County as updated by HCD, or a temporary waiver limit approved by HUD and the Department.

Attachment C: HOME HOMEOWNERSHIP VALUE LIMITS *Sponsor will update these limits annually as HCD provides new information.

5.0. THE PRIMARY LOAN

Prior to obtaining a loan from the Sponsor, a homebuyer must provide evidence of approval for the maximum amount the primary lender is willing to loan (the "primary loan"), although the Program may limit the primary loan amount based on the debt-to-income ratio maximums herein.

A. QUALIFYING RATIOS

The front-end (housing) debt-to-income ratio shall be between 25% and 30% and is the percentage of a borrower's gross monthly income (before deductions) that would cover the cost of the loan principal and interest payment, property taxes, property insurance, and mortgage insurance and HOA dues, if any.

The back-end (total) debt-to-income ratio shall be between 25% and 40% and is the percentage of a borrower's gross monthly income that would cover the cost of housing as described in the paragraph above, plus any other monthly debt payments like auto or personal loans, credit card debt, and student debt, as well as child support and alimony payments.

Exceptions to these maximums must be documented and placed into each loan file, to demonstrate compensating factors.

The Program Operator must complete the HOME Subsidy Calculation Worksheet and place it into the loan file to document that the HOME assistance amount was appropriate, based on compliance with the debt ratio ranges in the two preceding paragraphs of this subsection. The Worksheet is currently accessible on the HOME webpage at:

https://www.hcd.ca.gov/grants-funding/grants-forms/docs/HOME_FTHB_Subsidy_Calculation_Worksheet_June_2013_Version.xls.

B. INTEREST RATE

The primary loan must have a fixed interest rate that does not exceed, by greater than one percent, the Freddie Mac 30-year Fixed Rate Mortgage rate at <https://www.freddiemac.com/pmms>.

The applicable Freddie Mac rate should be from the date the primary mortgage rate was locked, or else the date of HOME loan approval. No temporary interest rate buy-downs are permitted. The loan file must contain this documentation for Department monitoring purposes.

C. LOAN TYPE AND TERM

The primary loan shall be fully amortized and have a term "all due and payable" in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.

D. IMPOUND ACCOUNT

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

6.0. THE PROGRAM LOAN

A. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

For HOME, the amount of Program assistance to a homebuyer toward purchase of a home shall not exceed the HOME Maximum Per-Unit Subsidy Limits (“Subsidy Limits”) for the State of California and shall never exceed the amount of the primary loan, See Attachment C of these Program Guidelines for current Subsidy Limits. Any approved “grant” amount for lead-based paint evaluation and reduction activities or for relocation assistance shall be included in the Subsidy Limits evaluation, as shall Activity Delivery Costs.

B. NON-RECURRING CLOSING COSTS

Non-recurring costs such as credit report, escrow, closing and recording fees, and title report and title insurance, title updates and/or related costs may be included in the Program loan.

C. AFFORDABILITY PARAMETERS FOR HOMEBUYERS

The actual amount of a Homebuyer’s Program subsidy shall be computed according to the debt-to-income ratio parameters specified in Section 5.0.A. Each borrower shall receive only the subsidy needed to allow them to become homeowners (“the Gap”) while keeping their housing costs affordable. The Program Operator will use the “front-end ratio” of housing-expense-to-income to determine if the amount of the proposed primary loan is acceptable and, ultimately, the Program subsidy amount required, bridging the gap between the acquisition cost (purchase price plus closing costs) less down payment, and the amount of the primary loan.

D. RATE AND TERMS FOR PROGRAM LOAN

All Program assistance to individual households shall be made in the form of a deferred payment (of principal and interest) loan (DPL).

The Program loan’s term shall be for 45 years

The Program loan’s interest rate shall be:

- 3% if paid in first 5 years of the Promissory Note
- 2% if paid during years 6-10 of the Promissory Note
- 1% if paid during years 11-20 of the Promissory Note
- 0% if paid during years 21-45 of the Promissory Note

All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan. Loan principal shall not be

forgiven, subject to net proceeds availability. Net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. (24 C.F.R. 92.254 (a)(5)(ii)(A). The loan period cannot be extended, except for loans that are resubordinated when a rate and term refinance is approved, per Attachment D.

E. COMBINED LOAN-TO-VALUE RATIO

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

7.0. PROGRAM LOAN REPAYMENT (HOME RECAPTURE TERMS)

Recapture of Entire Direct Subsidy

The Program Lender recaptures the entire amount of the direct HOME subsidy provided to the homebuyer, plus any interest due according to the terms of the HOME Promissory Note, before the homebuyer receives a return. The recapture amount is limited to the net proceeds available from the sale or foreclosure.

In cases where there is appreciation, (see definition of Appreciation), the homebuyer would retain any net proceeds exceeding the direct HOME assistance plus interest due that is recaptured.

Example: A homebuyer receives \$10,000 of HOME down payment assistance to purchase a home. The direct HOME subsidy to the homebuyer is \$10,000, which results in a five-year Period of Affordability. If the homebuyer sells the home after three years, the grantee or state would recapture, assuming that there are sufficient net proceeds, the entire \$10,000 direct HOME subsidy plus any interest due according to the terms of the HOME Promissory Note. The homebuyer would receive any net proceeds in excess of that amount.

In some cases, such as in declining housing markets, net proceeds available at the time of sale may be insufficient to recapture the entire direct HOME subsidy plus interest due provided to the homebuyer. Since the HOME Final Rule limits recapture to available net proceeds, the Program Lender can recapture only what is available from net proceeds. In a scenario where recapture provisions state that the entire direct HOME subsidy plus interest will be recaptured, and there are insufficient net proceeds available at sale, the Program Lender is not required to repay to the Department, and the Department is not required to pay back to HUD the difference between the total direct HOME subsidy and the amount available for recapture from net proceeds.

7.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time, without penalty. Payments will be applied to principal, thus reducing accrual of simple interest.

7.2. RECEIVING LOAN PAYMENTS

A. Voluntary Program loan payments, and loan payoffs, shall be made to:

City of Clovis
1033 Fifth Street
Clovis, CA 93612

B. The Sponsor shall be the receiver of loan payments or recaptured funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Sponsor's Program Income Account, as required by the HOME program. The Program lender will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Sponsor. The Sponsor may, at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

7.3. DUE UPON SALE OR TRANSFER

If an owner sells, transfers title, or discontinues principal residency in the purchased property during the HOME Affordability Period for any reason, the loan is immediately due and payable pursuant to the Recapture (loan repayment) terms in the HOME Loan Agreement.

Notwithstanding the foregoing, if the owner of the property dies, even after the HOME Affordability Period expires, an heir may assume the HOME loan at the same rate and terms, if the heir's household meets each of the following requirements:

- does not exceed the current HOME income limits; and
- will immediately occupy the home as their principal residence.

During the HOME Affordability Period, if the property owner dies and the heir does not meet these HOME eligibility requirements, the loan is due and payable.

The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment D on loan defaults for

further information on property restrictions.

7.4. LOAN SERVICING POLICIES AND PROCEDURES

See Attachment D for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures shall be pursued.

7.5. LOAN MONITORING PROCEDURES

Sponsor must monitor Borrowers and their homes annually to ensure adherence to Program requirements including, but not limited to, the following:

- A. Owner-occupancy during the Period of Affordability
- B. Property tax payment
- C. Hazard insurance coverage
- D. Good standing on Primary loans
- E. General upkeep of home

8.0. PROGRAM LOAN UNDERWRITING AND APPROVAL

A. Loan Underwriting

All homebuyers or their representatives shall receive an eligibility packet with all the necessary forms, disclosures, information, and application. The homebuyer must submit a complete application packet with all the Sponsor's Program loan documents executed, as well as all the information from the primary lender. The primary lender shall submit copies of the following to the Sponsor: 1) fully-executed property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third-party income verifications and verifications of assets; 5) homeownership education certificate, if applicable; and 6) signed underwriting transmittal summary and final signed loan application, both from primary lender. Staff will work with local lenders to ensure qualified participants receive only the benefit from the Sponsor's Program needed to purchase the housing unit and that leveraged funds will be used when possible.

B. Creditworthiness

Qualifying ratios are only a rough guideline in determining a potential borrower's creditworthiness. Many factors such as credit history, amount

of down payment, and size of loan will influence the decision of the primary lender to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the Sponsor and documentation of such maintained in the loan file. The Sponsor may elect to obtain a credit report or rely on a current copy obtained by the primary lender. The Sponsor must use the information on the credit report for each adult borrower for its calculations of front-end and back-end debt-to-income ratios.

C. Documents from Primary Lender

After initial review of the qualified homebuyer's application packet, the Program Operator will request any additional documents needed. Documents may be e-mailed or faxed. Based on receipt and review of the final documents, the Program Operator will complete, sign, and date an income certification (using the most-recent HCD program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability shall then be verified, and a subsidy amount will be determined by the Program Operator.

D. Disclosure of Program and Loan Information to Homebuyers

The Program Operator will inform the borrower of the results of the income determination process, including the permissible range of primary mortgage payments and the maximum purchase price possible. Information on the Program's application will be documented with third-party verifications and/or documents in the file. For example, the sales contract will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite, and title reports provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application provides current debt and housing information and will be documented by the credit report and income/asset verifications. The primary lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the primary lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and cross-checking all the primary lender information, the final Program loan amount approved will fall within the affordability parameters of the Program.

8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN

Once the loan approval package has been completed, the Program Operator will submit it to the Sponsor for approval. Sponsor will review the request and may

approve it with or without conditions. Upon approval, a final closing date for escrow is set, and Program funds are provided to the homebuyer.

8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign promissory notes, loan agreements, deeds of trust, and statutory lending notices (Truth In Lending (TIL), etc.); the Deeds of Trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for a copy of Notice of Default are also recorded with the County Clerk/Recorder.

8.3. ESCROW PROCEDURES

The escrow/title company shall review the escrow instructions provided by the Program Lender and shall issue California Land Title Association (CLTA) and American Land Title Association (ALTA) policies to the homebuyer and the Program Lender after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA policy is issued to each lender providing additional coverage for the physical aspects of the property, as well as the homebuyer's title failure. These aspects include anything which can be determined only through physical inspection, such as correct survey lines, encroachments, mechanics liens, mining claims, and water rights. The Program Lender instructs the escrow/title company in the escrow instructions what may show on the policy, the amount of insurance on the policy (all liens should be covered), and the loss payee (each lender should be listed as a loss payee and receive an original ALTA policy).

9.0. SUBORDINATE FINANCING

Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred, and the term must be for at least as long as the term of the Program loan.

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The Sponsor may make amendments to these Participation Guidelines. Any changes shall be made in accordance with regulations and approved by the Sponsor's HOME Program Representative or Program Manager. If internally required, the Sponsor's Loan Committee and/or governing body would then need to approve said changes.

10.1. DEFINITION OF EXCEPTION

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would

be an exception.

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

- A. The Sponsor or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor's recommended course of action and any written or verbal information supplied by the applicant.
- B. The Sponsor shall make a determination regarding the exception request based on the recommendation of the Program Operator. The request can be presented to the Sponsor's loan committee and/or governing body for a decision.
- C. Note: such exceptions may not directly or indirectly discriminate against protected classes under all current federal fair housing law and state statutes and regulations.

11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the Sponsor. The Sponsor will then schedule a meeting with the Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the Sponsor's City Manager or designee. Final appeal must be filed in writing with HCD within one year after denial.

ATTACHMENT A**Income Inclusions and Exclusions**

The Program Operator shall access the current federal income determination regulations online at <https://www.ecfr.gov/current/title-24/subtitle-A/part-5/subpart-F/subject-group-ECFR174c6349abd095d/section-5.609>, regarding income inclusions and exclusions.

ATTACHMENT B**Asset Inclusions and Exclusions**

The Program Operator shall access the current federal income determination regulations at <https://www.ecfr.gov/current/title-24/subtitle-A/part-5/subpart-F/section-5.603> regarding the definition of Net family assets, to which the regulations at section 5.609 refer.

ATTACHMENT C

HOME HOMEOWNERSHIP VALUE LIMITS FOR FRESNO COUNTY (Limits effective 9/1/2024)

EXISTING CONSTRUCTION	NEW CONSTRUCTION (less than 12 months old)
\$390,000	\$394,000

HOME MAXIMUM PER-UNIT SUBSIDY LIMITS FOR CALIFORNIA (Limits effective 2/13/2024)

O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
\$181,488	\$208,049	\$252,994	\$327,293	\$359,263

HOME INCOME LIMITS FOR FRESNO COUNTY* (Limits effective 6/1/2025)

<i>Number of Persons in Household</i>								
	1	2	3	4	5	6	7	8
80% of AMI	\$52,600	\$60,100	\$67,600	\$75,100	\$81,150	\$87,150	\$93,150	\$99,150

The link to the official, HCD-maintained Value, Subsidy, and income limits is:
<https://www.hcd.ca.gov/funding/income-limits/state-federal-income-limits/cdbg-home-nhtf>

ATTACHMENT D

LOAN SERVICING POLICIES AND PROCEDURES FOR THE CITY OF CLOVIS

The City of Clovis, hereafter called “Lender,” has adopted these policies and procedures to preserve its financial interest in properties whose “Borrowers” have been assisted with public funds. The Lender will, to the greatest extent possible, follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and the property restrictions associated with them.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments on a loan’s principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications; 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; and 7) processing of foreclosure in case of default on the loan.

1. Loan Repayments:

Promissory Notes are for deferred payment loans, but the Lender must accept voluntary payments on the loan. Loan payments will be credited to principal. The Borrower may repay the loan balance at any time with no penalty.

Program loan payments, and loan payoffs, shall be made to:

City of Clovis
1033 Fifth Street
Clovis, CA 93612

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee.

When a property is in a 100-year floodplain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance with an endorsement naming the City of Clovis as lender loss payee will be required at close of escrow. The Lender will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. The Lender requires Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender's loan. This document requires any senior lienholder listed in the notice to notify the Lender of initiation of a foreclosure action. The Lender will then contact the Borrower and assist them in bringing the first loan current, if possible. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lienholder, it is in their best interest to contact any other senior lienholders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On owner-occupant loans, the Lender will require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Annual occupancy verification will occur between October 1 and 15 of each year for the term of the loan.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title, occupancy, and/or use, the Borrower must notify the Lender in writing of the change.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable.

If the owner moves out and converts the owner-occupied unit into a rental unit before the end of the HOME Affordability Period, the loan is due in full, unless the owner moves back in immediately.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Lender allow for a partial conversion where some of the residence is used for a business, but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

6. Requests for Subordinations:

When a Borrower wishes to refinance their existing first mortgage, they must submit a subordination request to the Program Lender. Approved refinancing of senior debt will be limited by the Department to circumstances in which the original homebuyer is securing more favorable terms that reduce monthly housing costs, or if sufficient equity exists, to take cash out only for items such as immediate repairs to the property to correct identified health and safety violations.

There can be no third-party debt payoffs or additional encumbrances on the property. The total indebtedness on the property should not exceed the current market value, except when the borrower is obtaining a federally-sponsored refinance program loan. If said loan is approved and meets all other requirements, Combined Loan-To-Value will not be considered when reviewing the subordination request.

Also, the loan must:

1. be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index identified in these Program Guidelines;
2. not have a temporary interest rate buy-down;
3. have a term "all due and payable" that matures prior to or concurrently with the maturity date of the Promissory Note. Therefore, the maturity date of the existing Promissory Note shall be modified to coincide with the maturity date of the new first mortgage; and
4. not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the Sponsor's loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Sponsor.

7. Process for Loan Foreclosure:

Upon any condition of loan default, such as non-payment, lack of insurance or property tax payment, change in title or use without approval, or default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default status. If the default status continues, the Lender may start the formal process of foreclosure.

When a senior lienholder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges, and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case, then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note. HOME funds may not be used for this purpose.

If the Lender determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructuring the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property themselves. If there is sufficient value in the property, then the Lender can afford to pay for the foreclosure process, pay off the senior lienholder, and retain some or all of its investment.

If the Lender decides to reinstate, the senior lienholder will accept the amount to reinstate the loan until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Lender fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder will then require a full payoff of the balance, plus related foreclosure administrative costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property is not cost effective and allows the senior lienholder to complete foreclosure, the Lender's lien may be released once net available proceeds are received, if any.

Lender as Senior Lienholder

When the Lender is in first position as a senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:

- 1) Can the loan be cured, and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- 2) Can the Borrower refinance with a private lender and pay off the Lender?
- 3) Can the Borrower sell the property and pay off the Lender?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all the above factors have been considered, the Lender may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day

notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Lender to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty calendar days, the Lender should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Lender of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Lender informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Lender could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

ATTACHMENT E

SELLER'S LEAD-BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
- (i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).
- _____
- (ii) _____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
- (i) _____ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).
- _____
- (ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

- (c) _____ Purchaser has received copies of all information listed above.
- (d) _____ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
- (e) _____ Purchaser has received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

- (f) _____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____	_____	_____	_____
Seller	Date	Seller	Date
_____	_____	_____	_____
Purchaser	Date	Purchaser	Date
_____	_____	_____	_____
Agent	Date	Agent	Date

ATTACHMENT F

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer DECLARATION

This is to inform you that _____ would like to purchase the property, located at _____, if a satisfactory agreement can be reached. We are prepared to pay \$_____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency, _____ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e., eminent domain) and the agency/Sponsor _____ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$_____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arm's-length transaction, you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract, and return it to us at:

_____. If you have any questions about this matter, please contact _____ at _____.

Sincerely,

Title

Buyer

Date

Buyer

Date

Form continues on next page with Seller's Acknowledgment

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer (Page 2)

Acknowledgement

As the Seller I/we understand that _____ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City of Clovis' program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 3 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by its Occupant

I/we hereby certify that I have read and understand this "Declaration" and:

☐ a copy of said Notice was given to me prior to the offer to purchase.

If received after presentation of the purchase offer, I/We choose:

☐ to withdraw, or ☐ not to withdraw, from the Purchase Agreement.

Seller

Date

Seller

Date

ATTACHMENT G CITY OF CLOVIS

INSTRUCTIONS TO HOMEBUYER

- A. Participant works with lender of choice to obtain the primary lender's pre-qualification letter.
- B. Program Operator reviews paperwork to determine program eligibility and financing affordability for participant.
- C. Program Operator staff meets with qualified applicant to provide information relative to the program requirements, the lending process, and homeownership responsibilities.
- D. After consultation with Program Operator regarding approved bedroom and bathroom maximums, if any, and HOME Value Limit, participant works with real estate agent to select home. Program disclosures are reviewed with agent for presentation to seller. The HOME Program allows only homes vacant for three months or more prior to the date of the purchase offer, unless the current tenant is purchasing the home or the seller has been the only occupant during those three months, to prevent displacement of rental occupants.
- E. Participant selects home and enters into a purchase contract, contingent upon receiving Program loan approval and achieving Environmental Review clearance (see Section 1.3.D). Primary lender provides the Program Operator with a copy of:
 - real estate sales contract, including all addendums and counteroffers, all fully-executed
 - residential loan application and credit report
 - verified income documentation
 - disclosure statement
 - proof of personal funds for participation in program
 - breakdown of closing costs
 - structural pest control clearance
 - appraisal with photos and preliminary title report
- F. Program Operator has home inspected to document health & safety and code compliance. Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action. Only new construction and homes built within the previous 12 months and not previously occupied are exempt from the home inspection requirement.
- G. Program Operator requests loan approval from Sponsor's Loan Review Committee. Following loan approval, Program Operator prepares Deed of Trust, Promissory Note, Request for Notice of Default, Grant Agreement, Owner-Occupant Agreement with City of Clovis and Escrow Instructions, and requests check and deposits same into escrow.

- H. Escrow company furnishes Program Operator with proof of documents to be recorded, and any escrow closeout information. After receipt of recorded loan documents, Final escrow Settlement Statement, Insurance Loss Payee Certification, and Final Title Insurance Policy, the Program Operator closes out the loan file.

ATTACHMENT H LEAD-BASED PAINT VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:			No LBP found or LBP exempt ☐
Select one:	Visual Assessment ☐	Presumption ☐	Hazard Reduction ☐
Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.			
Visual Assessment Date:		Report Date:	
Check if no deteriorated paint found ☐			
Attachment A: Summary where deteriorated paint was found.			
Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.			
Date of Presumption Notice:			
Lead-based paint is presumed to be present ☐ and/or Lead-based paint hazards are presumed to be present ☐			
Attachment B: Summary of Presumption:			
Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.			
Date of Hazard Reduction Notice:			
Initial Hazard Reduction Notice? Yes ☐ No ☐		Start & Completion Dates:	
If "No", dates of previous Hazard Reduction Activity Notices:			
Attachment C: Activity locations and types.			
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces, or areas where activities were conducted.			
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)			
Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity			
Printed Name:		Signature:	Date:
Section 6: Contact Information		Organization:	
Contact Name:		Contact Signature:	
Date:	Address:	Phone:	

ATTACHMENT I

Homebuyer Program Lead Compliance Document Checklist

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

Document Name	Purpose	✓
Lead Safe Housing Rule Screening Sheet	Documents exemptions	
Physical inspection form (HQS or equivalent)	Documents visual assessment results	
Seller Certification	Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization	
Clearance Report and Clearance Review Worksheet	Documents that unit passed clearance	
Lead-Based Paint and/or Lead-Based Paint Hazards Disclosure Form DOC_12345.PDF (hud.gov)	Documents that buyer received disclosure and pamphlet.	
Lead Hazard Reduction Notice LSHR-Sample-Notice-of-Lead-Hazard-Reduction.pdf (hudexchange.info)	Documents that buyer received required lead hazard reduction notification.	

This was taken from the HUD Website at:

http://portal.hud.gov/hudportal/documents/huddoc?id=20264_leadcompliance.doc

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AGENDA ITEM NO. 4.

NOTICE TO HOMEBUYER:

This Agreement explains the terms of the purchase assistance you are receiving through the HOME Investment Partnerships Program (HOME). This Agreement is separately enforceable from the Note and Deed of Trust for the Term in Section 2, unless you sell and repay the balance specified in Section 7. Read each paragraph carefully and ask questions regarding any sections you do not fully understand before you sign. This agreement will be enforced by loan documents as set forth in Section 1 below. You should be sure that you thoroughly understand these documents before you sign them.

DEFINITIONS

DEED OF TRUST: A Deed of Trust is a legal document used in real estate transactions to secure a loan to purchase or refinance a property. If the borrower, in this case the First-Time HOMEBUYER (FTHB), defaults on the loan or fails to comply with the terms of the Deed of Trust and this written AGREEMENT, foreclosure and sale of the property to repay the debt can be initiated by the LENDER and trustee.

HOMEBUYER: For the First-Time HOMEBUYER Program, the HOMEBUYER is a person(s) who meets the definition of a First-Time HOMEBUYER under Section 8201(m) of the State of California HOME Program Regulations, or successor policy, and who receives financial assistance in the form of downpayment assistance through the HOME program.

LENDER: Lender refers to the City operating the FTHB Program as a State Recipient of the Department of Housing and Community Development HOME Program and has received an award of HOME funds to operate a First-Time HOMEBUYER Program or to undertake a First-Time HOMEBUYER Project.

NET PROCEEDS: The sales price minus primary loan repayment (other than HOME funds) and any closing costs. Net proceed calculations are used to determine total amount of funds available for recapture of HOME funds at the time of sale.

PRIMARY LENDER: A lender making the first trust deed mortgage to a First-Time HOMEBUYER under the program and to which any HOME FTHB loan will be subordinate.

RECAPTURE: Recaptured funds are HOME funds which are recouped by the LENDER when a housing unit assisted by the HOME program does not comply with the obligations of this AGREEMENT, and/or where the housing unit does not continue to be the principal place of residence of the assisted HOMEBUYER for the full Affordability Period as required by federal statute.

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RIDER: Your first mortgage LENDER may or may not have a Rider as part of your Mortgage. A Rider is a supplemental document that modifies or adds specific terms and conditions to the Deed of Trust. The Rider serves as an addendum to the Deed of Trust, customizing and clarifying the mortgage to accommodate specified needs and requirements of the parties involved, including local requirements of primary mortgage LENDER that are not included in the Deed of Trust. Any Rider to the First-Time Homebuyer Deed of Trust must be approved in advance, in writing by the LENDER, to be valid.

SUBORDINATION: The process of ranking home loans by priority of repayment. First-Time HOMEBUYER loans are generally in a second lien position, behind a primary lender's mortgage loan. In the event the primary mortgage is paid off, the secondary mortgage moves into first position, unless the Lender agrees to subordinate to a new primary mortgage loan.

THE AGREEMENT:

THIS AGREEMENT is entered into this XX day of MONTH, YEAR by and between the City of Clovis, a State of California municipal corporation ("**the CITY**"), and BUYER NAME(S), (the "**HOMEBUYER**") and the State of California Department of Housing and Community Development HOME Program as a third-party beneficiary.

WITNESSETH

WHEREAS:

- A. The CITY is a current grantee under the State of California HOME Investment Partnerships Program ("**HOME**" or "**HOME Program**") administered by the United States Department of Housing and Urban Development ("**HUD**") through the State of California Department of Housing and Community Development ("**Department**") and is authorized by the Department to provide HOMEBUYER assistance in accordance with the Department's Consolidated Plan; and
- B. The HOME regulations at 24 CFR Part 92 govern the CITY's implementation of the HOME Program and are made a part this Agreement; and
- C. The CITY has determined that the HOMEBUYER meets the HOME Program eligibility requirements to purchase the dwelling located at PROPERTYADDRESS (the "**Property**") at the price of WRITTEN PURCHASE PRICE (\$NUMERIC PURCHASE PRICE, the "**Purchase Price**") and will assume fee simple ownership upon closing.

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NOW, THEREFORE, in accordance with the mutual understanding and agreements set forth herein, CITY and the HOMEBUYER agree as follows:

SECTION 1. FORM, AMOUNT, AND USE OF ASSISTANCE

The CITY will provide the HOMEBUYER an amount not to exceed WRITTEN DIRECT ASSISTANCE TOTAL (\$NUMERIC DIRECT ASSISTANCE TOTAL, the “**Loan**”) to assist the HOMEBUYER with a down payment, closing costs, and/or a portion of the Purchase Price of the Property, which is considered the direct HOME Assistance to the HOMEBUYER.

The Homebuyer agrees that the HOME Assistance will be used at closing as gap financing to cover closing costs and down payment towards the Purchase Price of the Property. This will reduce the total amount the HOMEBUYER will be required to borrow from a bank, credit union, or other lender in order to purchase the Property.

The amount of HOME Assistance will not be final until the CITY has updated all necessary underwriting and subsidy layering requirements based on final Purchase Price and/or closing costs.

The assistance will be provided in the form of a forty-five-year (45) deferred loan. At closing, the Loan will be evidenced by a promissory note executed by the HOMEBUYER in favor of CITY (“**Note**”) and secured by a deed of trust securing the promissory note to be filed in the official real property records of the county in which the Property is located (“**Deed of Trust**”). The terms and duration of the Loan are specified in the Note and Deed of Trust, and the Note and Deed of Trust will be released upon repayment of the Loan under the terms set forth therein. The HOMEBUYER may, but is not required to, prepay the Loan, in whole or in part, at any time.

SECTION 2. AGREEMENT TERM

This Agreement will automatically terminate if the Homebuyer does not close and take title to the Property on or before ABSOLUTE CLOSING DEADLINE.

Otherwise, this Agreement will expire upon expiration of the Affordability Period as defined in Section 6 or satisfaction of the Deed of Trust, whichever is later.

This Agreement shall survive any prepayment of the loan and/or any release of the Deed of Trust that does not include a transfer of the Property and shall continue for the full Affordability Period, as defined in Section 6.

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SECTION 3. APPRAISED PROPERTY VALUE

The CITY certifies that a certified property appraiser has appraised the property that is the subject of this AGREEMENT at a value of WRITTEN APPRAISED VALUE (\$NUMERIC APPRAISED VALUE) as evidenced by appraisal dated ENTER DATE.

SECTION 4. ELIGIBLE MODEST HOUSING

The CITY has verified that the purchase price of the housing unit does not exceed 95 percent (95%) of the median purchase price of homes for the area, as set forth in 24 CFR Part 92.254(a) and as codified in CITY's HOME Program Guidelines and Resale and Recapture Policy.

SECTION 5. PRINCIPAL RESIDENCE REQUIREMENT

During the Affordability Period, barring a sale or transfer of title to the Property which shall be governed by Section 6 below, the HOMEBUYER shall, at all times, maintain the Property as their principal residence. Should the HOMEBUYER cease to maintain the Property as their principal residence, rent the residence to another party, or convert the Property to a non-residential use during the Affordability Period, the HOMEBUYER will be in breach of this Agreement and subject to the Default and Enforcement provisions under Section 13.

SECTION 6. AFFORDABILITY PERIOD

The Affordability Period for the Property will begin on the date of recordation of the grant deed and deed of trust ("Completion Date") of the transaction and shall end: five (5) years if the amount of HOME assistance is less than twenty-five thousand dollars (\$25,000); ten (10) years if the amount of HOME assistance is between twenty-five thousand dollars (\$25,000) and fifty thousand dollars (\$50,000); or fifteen (15) years if the amount of HOME assistance is greater than fifty thousand dollars (\$50,000) after the Completion Date (the "**Affordability Period**"). The CITY will provide a formal written notice to the HOMEBUYER of the Completion Date and the resulting expiration date of this Affordability Period and this Agreement. Upon issuance of such notice, this Agreement shall be deemed amended to reflect the expiration date of the Affordability Period.

If the HOMEBUYER sells or transfers ownership of the Property voluntarily or involuntarily, including via foreclosure or deed in lieu of foreclosure, the Affordability Period will end upon the recapture of the full amount of the direct HOME Assistance by the CITY subject to net proceed availability. Net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs.

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SECTION 7. HOMEBUYER REPRESENTATIONS

By signing this Agreement, the HOMEBUYER attests to the following:

- The HOMEBUYER warrants that all information and documentation provided to the CITY is true and correct. The HOMEBUYER has fully disclosed all income and assets to the CITY and warrants that the HOMEBUYER's household or financial situation has not changed materially since the application for HOME Assistance was made. The HOMEBUYER acknowledges that any material discrepancies or misstatements may result in the HOMEBUYER's disqualification from participation in the program and shall be deemed a breach of this Agreement and the Loan, and the HOMEBUYER will be required to repay the entire HOME Loan.
- The HOMEBUYER has completed homeownership counseling as required by the CITY and will complete any post-closing counseling required by the CITY.
- The Homebuyer has agreed to purchase a housing unit that meets HOME Program requirements, and that the housing unit must meet Program property standards prior to purchase.
- The HOMEBUYER understands and agrees to the requirements stated in this Agreement for the Agreement Term.

SECTION 8. HOMEBUYER RESPONSIBILITIES

The Homebuyer agrees to the following to meet the requirements of this assistance:

- The HOMEBUYER will provide at least the following buyer funds required for closing: WRITTEN VALUE (\$NUMERIC VALUE) in their own funds toward the purchase price and/or closing costs.
- The HOMEBUYER will occupy the property as the principal residence for the Affordability Period as described in Sections 5 and 6.
- The HOMEBUYER will maintain the property, maintain hazard insurance, and pay all required taxes during the term of this Agreement as described in Section 10.
- The HOMEBUYER will provide information as required by the CITY to monitor compliance with Program requirements.
- The HOMEBUYER will comply with the refinancing policy stated in Section 11.
- In the event of sale of the property during the Agreement Term, the HOMEBUYER will notify the CITY and comply with Recapture requirements in Section 9.

SECTION 9. RECAPTURE OF DIRECT HOME ASSISTANCE

In compliance with the HOME Rule at 24 CFR 92.254(a)(5), if the HOMEBUYER sells or otherwise voluntarily or involuntarily transfers title to the Property during the Agreement Term, including transfer as a result of foreclosure or deed in lieu of foreclosure, then the

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outstanding direct HOME Assistance to the Homebuyer will be subject to recapture by the CITY.

The “Recapture Amount” will be determined as follows:

The Program Lender recaptures the entire amount of the direct HOME subsidy provided to the homebuyer, plus any interest due according to the terms of the HOME Promissory Note, before the homebuyer receives a return. The recapture amount is limited to the net proceeds available from the sale or foreclosure.

In cases where there is appreciation, (see definition of Appreciation), the homebuyer would retain any net proceeds exceeding the direct HOME assistance plus interest due that is recaptured.

Example: A homebuyer receives \$10,000 of HOME down payment assistance to purchase a home. The direct HOME subsidy to the homebuyer is \$10,000, which results in a five-year Period of Affordability. If the homebuyer sells the home after three years, the grantee or state would recapture, assuming that there are sufficient net proceeds, the entire \$10,000 direct HOME subsidy plus any interest due according to the terms of the HOME Promissory Note. The homebuyer would receive any net proceeds in excess of that amount.

In some cases, such as in declining housing markets, net proceeds available at the time of sale may be insufficient to recapture the entire direct HOME subsidy plus interest due provided to the homebuyer. Since the HOME Final Rule limits recapture to available net proceeds, the Program Lender can recapture only what is available from net proceeds. In a scenario where recapture provisions state that the entire direct HOME subsidy plus interest will be recaptured, and there are insufficient net proceeds available at sale, the Program Lender is not required to repay to the Department, and the Department is not required to pay back to HUD the difference between the total direct HOME subsidy and the amount available for recapture from net proceeds.

If there are no net proceeds of sale or the net proceeds are insufficient to repay the Recapture Amount, then the entire net proceeds, if any, will be recaptured and retained by CITY to satisfy both this Agreement and the Loan. The term “net proceeds” is defined as the sale price less the balance due on superior secured debt and closing costs incurred by the Homebuyer at sale or transfer. In the event the net proceeds are less than the outstanding Loan balance, the CITY reserves the right to determine whether the sales price is comparable to the sales price in an arms-length transaction for a similar housing unit and to evaluate the closing costs being charged to the Homebuyer to ensure they are reasonable and customary.

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Net proceeds of sale in excess of the outstanding direct HOME Assistance will be retained by the HOMEBUYER.

To facilitate the expeditious administration of this Section, the HOMEBUYER shall provide notice to the CITY of any anticipated transfer of title, including but not limited to a sale or foreclosure.

If the HOMEBUYER is determined to be in violation of this Agreement, the full amount of the Loan shall be due and payable as stated in Section 13.

SECTION 10. INSURANCE AND TAXES

At all times during the term of this Agreement, the HOMEBUYER shall maintain a valid and current hazard insurance policy on the Property for the current appraised value of the Property and naming the CITY as an additional loss payee in primary coverage. Failure to maintain a valid and current insurance policy will be considered a breach of this Agreement, and the CITY will have the right to secure insurance for the Property and charge such costs to the HOMEBUYER or to foreclose on its Deed of Trust, if necessary, to protect the HOME program investment. If the Property is in a 100-year floodplain, the HOMEBUYER shall maintain a current and valid flood insurance policy on the Property. Evidence of insurance must be provided at closing of the Loan and annually thereafter upon request of the CITY.

At all times during the term of this Agreement, the HOMEBUYER shall pay property taxes and other assessments due to local taxing authorities.

SECTION 11. REFINANCING

During the Agreement Term, the HOMEBUYER will notify the CITY of the intent to refinance any loan that is senior to the HOME Deed of Trust. The CITY will approve subordination of the HOME debt to only a new loan in compliance with its then-current refinancing policy.

SECTION 12. CITY RESPONSIBILITIES

As a State Recipient of the HOME Participating Jurisdiction Program, the CITY is ultimately responsible to the State of California for compliance with all HOME requirements, including the ongoing enforcement of this Agreement regarding principal residency and recapture.

- The CITY has determined the HOMEBUYER to be eligible according to the HOME Program's income limits and other eligibility requirements and will review any changes to eligibility at time of closing.

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- The CITY has determined the property to be eligible under the HOME Program's requirements, including Program purchase price limits, Maximum Per-Unit Subsidy Limits, and property standards.
- The CITY has completed the environmental review required by 24 CFR Part 58 and determined that the property and assistance meet federal requirements.
- The CITY has determined the amount of HOMEBUYER's assistance to be reasonable and in compliance with Program requirements and its underwriting policy and may adjust the assistance based on final price, costs, and underwriting.
- The CITY will provide any HOME funds required at closing.
- The CITY will record the Deed of Trust and retain this Agreement and the Note for the Agreement Term.
The CITY will review, monitor, or seek to confirm the HOMEBUYER's ongoing compliance with the terms of this Agreement and the Loan, including but not limited to principal residency. The CITY will enforce the other provisions of this Agreement and the recorded documents.
- The CITY may issue notices of violation, require corrective actions, or seek performance using any and all legal remedies available.

SECTION 13. DEFAULT AND ENFORCEMENT

In the event the HOMEBUYER violates any terms of this Agreement or any other agreement between the HOMEBUYER and the CITY, the CITY shall issue a notice of violation to the HOMEBUYER. Upon receipt of such a notice, the HOMEBUYER agrees to remedy the violation within 30 days or, in the case of violations requiring longer cure periods, the CITY may allow for a period of up to 90 days to correct the violation. In such cases, the HOMEBUYER must take action to begin corrections within 30 days of the date of the CITY's notice of violation. Upon the HOMEBUYER's failure to correct the violation within the allotted time, the CITY may take additional corrective action including suing for specific performance, declaring a default in the Loan, and initiating foreclosure proceedings, and seeking any other available legal remedies.

In the event of the HOMEBUYER's uncured violation of the principal residency provisions of Section 5, the HOMEBUYER will be required to repay the entire HOME investment in the Property.

SECTION 14. ONGOING ANNUAL RECERTIFICATION REQUIREMENTS

CITY is responsible for ensuring that First-Time HOMEBUYERS comply with the requirements of this AGREEMENT and as codified in the loan documents. This includes the requirement that the assisted home be maintained as the principal place of residence by HOMEBUYER for the entirety of the Affordability Period. The Department requires that the CITY performs annual recertification of compliance. The Department monitors the

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CITY to ensure that these requirements are met. HOMEBUYER acknowledges that annual reviews will be conducted, and that the HOMEBUYER must comply with the CITY's recertification process and requirements as part of the conditions for receipt of HOME assistance and that failure to do so constitutes a breach of this AGREEMENT.

SECTION 15. MISCELLANEOUS

This Agreement shall be construed and interpreted in accordance with State of California law. In the event of legal action resulting from a dispute hereunder, the parties agree that the State and federal courts of the State of California shall have jurisdiction and that the proper forum for such action shall be Fresno County, California.

None of the rights and remedies conferred upon or reserved to the CITY under this Agreement is intended to be exclusive of any other rights, and each right shall be cumulative and concurrent, and may be enforced separately, successively, or together, and may be exercised from time to time as often as may be deemed necessary by the CITY.

Each party has participated in negotiating and drafting this Agreement, so if an ambiguity or a question of interpretation arises, this Agreement is to be construed as if the parties had drafted it jointly. Any rules of construction relating to interpretation against the drafter of an agreement shall not apply to this Agreement and are expressly waived.

The paragraph headings contained herein are for convenience in reference to this Agreement and are not intended to define or to limit the scope of any provision of this Agreement. Where appropriate, all personal pronouns used herein, whether used in the masculine, feminine or neutral gender, shall include all other genders and singular nouns used herein shall include the plural and vice versa.

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Executed and effective as of the day and year first above written and for the purposes herein expressed, by the CITY, signing by and through its Authorized Signer, AUTHORIZED SIGNER NAME, CITY MANAGER, and by the HOMEBUYER(s).

DATE: _____

Print Name of HOMEBUYER #1

Signature of HOMEBUYER #1

Print Name of HOMEBUYER #2

Signature of HOMEBUYER #2

CITY OF CLOVIS Authorized Signer

Signature: _____

Print Name and Title: _____, City Manager

All signatures must be acknowledged by a notary.

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ATTEST:

By: _____

Briana Parra, City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____

Scott G. Cross, City Attorney

Date: _____

**RECORDING REQUESTED BY AND WHEN
RECORDED, RETURN TO:**

City of Clovis
Attention: City Manager
1033 Fifth Street
Clovis, CA 93612

SPACE ABOVE THIS LINE PROVIDED FOR RECORDER'S USE

APN: _____

No recording or filing fee required. This document exempt from fees pursuant to California Government Code sections 6103 and 27383.

**DEED OF TRUST
AND ASSIGNMENT OF RENTS**

**CITY OF CLOVIS
FEDERAL HOME PROGRAM
FIRST-TIME HOMEBUYER PROGRAM**

**NOTICE TO BORROWER: THIS DEED OF TRUST CONTAINS
COVENANTS, CONDITIONS, RESTRICTIONS, AND OCCUPANCY REQUIREMENTS**

Loan No. _____

THIS DEED OF TRUST is made this ____ day of _____, 20__ between the Trustor, _____ and _____, (herein "Borrower"), _____ **Title Company** (herein "Trustee") whose address is _____ and the Beneficiary, **The City of Clovis**, a California municipal corporation, whose address is 1033 Fifth Street, Clovis, California, 93612 (herein "Lender").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described real property located in the County of Fresno, State of California:

See **Exhibit A**

which has the address of _____, Clovis, California, 9361__ (herein "Property");

TOGETHER with all the improvements now or hereafter erected on the Property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), all of which shall be deemed to be and remain a part of the Property covered by this Deed of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leasehold) are hereinafter referred to as the "Property".

Attachment 3

TO SECURE to Lender the repayment of the indebtedness evidenced by Borrower's Promissory Note dated _____, 20XX and extensions and renewals thereof (herein "Note"), in the principal sum of _____ Dollars (\$ _____), with applicable interest thereon, providing a lump sum payment of principal and interest as applicable with the balance of the indebtedness, if not sooner paid, due and payable as provided in the Note; the payment of all other sums, with interest if applicable thereon, advances in accordance herewith to protect the security of this Deed of Trust; the covenants and agreements of that certain Affordable Housing Loan Agreement (herein "Agreement") executed by Borrower and Lender; and the performance of the covenants and agreements of Borrower herein contained.

BORROWER covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is unencumbered except for encumbrances of record. Borrower covenants that Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

BORROWER shall fulfill all of Borrower's obligations agreed to in the Affordable Housing Loan Agreement, of even date herewith which Borrower entered into with Lender, which document is on file with Borrower and Lender and is incorporated herein by reference.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest.** Borrower shall promptly pay when due the principal and interest indebtedness.
2. **Application of Payments.** Unless applicable law provides otherwise, all ~~voluntary~~ payments received by Lender under the Note, and Paragraph 1 hereof, shall be applied by Lender to the payment of principal, then applied to any applicable interest.
3. **Subordination.** The provisions of this Deed of Trust and Assignment of Rents shall be subordinate to any first lien on the Property ("First Lien") held by an institutional lender or investor and shall not impair the rights such lender, or investor or such lender's or investor's assignee or successor in interest, to exercise its remedies under the First Lien in the event of default under the First Lien by Borrower. Such remedies under the First Lien may include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure. If the holder of the First Lien acquires title to the Property pursuant to a deed or assignment in lieu of foreclosure, the City Deed of Trust shall automatically terminate upon such acquisition of title, provided that; 1) the Beneficiary has been given not less than sixty (60) days written notice of a default and opportunity to cure under the First Lien, and (2) the Beneficiary shall not have cured the default under such First Lien within the period provided in such notice sent to the Beneficiary.
4. **Prior Mortgages and Deed of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreements with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any.
5. **Affordability Period.** The Affordability Period for the assistance evidenced by the Note, is as prescribed by the Federal HOME Program, as follows: _____ years, ending on _____, 20__.

6. **Covenants, Conditions, Restrictions, and Occupancy Requirements.** In accordance with the Agreement, the following apply:

- a. **No transfer of title.** Borrower shall not transfer title, sell any interest in the Property, or refinance the Property without City's approval during the term of the Loan.
- b. **Principal residence.** Borrower shall at all times reside in the unit as their principal residence during the HOME Affordability Period and provide evidence of such to the City on an annual basis.
- c. **No rental.** Borrower shall not vacate the premises for the purposes of renting the unit during the HOME Affordability Period.
- d. **No commercial use.** The property shall not be used for any non-residential or commercial use during the Affordability Period.
- e. **Maintenance.** The Property shall be maintained for the entire 45-year loan period. Maintenance shall mean compliance with building codes and standards including zoning compliance, most recently adopted by the City. No nuisance shall be maintained on the Property. If upon inspection or observation, the City determines that the Borrower is not maintaining the property and/or illegal construction has taken place or local code enforcement items exists on the Property, then Borrower shall be in default and the Loan principal, interest, and any penalty therewith shall be due and payable, as set forth in the Agreement.
- f. **Property taxes.** Borrower shall at all times during the entire 45-year loan period maintain current the payment of property taxes and provide evidence of such to the City on an annual basis.
- g. **Insurance.** Borrower shall at all times during the entire 45-year loan period maintain the insurance required by the Agreement and provide evidence of such to the City on an annual basis.
- h. **Proposed transfer or refinance.** For the entire 45-year loan period, the Lender shall be notified in writing of any proposed transfer of the property or refinancing not less than sixty (60) days before the proposed transfer or refinancing.

7. **Leaseholds; Condominiums; Planned Unit Developments.** If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

8. **Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, Note and Agreement, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, the Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorney's fees, and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in

accordance with Borrower's and Lender's written agreement or applicable law. Any amounts disbursed by Lender pursuant to this Paragraph 8, with any applicable interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this Paragraph 8 shall require Lender to incur any expense or take any action hereunder.

9. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.

10. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

11. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification or amortization of the sums secured by this Deed of Trust granted by Lender to any successors in interest shall not be a waiver of any such obligation. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest. Any Forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

12. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the restrictions on transfers set forth in this Deed of Trust and the Agreement. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Deed of Trust, but does not execute the Note, (a) is co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property of Trustee under the terms of this Deed of Trust, (b) is not personally liable on the Note or under this Deed of Trust, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Deed of Trust or the Note, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

13. **Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

14. **Governing Law; Severability.** The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the

provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorney's fees" include all sums to the extent not prohibited by applicable law or limited herein.

15. **Borrower's Copy.** Borrower shall be furnished a conformed copy of this Deed of Trust, the Agreement and the Note at the time of execution or after recordation hereof.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

16. **Acceleration; Remedies.** Borrower acknowledges that the Loan secured by this Deed of Trust is a Deferred Payment Loan and no payments are regularly due. Therefore, the remedies set forth in the Affordable Housing Loan Agreement shall apply. Nevertheless, to the extent acceleration and reinstatement remedies otherwise apply or are required by law, and Borrower is in default under this Deed of trust, the Note, or the Agreement, and that default triggers the payment of the Loan plus any interest due, the following Acceleration provisions shall apply, subject to section 17 governing Borrower's Reinstatement rights:

Upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, Note and Agreement, including the occupancy covenant and covenants to pay any sums secured by this Deed of Trust, Lender, prior to acceleration, shall give notice to Borrower as provided in Paragraph 13 hereof specifying: (1) the breach; (2) the action required to cure such a breach; (3) a date, not less than ten (10) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or other defense of Borrower to acceleration and sale. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Paragraph 16, including, but not limited to, reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled hereto.

17. **Borrower's Right to Reinstate.** Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust to Borrower's breach, as set forth in Section 16, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment

enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust and Note had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, and in enforcing Lender's and Trustee's remedies as provided in Paragraph 16 hereof, including, but not limited to, reasonable attorney's fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

18. **Assignment of Rents: Appointment of Receiver; Lender in Possession.** Notwithstanding the prohibition on Borrower renting the Property, and except as provided for in Section 19, as additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that the Borrower shall, prior to acceleration under Paragraph 16 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable. Upon acceleration under Paragraph 16 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those past due. All rents collected by Lender or the receiver shall be applied first to premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

19. **Lease of Property.** Notwithstanding the prohibition on Borrower renting the Property, if Borrower rents or leases the Property in violation of this Deed of Trust, Agreement or Note, in addition to any other remedies Lender may have, the rents collected shall be automatically assigned to the Lender and the Borrower shall deliver all rents collected to the Lender until such time as Borrower satisfies its obligations under this Deed of Trust and the Agreement. The Lender may also direct the tenant to remit the rents directly to the Lender until such time as Trustor satisfies its obligations under this Deed of Trust and the Agreement. These rights shall exist regardless of the remedies in the Agreement and regardless of whether Lender initiates a foreclosure action under this Deed of Trust and irrespective of the assignment of rents clause. If the Lender elects to require the tenant to remit the rents directly to the Lender, the Lender shall notify the tenant in writing of the tenant's obligation to remit the rents to the Lender. Tenant's obligation to remit the rents directly to the Lender shall thereafter commence within five (5) days after service of the notice of this obligation if the notice is sent by first class mail or within two (2) days after service if the notice is personally served. The Lender shall provide the Borrower with a copy of any notice to the tenant.

The election by the Lender to require the tenant to pay rents to the Lender shall in no way place Lender in the position of landlord and the Lender shall not incur obligations of any kind to the tenant. The Borrower shall be solely responsible for all landlord obligations.

Collection of rents by Lender shall in no way be deemed to cure the default for renting the Property.

20. **Reconveyance.** Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

21. **Substitute Trustee.** Lender, at Lender's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Instrument is recorded and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

22. **Request for Notices.** Borrower requests that copies of the notice of default and notice of sale be sent to Borrower's address, which is the Property Address. Lender requests that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Lender's address, as set forth on page one of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

23. **Statement of Obligation.** Lender may collect a fee not to exceed \$60 for furnishing the statement of obligation as provided by Section 2643 of the Civil Code of California.

24. **Owner-Occupied.** Borrower agrees that the Property subject to this Deed of Trust shall be owner-occupied by Borrower for the required Affordability Period, and failure to so occupy constitutes a default under the Deed of Trust, the Agreement and the Note.

25. **Proof of Occupancy.** Borrower shall be required to submit proof of occupancy and statement of use for each year between January 1 and 31, beginning in 20___. A letter will be sent to the Borrower requesting the information.

IN WITNESS WHEREOF, BORROWER has executed this Deed of Trust.

BORROWER

By: _____
ATTACH NOTARY ACKNOWLEDGMENTS

By: _____
ATTACH NOTARY ACKNOWLEDGMENTS

Name: _____
Date: _____

Name: _____
Date: _____

EXHIBIT A

Legal Description

**PROMISSORY NOTE
SECURED BY DEED OF TRUST**

**CITY OF CLOVIS
FEDERAL HOME PROGRAM
FIRST-TIME HOMEBUYER PROGRAM**

**NOTICE TO BORROWER: THIS NOTE REQUIRES PRE-PAYMENT
UPON SALE OR TRANSFER OF THE PROPERTY OR UPON
OWNER NON-OCCUPANCY DURING AFFORDABILITY PERIOD.**

LOAN NO.: _____

Property Address: _____

\$ _____

Dated: _____, 20__

1. BORROWER PROMISES TO PAY.

_____ and _____ ("Borrower"), promises to pay _____ Dollars (\$_____.__) (this amount will be called "Principal"), as required herein to the order of the City of Clovis ("Lender"). Borrower understands that the Lender may transfer this Note to only the California Department of Housing and Community Development. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder".

2. DUE DATE.

The Due Date for this Note shall be forty-five years (45 years), on _____ 20__ ("Due Date").

3. AFFORDABILITY PERIOD.

The Affordability Period for this Note, as prescribed by the Federal HOME Program, is as follows: _____ years, ending on _____, 20__. During the Affordability Period the Borrower shall, at all times, maintain the Property as their principal residence. Should the Borrower cease to maintain the Property as their principal residence during the Affordability Period the Note will become due and payable on the Earlier Due Date as provided in Section 6 below.

4. CONCURRENT LOAN DOCUMENTS.

The Borrower has, or will, sign concurrent loan documents, of even date, evidencing the acceptance of this Loan, including a Deed of Trust with Assignment of Rents ("Deed of Trust") which encumbers the property in the amount of this Loan, and an Affordable Housing Loan Agreement ("Agreement") that sets forth Federal HOME Program conditions incorporated into this Loan by reference as well as Covenants, Conditions, Restrictions and Occupancy Requirements.

Attachment 4

5. INTEREST.

The Note Amount shall bear tiered interest rates as set forth below.

Interest shall accrue and be payable as follows:

If paid off during:

Years 1-5, three percent (3%) simple interest per annum.

Years 6-10, two percent (2%) simple interest per annum.

Years 11-20, one percent (1%) simple interest per annum.

Years 21-45, zero percent (0%) simple interest per annum.

The per annum interest is not compounded but is cumulative. Payments made during partial years will be prorated based upon a 360-day period.

6. LOAN PAYMENT; NOTICE.

At least ninety (90) calendar days before the Due Date, the Note Holder shall send written notice to the Borrower informing Borrower of the upcoming Due Date, the principal amount due on the Due Date, and any payment instructions. Borrower shall pay the Principal amount in full on the Due Date by making one lump sum payment in the amount of the outstanding Principal. Borrower shall make the payment to Note Holder at 1033 Fifth Street, Clovis, California, 93612, unless a different place is stated by the Note Holder in the written notice including the payment instructions.

Notwithstanding anything to the contrary herein, the Note shall be immediately payable and due in full, including any accrued interest, and the principal amount and any interest accrued shall be paid in one lump sum payment upon notice from the Note Holder upon the occurrence of any of the following default events before the Due Date ("Earlier Due Date"):

- A. If title is transferred on all, or any part, of the Property described in the Deed of Trust of even date; or
- B. If the subject property ceases to be the primary residence of the Borrower during the Affordability Period; or
- C. A violation of any of the other Covenants, Conditions, Restrictions, and Occupancy Requirements set forth in the Affordable Housing Loan Agreement.

The Note Holder shall send written notice to Borrower when any default event described above occurs, and the notice shall inform the Borrower of the default event, the Earlier Due Date upon which the principal amount and applicable interest must be paid, a calculation of the principal amount and applicable interest to be paid on the Earlier Due Date, and any payment instructions. The Earlier Due Date will be selected by the Note Holder but shall be at least ninety (90) calendar days after the date the written notice of the default event is sent to Borrower. Borrower shall pay the principal amount and applicable accrued interest in full on the Earlier Due Date by making one lump sum payment. Borrower shall make the payment to Note Holder at 1033 Fifth Street, Clovis, California, 93612, unless a different place is stated by the Note Holder in the written notice

including the payment instructions.

7. BORROWER'S FAILURE TO PAY AS REQUIRED.

Notice from Note Holder

If Borrower does not pay the full amount due under this Note by the Due Date or Earlier Due Date, as applicable, the Note Holder shall send a written notice to Borrower that the Borrower is in default and that the overdue amount must be paid by a certain date. That date must be at least ninety (90) calendar days after the date on which the notice is mailed to Borrower or, if it is not mailed, ninety (90) calendar days after the date on which it is delivered to Borrower.

Payment of Note Holder's Costs and Expenses

If Borrower defaults under this Note and fails to pay the full amount due by the Due Date or Earlier Due Date, as applicable, the Note Holder shall have the right to recover from Borrower all costs and expenses incurred by the Note Holder to recover the amount owed from Borrower as allowed by applicable law, including reasonable attorney's fees and costs.

8. PROPERTY STANDARDS.

As set forth in the Affordable Housing Loan Agreement, for the entire 30-year Loan Period, the Property shall be maintained in compliance with building codes and standards including zoning compliance, most recently adopted by the City of Clovis. No nuisance shall be maintained on the Property. If upon inspection or observation, the Lender determines that the Borrower is not maintaining the property and/or illegal construction has taken place or local code enforcement items exists on the Property, then Borrower shall be in default and the Loan principal, interest, and any penalty therewith shall be immediately due and payable, as set forth in the Agreement.

9. THIS NOTE SECURED BY A DEED OF TRUST.

In addition to the protections given to the Note Holder under this Note, a Deed of Trust, dated the same day as this Note, protects the Note Holder from possible losses, which might result if Borrower does not keep the promises which were made in this Note. That Deed of Trust, along with the Affordable Housing Loan Agreement, describes how and under what conditions Borrower may be required to make immediate payment in full of all amounts owed under this Note.

10. BORROWER'S PAYMENTS BEFORE THEY ARE DUE.

Borrower has the right to make payments at any time before they are due. Borrower may make a full pre-payment or a partial pre-payment. A pre-payment of only part of the unpaid Interest and Principal is known as a "partial pre-payment." A pre-payment of the entire unpaid Interest and Principal is known as a "full pre-payment." When Borrower makes a pre-payment, Borrower will tell the Note Holder in a letter that a pre-payment is being made.

The Note Holder will apply all pre-payments to principal that Borrower owes under this Note. If Borrower makes a partial pre-payment, there will be no extension to the Note Due Date unless the Note Holder agrees in writing to an extension.

11. ATTORNEYS FEES AND COSTS.

Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

12. BORROWER'S WAIVERS.

Borrower waives the right to require the Note Holder to do certain things. Those things are: (a) to demand payment of amounts due (known as "presentment"); (b) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (c) to obtain an official certification of non-payment (known as a "protest").

13. GIVING OF NOTICES.

Any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by certified mail addressed to Borrower at the Property Address above. Notices will be delivered or mailed to Borrower at a different address if the Note Holder is provided the address in a written notice.

14. RESPONSIBILITY OF PERSONS UNDER THIS NOTE.

If more than one person signs this Note, each of the persons is fully and personally obligated to pay the full amount owed and to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each of the Borrowers individually or against all of the Borrowers together. This means that any one of the Borrowers may be required to pay all of the amounts owed under this Note.

15. PROOF OF OCCUPANCY

Borrower shall be required to submit proof of occupancy and statement of use for each year between January 1 and 31, beginning in 20___. A letter will be sent to the Borrower requesting the information.

NOTICE TO BORROWER

Do not sign this Note if it contains blank spaces. All spaces should be completed before you sign.

BORROWER

By: _____

By: _____

Name: _____

Name: _____

Date: _____

Date: _____



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Administration

DATE: November 3, 2025

SUBJECT: Administration – Approval – Res. 25-____, Authorizing the City of Clovis to Renew participation in the Fresno/Clovis Tourism Business Improvement District (FCTBID).

ATTACHMENTS: 1. Resolution 25-____

RECOMMENDATION

That the City Council approve Resolution 25-____, authorizing the City of Clovis to renew participation in the Fresno/Clovis Tourism Business Improvement District (FCTBID).

EXECUTIVE SUMMARY

Since January 1, 2011, the City of Clovis has participated in the Fresno/Clovis Tourism Business Improvement District. This is an assessment district designed to generate funding for tourism-related marketing efforts.

This district includes all lodging businesses, such as hotels, motels, and short-term rentals. Periodically, the owners of these properties choose, by vote, to renew the FCTBID. A successful renewal vote was held in 2024. Since funds are collected and processed by the City of Clovis, Council's authorization for renewal is necessary.

BACKGROUND

The FCTBID was originally formed in 2011 as a benefit assessment district proposed to continue a revenue source to help fund destination sales and marketing promotions for Fresno and Clovis lodging businesses and short-term rentals. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights to assessed lodging businesses and short-term rentals. The renewed FCTBID includes all lodging businesses, including all short-term rentals, existing and in the future, available for public occupancy located within the boundaries of the cities of Fresno and Clovis. Because the renewed FCTBID will include the City of Clovis, consent must be requested by the City Council of Fresno and granted by the City Council of Clovis in order for the City of Clovis to be included in the creation, operation and future renewals of the FCTBID.

Lodging business owners decided to pursue renewal of the FCTBID in order to continue a revenue source devoted to marketing the cities of Fresno and Clovis as a tourist, meeting and event destination. If renewed, the FCTBID would generate approximately \$3,585,000 on an annual basis for promotion of travel and tourism specific to the cities of Fresno and Clovis.

Tourism Business Improvement Districts (TBIDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow assessed business owners to organize their efforts to increase tourism. Business owners within the TBID fund the TBID, and those funds are used to provide services that are desired by and benefit the assessed businesses within the TBID.

TBID benefits:

- Funds cannot be diverted for other government programs;
- They are customized to fit the needs of each destination;
- They allow for a wide range of services, including destination marketing, tourism promotion, and sales lead generation;
- They are designed, created and governed by those who will pay the assessment; and
- They provide a stable funding source for tourism promotion.

In California, TBIDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. The key difference between TBIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TBID.

The Management District Plan (Attachment 2) includes the proposed boundary of the FCTBID, a service plan and budget and a proposed means of governance. The FCTBID includes all lodging businesses, including short-term rentals, existing and in the future, available for public occupancy within the boundaries of the cities of Fresno and Clovis.

The annual assessment rate is two percent (2%) of gross short-term room rental revenue in years one (1) and two (2) of the term. The assessment rate will automatically increase to two and one-half of one percent (2.5%) of gross short-term room rental revenue in years three (3) through six (6) and will subsequently increase to three percent (3%) of gross short-term room rental revenue in years seven (7) through ten (10) of the term, as outlined in the table below.

Years	Assessment Rate
1 - 2	2%
3 - 6	2.5%
7 - 10	3%

Based on the benefit received, assessments will not be collected on the following stays:

- Stays of more than thirty (30) consecutive days;
- Stays by railroad crews and airline crews;
- Stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty or any federal or California city, county or state government officer or employee when on official business; and
- Stays by any occupant whose rent is of a value less than two dollars (\$2.00) a day.

The renewed FCTBID will have a ten (10) year term, beginning January 1, 2026, or as soon as possible thereafter, and ending ten (10) years from its start date. The assessment will be implemented beginning January 1, 2026. Once per year beginning on the anniversary of FCTBID renewal there is a thirty (30) day period in which business owners paying fifty percent (50%) or more of the assessment may protest and begin proceedings to terminate the FCTBID.

The cities of Fresno and Clovis are responsible for collection of the assessment not less than quarterly from each assessed business located in the FCTBID boundaries within each respective city. Clovis forwards the amount collected to the City of Fresno on a quarterly basis. The City of Fresno will forward the assessments received by each city to the Fresno/Clovis Convention and Visitors Bureau, which has the responsibility of managing FCTBID programs as provided in the Management District Plan. The cities of Fresno and Clovis shall be paid a fee equal to one percent (1%) of the amount of assessment collected to cover their costs of collection and administration.

FISCAL IMPACT

City of Clovis is positively impacted by the proposed events. Local businesses benefit from large numbers of people visiting their neighborhood and the City of Clovis benefits from the increased tax revenue.

There is no cost to the City. All necessary actions associated with the FCTBID will be paid by the Fresno/Clovis Conventions and Visitors Bureau. Clovis will be responsible for collecting the assessment from hoteliers and short-term rental owners and will pass the funds through to the FCTBID. The City will be reimbursed for administrative costs of collecting the assessment and transmitting it to the FCTBID.

REASON FOR RECOMMENDATION

The FCTBID is managed by the Fresno/Clovis Convention and Visitors Center (FCCVB), which has the sole responsibility of promoting the Fresno/Clovis region to all travel markets. In partnership with the hospitality industry, FCCVB generates increased visitor spending, local tax receipts and job development.

Since 2011, the City of Clovis' hotel room inventory has grown from 508 to 1,251; currently, there are six additional properties in various stages of development which will add an additional 700 rooms; the average occupancy rate for hotels in Clovis is over 83%; and the combined average occupancy rate for the Fresno/Clovis market is below 65%. This illustrates the success of Clovis as a favored location for overnight stays by visitors.

The work of FCCVB is directly related to the success of Clovis' tourism and travel program.

ACTIONS FOLLOWING APPROVAL

1. Staff will notify Fresno/Clovis Convention and Visitors Bureau and City of Fresno of Council's decision.
2. Staff will continue to work with Clovis hoteliers and short-term rental owners on all matters related to FCTBID.

CONFLICT OF INTEREST

None.

Prepared by: Shawn Miller, Business Development Manager

Reviewed by: City Manager AM

RESOLUTION 25-

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVIS
APPROVING THE RENEWAL OF THE FRESNO/CLOVIS TOURISM BUSINESS
IMPROVEMENT DISTRICT**

WHEREAS, the City Council of the City of Clovis desires to begin proceedings to renew the Fresno/Clovis Tourism Business Improvement District (FCTBID); and

WHEREAS, the owners of lodging businesses and short-term rental owners located in Clovis have requested that the Council renew the FCTBID; and

WHEREAS, a portion of the territory proposed to be included in the FCTBID lies within the boundaries of the City of Clovis; and

WHEREAS, the area of the City of Clovis which lies within the boundaries of the proposed FCTBID will, in the opinion of the Council, benefit by the improvements and activities as set forth in the Management District Plan (Attachment A).

NOW, THEREFORE, BE IT RESOLVED by the City of Clovis as follows:

1. The above recitals are true and correct.
2. Consent of the City of Clovis, through its respective City Council, is hereby requested to renew the FCTBID, and to grant to the Council jurisdiction for all the purposes in connection with creation, operation, and future renewals of the proposed FCTBID.
3. The City Clerk of the Clovis City Council is hereby directed to transmit a certified copy of this Resolution to the City Clerk of the City of Fresno.

* * * * *

The foregoing resolution was introduced and adopted at a regular meeting of the City Council of the City of Clovis held on November 3, 2025, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

DATED: November 3, 2025

Mayor

City Clerk



FRESNO/CLOVIS TOURISM BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

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I. OVERVIEW

Developed by Fresno and Clovis lodging businesses and the Fresno/Clovis Convention and Visitors Bureau (FCCVB), the Fresno/Clovis Tourism Business Improvement District (FCTBID) is an assessment district proposed to continue to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors. The FCTBID was initially created in 2010 for a five (5) year term and was subsequently renewed in 2016 for an additional ten (10) year term. The FCCVB and Fresno and Clovis lodging businesses now wish to renew the FCTBID for an additional ten (10) year term.

Location: The FCTBID includes all lodging businesses, including all short-term rentals, existing and in the future, available for public occupancy located within the boundaries of the cities of Fresno and Clovis (collectively referred to herein as “assessed businesses”), as shown on the map in Section III.

Services: The FCTBID is designed to provide specific benefits directly to payors by increasing awareness and demand for room night sales. Destination sales and marketing promotions will increase demand for overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing demand for room night sales.

Budget: The total FCTBID annual assessment budget for the initial year of its ten (10) year operation is anticipated to be approximately \$3,585,000. A similar assessment budget is expected to apply to subsequent years, but this assessment budget is expected to fluctuate as room sales do, as businesses open and close, and as the assessment rate is increased over the duration of the FCTBID as detailed in Section IV.

Cost: The annual assessment rate is two percent (2%) of gross short-term room rental revenue in years one (1) and two (2) of the term. The assessment rate will automatically increase to two and one-half of one percent (2.5%) of gross short-term room rental revenue in years three (3) through six (6) and will subsequently increase to three percent (3%) of gross short-term room rental revenue in years seven (7) through ten (10) of the term, as outlined in the table below and detailed in Section IV.

Years	Assessment Rate
1 - 2	2%
3 - 6	2.5%
7 - 10	3%

Based on the benefit received, assessments will not be collected on the following stays:

- Stays of more than thirty (30) consecutive days;
- Stays by railroad crews and airline crews;
- Stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty or any federal or California city, county or state government officer or employee when on official business; and
- Stays by any occupant whose rent is of a value less than two dollars (\$2.00) a day.

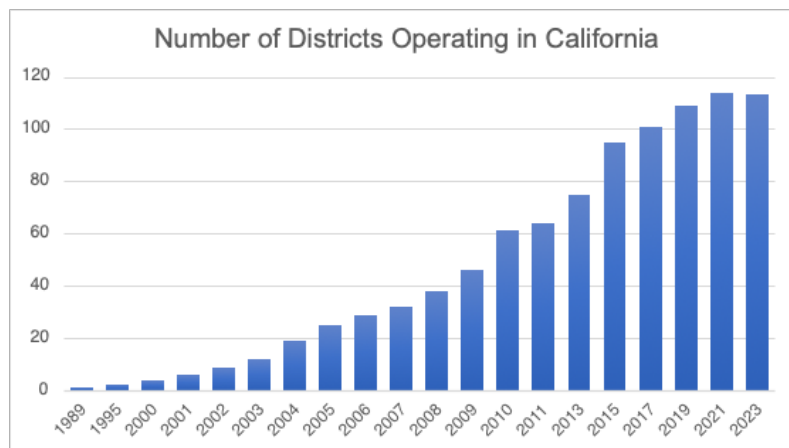
Collection: The Cities of Fresno and Clovis will be responsible for collecting the assessment not less than quarterly (including any delinquencies, interest, and overdue charges) from each assessed business located in the boundaries of the FCTBID within each respective city. Each city shall take all reasonable efforts to collect the assessments from each assessed business.

Duration: The FCTBID will have a ten (10) year life, beginning January 1, 2026 or as soon as possible thereafter, and ending ten (10) years from its start date. After ten (10) years, the FCTBID may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) if business owners support continuing the FCTBID programs.

Management: The FCCVB shall continue to serve as the FCTBID Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Management District Plan (Plan) and must provide annual reports to Fresno City Council.

II. BACKGROUND

TBIDs are an evolution of the traditional Business Improvement District. The first TBID was formed in West Hollywood, California in 1989. Since then, over 100 California destinations have followed suit. In recent years, other states have begun adopting the California model –Illinois, Minnesota, Massachusetts, Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted TBID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a TBID. Additionally, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TBIDs without a state law.



California's TBIDs collectively raise over \$300 million annually for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that businesses continue to invest in stable, commerce-specific marketing programs.

TBIDs utilize the efficiencies of private sector operation in the market-based promotion of

tourism districts. TBIDs allow tourism business owners to organize their efforts to increase commerce. Business owners within the TBID pay an assessment and those funds are used to provide services that increase commerce.

In California, most TBIDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TBIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TBIDs:

- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are ***designed, created and governed by those who will pay*** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

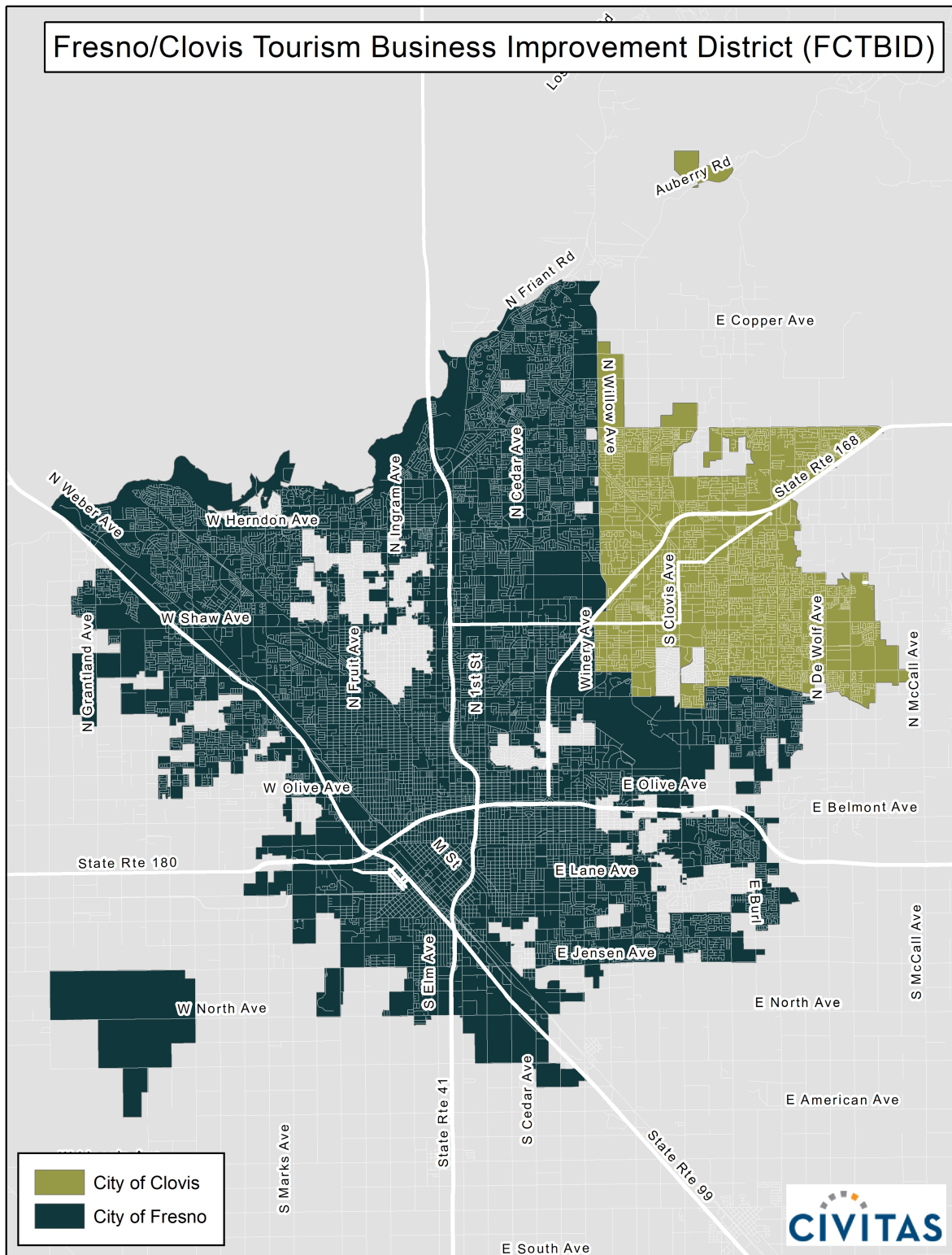
III. BOUNDARY

The renewed FCTBID will include all lodging businesses, including all short-term rentals, existing and in the future, available for public occupancy located within the boundaries of the cities of Fresno and Clovis (collectively referred to herein as “assessed businesses”), as shown in the map below.

Lodging business means: any structure, or any portion of any structure which is occupied or intended or designed for occupancy by transients for dwelling, lodging, or sleeping purposes, and includes any hotel, motel, or bed and breakfast, or other similar structure or portion thereof.

Short-term rental means: a dwelling unit, rented in whole or in part, to any persons(s) for transient use of 30 consecutive days or less and includes any tourist home or house, lodging house, rooming house, apartment house, or other similar structure. A dwelling unit within a hotel, motel, or bed and breakfast shall not be considered a short-term rental.

A complete listing of assessed businesses within the FCTBID can be found in Appendix 2. The assessed business list was compiled from records provided by each jurisdiction. The list was developed with the most reliable information provided, however, the list may contain discrepancies due to any of the following reasons: 1) The short-term rentals included in the list are businesses that have obtained a permit or license to operate as a short-term rental at the time of renewal, and does not include short-term rentals that are not permitted or licensed to operate as a short-term rental; 2) Short-term rentals may cease operation with little or no notice, and may no longer be operating as a short-term rental; and 3) the short-term rental list was compiled based on the dates shown in Appendix 2, and may not include short-term rentals that began operation after the dates listed.

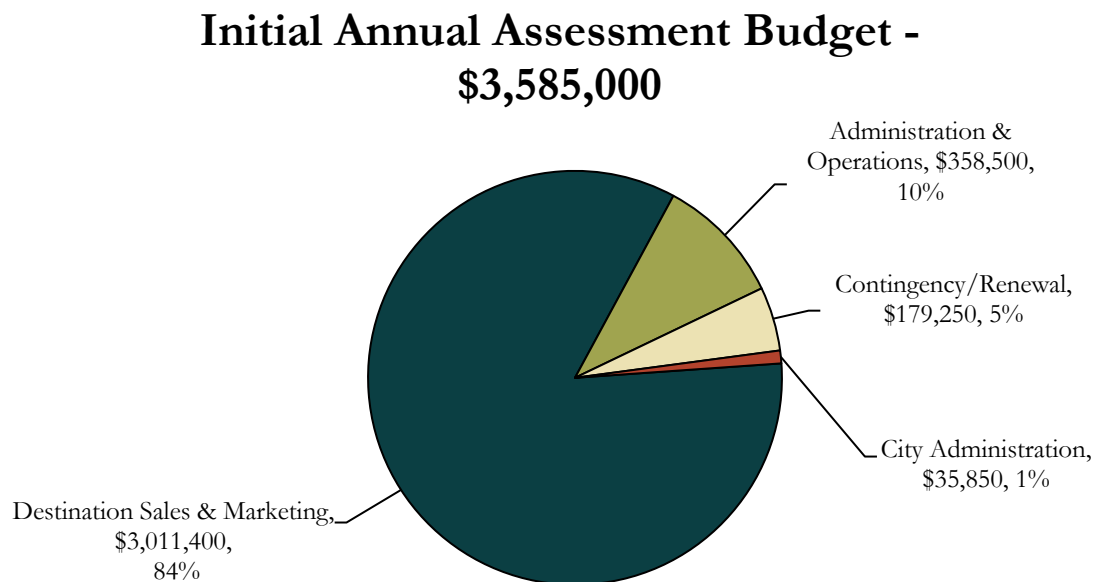


IV. ASSESSMENT BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the Cities of conferring the benefits or granting the privileges. The privileges and services provided with the FCTBID funds are destination sales & marketing programs available only to assessed businesses.

A service plan assessment budget has been developed to deliver services that benefit the assessed businesses. A detailed annual assessment budget will be developed and approved by the FCCVB. The chart below illustrates the initial annual assessment budget allocations. These activities and budget percent allocations will also apply in subsequent years. The total initial assessment budget is estimated to be \$3,585,000.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the FCCVB Board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the FCTBID, any and all assessment funds may be used for the costs of defending the FCTBID.

Each budget category includes all costs related to providing that service. For example, the destination sales & marketing budget includes the cost of staff time dedicated to overseeing and implementing the sales and marketing program. Staff time dedicated purely to administrative tasks is allocated to the administration portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories. The staffing levels necessary to provide the services below will be determined by the FCCVB on an as-needed basis.

Destination Sales & Marketing

A destination sales & marketing program will promote assessed businesses as tourist, meeting, and event destinations. The destination sales & marketing program will have a central theme of promoting Fresno and Clovis as a desirable place for overnight visits. The program will have the goal of increasing overnight visitation and room night sales at assessed businesses, and may include, but is not limited to, the following activities:

- Development and maintenance of a website designed to promote assessed lodging businesses and other internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed businesses;
- Print ads in magazines and newspapers, television and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Attendance of trade shows to promote assessed businesses;
- Sales blitzes and familiarization tours for assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, visitor guides, flyers and maps featuring assessed businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed businesses;
- Partnership with both local and state tourism organizations to target key international markets to increase overnight visitation at assessed businesses;
- Development and implementation of a public relations and communications strategy, inclusive of social media outlets and press release distribution designed to drive overnight visitation at assessed businesses;
- Director of Sales, Marketing and/or General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Education of lodging business management and the owners' association on marketing strategies best suited to meet assessed businesses' needs;
- Communications and advocacy activities to inform and educate key stakeholders and the public;
- Acquisition/utilization of new technologies for novel marketing initiatives;
- Development of Return on Investment (ROI) analysis on effectiveness of district funds to improve effectiveness and increase demand for overnight visitation at assessed businesses;
- Research and development of a marketing plan to ensure district funds are strategically spent to market assessed lodging businesses;
- Lead generation activities designed to attract tourists and group events to assessed businesses;
- Maintaining an experienced sales staff of the Owner's Association to target the meeting and conference market to generate overnight visitation and room sales to assessed businesses;
- Maximizing alliances with professional organizations that target group business, or database services that track group opportunities to develop new leads for assessed businesses;
- Incentivizing conferences and meetings to book at the destination to increase overnight visitation at assessed businesses; and
- Promotion of sporting events to drive overnight visitation and room sales to assessed businesses.

Administration and Operations

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

City Administration Fee

The Cities of Fresno and Clovis shall be paid a fee equal to 1% of the amount of assessment collected to cover their costs of collection and administration.

Contingency/Renewal

A prudent portion of the budget will be allocated to a contingency fund, to account for lower than anticipated collections. If there are contingency funds collected and near the expiration of the district there are contingency funds remaining, and assessed business owners wish to renew the FCTBID, the contingency funds may be used for renewal costs.

B. Annual Budget

The total ten (10) year assessment budget is projected at approximately \$3,585,000 annually, or \$46,605,000 through 2035. A similar assessment budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do, as businesses open and close, and as the assessment rate is increased over the duration of the FCTBID as detailed below and shown on the chart below.

The annual assessment rate is two percent (2%) of gross short-term room rental revenue in years one (1) and two (2) of the term. The assessment rate will automatically increase to two and one-half of one percent (2.5%) of gross short-term room rental revenue in years three (3) through six (6) and will subsequently increase to three percent (3%) of gross short-term room rental revenue in years seven (7) through ten (10) of the term.

Year	Destination Sales & Marketing	Administration & Operations	Contingency / Renewal	City Administration Fee	Total
2026	\$3,011,400	\$358,500	\$179,250	\$35,850	\$3,585,000
2027	\$3,011,400	\$358,500	\$179,250	\$35,850	\$3,585,000
2028	\$3,764,250	\$448,125	\$224,063	\$44,813	\$4,481,250
2029	\$3,764,250	\$448,125	\$224,063	\$44,813	\$4,481,250
2030	\$3,764,250	\$448,125	\$224,063	\$44,813	\$4,481,250
2031	\$3,764,250	\$448,125	\$224,063	\$44,813	\$4,481,250
2032	\$4,517,100	\$537,750	\$268,875	\$53,775	\$5,377,500
2033	\$4,517,100	\$537,750	\$268,875	\$53,775	\$5,377,500
2034	\$4,517,100	\$537,750	\$268,875	\$53,775	\$5,377,500
2035	\$4,517,100	\$537,750	\$268,875	\$53,775	\$5,377,500
Total	\$39,148,200	\$4,660,500	\$2,330,250	\$466,050	\$46,605,000

C. California Constitutional Compliance

The FCTBID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.¹ Rather, the FCTBID assessment is a business-based assessment, and is subject to

¹ *Jarvis v. the City of San Diego* 72 Cal App. 4th 230

Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the FCTBID, a “specific benefit” and a “specific government service.” Both require that the costs of benefits or services do not exceed the reasonable costs to the Cities of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”² The services in this Plan are designed to provide targeted benefits directly to assessed businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific businesses within the FCTBID. The activities described in this Plan are specifically targeted to increase demand for short-term sleeping room sales for assessed businesses within the boundaries of the FCTBID, and are narrowly tailored. FCTBID funds will be used exclusively to provide the specific benefit of increased demand for short-term sleeping room sales directly to the assessees. Assessment funds shall not be used to feature non-assessed businesses in FCTBID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses. Nothing in this Plan limits the ability of the Owners’ Association to enter into private contracts with non-assessed businesses for the provision of services to those businesses.

The assessment imposed by this FCTBID is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in demand for short-term sleeping room sales. The specific benefit of an increase in demand for short-term sleeping room sales for assessed businesses will be provided only to businesses paying the district assessment, with destination marketing & sales programs promoting businesses paying the FCTBID assessment. The destination marketing & sales programs will be designed to increase short-term sleeping room sales at each assessed businesses. Because they are necessary to provide the destination marketing & sales programs that specifically benefit the assessed businesses, the administration and contingency services also provide the specific benefit of increased demand for short-term sleeping room sales to the assessed businesses.

Although the FCTBID, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, “A specific benefit is not excluded from classification as a ‘specific benefit’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor.”³

2. Specific Government Service

The assessment may also be utilized to provide, “a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.”⁴ The legislature has recognized that marketing and promotions services like those to be provided by the FCTBID are government services within the meaning of Proposition 26⁵. Further, the legislature has determined

² Cal. Const. art XIII C § 1(e)(1)

³ Government Code § 53758(a)

⁴ Cal. Const. art XIII C § 1(e)(2)

⁵ Government Code § 53758(b)

that “a specific government service is not excluded from classification as a ‘specific government service’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor.”⁶

3. Reasonable Cost

FCTBID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the FCCVB, and reports submitted on an annual basis to the City of Fresno. Only assessed businesses will be featured in marketing materials, receive sales leads generated from FCTBID-funded activities, be featured in advertising campaigns, and benefit from other FCTBID-funded services. Non-assessed businesses will not receive these, nor any other, FCTBID-funded services and benefits.

The FCTBID-funded programs are targeted directly to benefit assessed businesses. It is, however, possible that there will be a spill over benefit to non-assessed businesses. If non-assessed businesses receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-FCTBID funds. FCTBID funds shall only be spent to benefit the assessed businesses, and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed businesses.

D. Assessment

The annual assessment rate is two percent (2%) of gross short-term (stays less than 31 days) sleeping room rental revenue, for years one- and two of the ten-year term. In years three through six, the annual assessment rate is two and one half of one percent (2.5%) of gross short-term (stays less than 31 days) sleeping room rental revenue. In years seven through ten, the annual assessment rate is three percent (3%) of gross short-term (stays less than 31 days) sleeping room rental revenue.

The annual assessment rate is two percent (2%) of gross short-term room rental revenue in years one (1) and two (2) of the term. The assessment rate will automatically increase to two and one-half of one percent (2.5%) of gross short-term room rental revenue in years three (3) through six (6) and will subsequently increase to three percent (3%) of gross short-term room rental revenue in years seven (7) through ten (10) of the term.

Based on the benefit received, assessments will not be collected on the following stays:

- Stays of more than thirty (30) consecutive days;
- Stays by railroad crews and airline crews;
- Stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty or any federal or California city, county or state government officer or employee when on official business; and
- Stays by any occupant whose rent is of a value less than two dollars (\$2.00) a day.

The assessment was calculated based on the total cost of the activities to be provided for the benefit of the assessed businesses within the FCTBID, with costs allocated based on the proportional benefit conferred to each business. Activities funded by the FCTBID, are specifically targeted to increase room nights at assessed businesses. All room night sales do not represent the same benefit to the payors. For example, a higher priced room night is of greater benefit than a lower priced room night because the assessee derives greater revenue. To account for this benefit differential and to make sure

⁶ Government Code § 53758(b)

the benefits are proportional, an assessment formula based on a percentage of revenue has been selected. The proposed formula accurately reflects greater benefit to assessed businesses with higher priced room nights.

The term “gross short-term sleeping room rental revenue” as used herein means: the consideration charged, whether or not received, for the occupancy of space in an assessed business valued in money, whether to be received in money, goods, labor, or otherwise, including all receipts, cash, credits, and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed business. However, the assessed business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. If the FCTBID assessment is identified separately it shall be disclosed as the “FCTBID Assessment.” As an alternative, the disclosure may include the amount of the FCTBID assessment and the amount of the assessment imposed pursuant to the California Tourism Marketing Act, Government Code §13995 et seq. and shall be disclosed as the “Tourism Assessment.” The assessment is imposed solely upon, and is the sole obligation of the assessed business even if it is passed on to transients. The assessment shall not be considered revenue for calculation of transient occupancy taxes.

Bonds shall not be issued.

E. Interest and Overdue Charges

Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. Any assessed business which fails to remit any assessment imposed within the time required shall pay an overdue charge of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. Any assessed business which fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency overdue charge of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) overdue charge first imposed.
3. If either City determines that the non-payment of any remittance due under this plan is due to fraud or intent to evade the provisions thereof, an overdue charge of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the overdue charges stated in subsections 1 and 2 of this section.
4. In addition to the overdue charges imposed, any assessed business which fails to remit any assessment imposed shall pay interest at the rate of one percent (1%) per month or fraction thereof on the amount of the assessment, exclusive of overdue charges, from the date on which the remittance first became delinquent until paid.
5. Every overdue charge imposed and such interest as accrues under the provisions of this section shall be merged with and become a part of the assessment herein required to be paid.

F. Time and Manner for Collecting Assessments

The FCTBID assessment will be implemented beginning January 1, 2026 or as soon as possible thereafter, and ending ten (10) years from its start date. Each city will be responsible for collecting the

assessment not less than quarterly (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the respective city, in the FCTBID, and forwarding the amount collected to the City of Fresno on a quarterly basis. Each city shall take all reasonable efforts to collect, or cause to be collected, the assessments from each lodging business located within its boundaries, within the FCTBID, including the collection of delinquent assessments. The assessment shall be collected using a return form developed and provided to the assessed businesses by the cities. The City of Fresno shall forward the assessment funds collected, including any delinquencies, penalties and interest, to the Owners' Association.

V. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the FCTBID as defined in Streets and Highways Code §36612. The City Council of Fresno has determined that the FCCVB will continue to serve as the Owners' Association for the FCTBID.

B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the FCCVB Board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act.

C. Annual Report

The FCCVB shall present an annual report at the end of each year of operation to the Fresno City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2023 EXTRA SESSION CH 1, 2023 REGULAR
SESSION CH. 890***
(ALL 2023 LEGISLATION)

STREETS AND HIGHWAYS CODE DIVISION 18. PARKING PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
 - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
 - (2) Job creation.
 - (3) Business attraction.
 - (4) Business retention.
 - (5) Economic growth.
 - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.
 - (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5 Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. “Activities”

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. “Assessment”

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. “Business”

“Business” means all types of businesses and includes financial institutions and professions.

36608. “City”

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. “City council”

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. “Clerk”

“Clerk” means the clerk of the legislative body.

36609.5. “General benefit”

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

36610. “Improvement”

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. “Management district plan”; “Plan”

“Management district plan” or “plan” means a proposal as defined in Section 36622.

36612. “Owners’ association”

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), for all records relating to activities of the district.

36614. “Property”

“Property” means real property situated within a district.

36614.5. “Property and business improvement district”; “District”

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

36614.6. “Property-based assessment”

“Property-based assessment” means any assessment made pursuant to this part upon real property.

36614.7. “Property-based district”

“Property-based district” means any district in which a city levies a property-based assessment.

36615. “Property owner”; “Business owner”; “Owner”

“Property owner” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. “Business owner” means any person recognized by the city as the owner of the business. “Owner” means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. “Special benefit” [Effective January 1, 2023]

(a) “Special benefit” means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

(b) “Special benefit” also includes, for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefits does not make the benefits general.

36616. “Tenant”

“Tenant” means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3 Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

- (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.
- (b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
 - (1) A map showing the boundaries of the district.
 - (2) Information specifying where the complete management district plan can be obtained.
 - (3) Information specifying that the complete management district plan shall be furnished upon request.
- (c) The resolution of intention described in subdivision (a) shall contain all of the following:
 - (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
 - (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
- (d) The improvements, maintenance, and activities proposed for each year of operation of the district and the estimated cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities

and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against their property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years.

Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k)

(1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(3) In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements, maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred, but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.

(l) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(m) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing

by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.
- (2) The number, date of adoption, and title of the resolution of intention.
- (3) The time and place where the public hearing was held concerning the establishment of the district.
- (4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
- (5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.
- (6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

- (7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.
- (8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.
- (b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3: Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

- (a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.
- (b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.
- (c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36625. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of the resolution of intention

- (a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:
 - (1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.
 - (2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.
- (b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

36638. Assessment as government improvised fee on Civ C § 1770 transaction [Operative July 1, 2024]

- (a) A business assessment pursuant to this part is a fee imposed by a government on the transaction for purposes of paragraph (29) of subdivision (a) of Section 1770 of the Civil Code.
- (b) This section shall become operative on July 1, 2024.

CHAPTER 3.5 Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

- (a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks–Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.
- (b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.
- (c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

- (a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.
- (b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:
 - (1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.
 - (2) The improvements, maintenance, and activities to be provided for that fiscal year.
 - (3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.
 - (4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.
 - (5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
 - (6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.
- (c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.
The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

- (a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
- (b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
- (c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

- (a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
 - (1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
 - (2) During the operation of the district, there shall be a 30-day period each year in which assesseses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
- (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

- (a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in

which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – ASSESSED BUSINESSES

Business Name	Business Address
212 Properties II LLC	5274 N Angus St
9163 Motel 6	4080 N Blackstone Ave
9170 Motel 6	4245 N Blackstone Ave
Aaron E Corbin Sr.	6910 E Ramona Way
Adam Merrill	4716 E Rialto Ave
Ahmad Khattaie	2695 E Spice Way
Aircasa LLC	1460 N Del Mar Ave
Alexander Frosig and Co.	7181 E Harvard Ave
Alexander Medina	2988 E Terrace Ave
Alleha Navarro	1337 N Harrison Ave
Ambassador Inn & Suites	1804 W Olive Ave
Angel Roman Garcia	1430 E La Salle Ave
Anissa K And Edward G Zuniga	4708 W Richert Ave
Apex Realty Management LLC	2079 N Vahe Ave
Arlene Ortiz	720 E Menlo Ave
Asia Lovett - Short Term Rental	2617 E Teague Ave
Avila Johnathon & Christina	2808 E Sierra Ave
Ayres Motel	2710 S Orange Ave
B1-66er LLC	1349 N St # B
B1-66er LLC	1359 N St
Best Western Fresno Airport Hotel	1551 N Peach Ave
Best Western Fresno Inn	480 E Shaw Ave
Best Western Village Inn	3110 N Blackstone Ave
Better Staycation LLC	255 N Van Ness Ave
Big Star Motel	2325 S G St
Bill And Rose Ann Bogdanov	824 E Serena Ave
Blake German	2881 Huntington Blvd Apt 137
Brandon Thomas Aleshire	1025 E Buckingham Way
Brenda K Carlson Trs	744 E Birch Ave
Brian Fausone	6699 N West Ave
Brian Fausone	7089 W Scott Ave
Brittney Alicia Watters	6883 E Erin Ave
Brittney Boolootian	11625 N Bella Vita Ave
Brittney Maldonado	5416 W Swift Ave
Bulldog Lane Investments LLC	6020 N Gentry Ave
Caitlyn Dervishian	11329 N Garden Sage Ave
Capital Republic	3577 Lincoln Ave
Catalina Meraz	3429 E Dakota Ave
Cavalier California (La Quinta)	2926 Tulare St

Cayce Baierski	6538 N Valentine Ave
Charles Newcomb	9598 N Sharon Ave
Chennault bnb LLC	1807 E Chennault Ave
Chris Healy	6468 N 7th St
Clarion Pointe Fresno Yosemite	4061 N Blackstone Ave
Comfort Suites	102 E Herndon Ave
Country Inn	6065 N Thesta St
Courtyard By Marriott - Fresno	140 E Shaw Ave
Cozy Bertha	7138 W San Ramon Ave
Cre LLC	3333 N Mariposa St
Cre LLC	5901 E Dakota Ave
Cre LLC	4465 W Avalon Ave Apt 101
Cre LLC	4465 W Avalon Ave Apt 201
Cre LLC	4465 W Avalon Ave Apt 102
Cre LLC	4636 N Fisher St
Cre LLC	5182 E Illinois Ave
CRMC Suites	1133 S St
Crystal Arredondo Rodriguez	6236 E Farrin Ave
Dang Hong Nhat Bui	3544 E Dayton Ave
Danh Hong & Thuan T Nguyen Trustees	2321 S Bush Ave
David G Pipes	558 S Renn Ave
David Thalman	6219 E Sasha Dr
Days Inn Fresno South Hwy 99 And Jensen	2640 S 2nd St
Days Inn Yosemite Park	6090 N Blackstone Ave
Deniz Delamora	1641 E Cole Ave
Donald Williams	1006 W Cornell Ave
Dorothy Francis	8153 N Cedar Ave Apt 119
Double Deck Stays LLC	214 E Pine Ave
Dream Inn	2425 Merced St
DT Rentals	68 W Norwich Ave
Dye Laurie M	3610 N Wishon Ave
Economy Inn	4290 N Blackstone Ave
Eduardo Hernandez Mendoza	2446 E Simpson Ave
El Muir Motel	2339 S G St
Elvin T Tado	4458 W Langden Dr
Emerald Oak Rea	3170 Redington Ave
Eric Wilson	738 E Yale Ave
Ernesto Vera	936 E Cortland Ave
Ethel Walker	3746 W Palo Alto Ave
Everardo Mendoza-Barragan	210 E Harvard Ave
Everrett Chow	1080 E Sierra Ave
Executive Inn	797 N Parkway Dr

Extended Stay America # 486	7135 N Fresno St
Fairfield Inn & Suites	330 E Fir Ave
Fairfield Inn & Suites Fresno Yosemite International	1535 N Peach Ave
Farris	2504 N Farris Ave
Federico Castro-Jimenez	5770 W Sample Ave
Feil Bryan A & Kimberly R Trustees	430 N Calaveras St
Fen Heng	2434 S Marion Ave
Fernando Vargas Martinez	1589 E Roberts Ave
Formosa Inn	4965 N Forestiere Ave
Frank Sanchez Jr	6 E Cortland Ave
Fresno Getaway	2489 S Judy Ave
Fresno Hotel And Conference Center	2233 Ventura St
Fresno Hoteliers, LLC	2570 S East Ave
Fresno Ranch Vacation Home Retreat	5139 E Townsend Ave
Fresno Short Term Rentals LLC	3339 N Van Ness Blvd
Gables Motel	2833 E Church Ave
Gabriela Romero Gonzalez	6060 N Lola Ave
Garden Inn And Suites	4949 N Forestiere Ave
Garden View Inn	7117 N Blackstone Ave
Garrick Air Bnb	650 W Donner Ave
German Zuniga	6568 E Atchison St
German Zuniga	6067 E Dayton Ave
German Zuniga	6019 E Hampton Way
Good Manor Stays	1245 N Linden Ave
Grace Kiburi	3606 N Douglas Ave
Gregory Franklin	3073 E Simpson Ave Apt A
Grigor & Aida Bursalyan	3259 N Dewey Ave
Griselda Avila	5256 N Bond St
Griselda G Sanchez	149 W Eden Ave
Gruver Properties	
Gundas LLC	3710 N Maroa Ave
Gurbax S Sidhu	3253 N Dante Ave
Hampton Inn	1515 N Peach Ave
Hampton Inn & Suites Fresno	327 E Fir Ave
Hampton Inn And Suites	7194 W Kathryn Ave
Hareesh Shankar	2718 E Pryor Dr
Heather Lee	3945 N Ricewood Ave
Hoan Le Do I Th	3581 Buckingham Ave
Holiday Inn Express & Suites	2660 S 2nd St
Holiday Inn Express & Suites	7115 N Howard St
Holiday Inn Express And Suites	7191 W Kathryn Ave
Hometowne Studios Fresno West # 3506	3460 W Shaw Ave

Homewood Suites Fresno	6820 N Fresno St
Hotel Piccadilly	2305 W Shaw Ave
Hyatt Place Fresno	7333 N Fresno St
Ian Divinagracia	6610 E Berkeley Ave
Imade & Moses Osaghae	1399 N Caesar Ave
J & I Enterprises	4134 N Maroa Ave
J L Marquez Properties LLC	1223 E Sarazen Ave
Jacqueline Hensley	6780 E Cornell Ave
Jaime Zaragoza And Monica Garcia Villanueva	6602 N West Ave
Jason Kenny Chan	1001 E Sussex Way
Jessica Galvan	589 E Vartikian Ave
Jim Wu Chun Huang	1018 E Sierra Ave
JM Holcomb Home	1902 E Deyoung Dr
John Chijioke Ihejirika	10454 N Dearing Ave
John Therampilly	4832 E San Gabriel Ave
Johnathan Ausburn	5328 N Hazel Ave
Jon Renge	1380 N Linden Ave
Jose Gutierrez Air Bnb	2257 S Miami Ave
Joseph & Priscilla Schiedel	5323 W Hampton Way
Joseph Warren	1340 N Winery Ave
Just Like Home	5340 N Silverado Ave
Justin & Heather Aldi	5655 N 8th St
Justin & Heather Aldi	687 E Paul Ave
Justin & Heather Aldi	1888 E Lester Ave
Justin Foraker	1533 N Harrison Ave
Kelly And Anne Peck	9560 N Barton Ave
Keng H Ng	7567 N 6th St
Keng H Ng	3803 E Gettysburg Ave
Keng Ng	6201 E Mono St
Kevin Hinojosa	5563 W Menlo Ave
Kevin Wynne	7064 E Weldon Ave
Kim Lay	5764 E Pitt Ave
Kings Canyon Motel	4770 E Kings Canyon Rd
Kristie Chen	5656 E Lorena Ave
Kristie Chen	5768 E Pitt Ave
Kyle Woodall	1035 W Alamos Ave
La Quinta Inn & Suites	5077 N Cornelia Ave
La Quinta Inns # 650	2926 Tulare St
Lc Development LLC	10705 N Lanes Rd
Lee Houava	5760 N Callisch Ave
Libia Espinoza Macias	4123 W Cortland Ave
Libia Espinoza Macias	4003 W Dayton Ave

Lloyd & Kathryn Moritz	6593 E Lowe Ave
Ly Hoy Tang	5172 E Balch Ave
Mai Luong	8207 N Del Mar Ave
Maria Delia Rodriguez	615 W University Ave # 2
Maria L Nou	1550 W Ashlan Ave Apt 223
Martin E Mercado Mercado	6310 N Glenn Ave
Marvin A Hooker	1129 N Glenn Ave
Melanie Halstead	122 W Cortland Ave
Mg Hospitality LLC Dba Fairfield Inn & Suites	1710 W Shaw Ave
Mid Century Vacation Home Retreat	5271 E Townsend Ave
Mohammad And Maha Mhaissen	2954 E Brandon Ln
Mohammad Reza Sabet Ghadam	10373 N Baird Ave
Moonstone	35 Pollasky Ave
Motel 6	5021 N Barcus Ave
Motel 6	445 N Parkway Dr
Motel 6	1087 N Parkway Dr
Nadezhda & Viktor Korshun	1329 E San Ramon Ave Apt B
Nhul Tom Ven	5773 E Lorena Ave
Nicole Jones	1930 N Laureen Ave Apt 101
Nicole Jones	1930 N Laureen Ave Apt 102
Nicole Palmer	710 E Peralta Way
Niko Homes Inc.	495 W Antonio Dr
Nong Lee & Moua Vang	5046 N Annapolis Ave
Oceanic Fresno LP	4141 N Blackstone Ave
Of Sparta	3098 Poe Ave
Old Town Hideaway	319 5th St Ste B
Oliva & Associates LLC	126 E Harvard Ave
Pablo Solis	6690 E Berkeley Ave
Parkway Inn	959 N Parkway Dr
Patel Sonal	6980 E Giavanna Ave
Peach Avenue	65 Peach Ave
Phuong Nguyen Nguyen	6591 E Christine Ave
Piccadilly Inn Airport	5115 E Mckinley Ave
Piccadilly Inn Express	5113 E Mckinley Ave
Pine Tree Apartment	4569 E Alamos Ave
Pishon LLC	353 N Diana St
Pishon LLC	503 E Sooner Dr
Plaza Motel	1940 Broadway St
Polina & Ryan W Harbert	2658 E Alluvial Ave Apt 117
Premier Hospitality Services	1328 N Van Ness Ave
Prudent And Martin Okoli	2710 N Laverne Ave
Pryor Property Management LLC	1564 E Muncie Ave

Quality Inn & Suites	5455 W Shaw Ave
Quality Inn North	6051 N Thesta St
Radisson Hotel Fresno Conference Center	1055 Van Ness Ave
Rafael Jimenez	4444 E Buckingham Way
Rafaela's Cleaning Service Inc.	1168 E Menlo Ave
Rall Airbnb	1691 Rall Ave
Ramada Fresno	324 E Shaw Ave
Ramada Fresno Northwest	5046 N Barcus Ave
Raquel Gonzalez	512 E Simpson Ave
Rayzon Corporation	306 W Barstow Ave
Rayzon Corporation	6413 N Constance Ave
Rayzon Corporation	2881 Huntington Blvd Apt 225
Rebekah Donaldson	942 N Harrison Ave
Regency Inn	3844 N Blackstone Ave
Residence Inn By Marriott - Fresno	5322 N Diana St
Revathi Dubagunta	836 E Serena Ave
Reyes Real Esta	2496 Los Altos Ave
Richard & Vickie Jimenez	5402 N Salinas Ave
Richard Lay	5276 E Geary St
Robert Klaus Dorn Jr	773 E Birch Ave
Rockhouse Investments	2565 E Portland Ave
Rodeo Lodge (America's Best)	1616 Clovis Ave
Ronisha Lee	6860 E Fedora Ave
Rosimeri Gomes Tran	5836 E Erin Ave
Ross Bowling	410 E Brown Ave
Ruben Navarro	4549 N Glenn Ave Apt 108
S & S Express	9791 N Woodrow Ave
Salazar, Nicole & Ruben	1123 E Dakota Ave
Salazar, Nicole & Ruben	7441 E Robinson Ave
Salvador Palafox	1247 N Thorne Ave
Salvador Palafox	3006 N Mariposa St
Samurai Properties Inc	1011 N Arthur Ave
Samurai Properties Inc	3471 W Roberts Ave
Samurai Properties Inc	972 N Arthur Ave
Samurai Properties Inc	1536 N Carruth Ave
Samurai Properties Inc	1116 W Dakota Ave
Samurai Properties Inc	3354 E Simpson Ave
Samurai Properties Inc	3337 E Cornell Ave
Samurai Properties Inc	4337 N Brooks Ave
Samurai Properties Inc	831 W Swift Ave
Samurai Properties Inc	1644 W Lansing Way
Samurai Properties Inc	1033 W Holland Ave

Samurai Properties Inc	1581 N Durant Way
Samurai Properties Inc	1570 N Durant Way
Samurai Properties Inc	939 W Dayton Ave
Samurai Properties Inc	2846 N Vagedes Ave
Samurai Properties Inc	837 W Harvard Ave
San Joaquin Hotel	1309 W Shaw Ave
Sanchez Investments & Real Estate LLC	6208 N Fisher St
Sands Motel	1441 N Motel Dr
Sandy Chong & Connie Chong	1525 N Ferger Ave
Santa Fe Hotel, Inc. Dba Shepherd's Inn	935 Santa Fe Ave
Scholcomb Family LLC	9244 N Whitney Ave
Selena Mitchell	124 E Michigan Ave
Sequoia Motel	4707 E Kings Canyon Rd
Serena Rimorin & Paul Yang	2918 E Fremont Ave
Sergio Avalos & Lilia Barragan	7097 W San Madele Ave
Sergio Avalos Ayala & Lilia Barragan	2802 N Brix Ave
Shanell Wingfield	5326 E Lyell Ave
Shann Hogue	9547 N Sharon Ave
Short Term Rental Lisa Schauer	5572 W Home Ave
Shuguang Tong	6676 N Nantucket Ave
Sierra Inn	949 N Parkway Dr
Simonian Property	628 Oxford Ave
Smooth Water Properties LLC	548 W Twain Ave
Smooth Water Properties LLC	1331 E Loftus Ln
Sneha Swarup & Sridhar Lakshminarasimha	9445 N Garden Ave
Sobaje	805 Woodworth Ave
Soch Dt Fresno, LLC	2926 Tulare St
Sonesta Es Suites Fresno	5322 N Diana St
Soukanya Xayavong	3227 E Ashlan Ave
Spacious Private Suite	947 E Birch Ave
Springhill Suites Fresno	6844 N Fresno St
Star2 Hotels Inc	6090 N Blackstone Ave
Studio 6 Motel 6 Fresno Yosemite	6730 N Blackstone Ave
Summerfield Inn	6309 N Blackstone Ave
Susie Air LLC	1715 W Clinton Ave Apt 105
Susie Air LLC	1715 W Clinton Ave Apt 111
Susie Air LLC	1715 W Clinton Ave Apt 112
Susie Air LLC	1715 W Clinton Ave Apt 126
Sylvia Mata	744 E Voorman Ave
T & G Furnished Rentals LLC	6952 E Simpson Ave
T & G Furnished Rentals LLC	6206 E Fedora Ave
Tania Hernandez	642 E Garland Ave

Tejinder Randhawa	2824 E Teaberry Dr
The Mission Investment Group	136 W Sierra Ave
The Morris Resort	7253 W Morris Ave
Thuan Duong	2170 E Sawgrass Ave
Tony Rodriguez	255 W Locust Ave
Tourig Properties LLC	4334 N Emerson Ave Apt 101
Tourig Properties LLC	4334 N Emerson Ave Apt 102
Towneplace Suites By Marriott	7127 N Fresno St
Travel Inn	1444 W White Ave
Travelodge	2127 Inyo St
Travelodge Fresno Yosemite	3876 N Blackstone Ave
Tri Wade Homes Inc	2416 S Preuss Ave
Tri Wade Homes Inc	3368 E Hampton Way
Tri Wade Homes Inc	1418 W Alluvial Ave
Tripp Elmer D & Teofila B	2361 N Gilroy Ave
Twenty Nineteen LLC	386 N Calaveras St
University Inn	2655 E Shaw Ave
University Square Hotel	4961 N Cedar Ave
Upscale Tropical Home	5160 W Oslin Ave
Valley Inn	933 N Parkway Dr
Venture Enterprise LLC	3611 N Douglas Ave
Vernon Mello	2975 E Austin Way
Vicente C Sanchez	6109 N Caspian Ave
Victoria Lay And Fen Heng	5765 E Truman Ave
Villa Motel	817 N Parkway Dr
Wesley Fu	4481 E Ashlan Ave
Wyndham Garden Fresno Yosemite Airport	5090 E Clinton Way
Xiong Paradise Stay	5022 N Annapolis Ave
Xj Properties LLC	3331 E Palo Alto Ave
Xj Properties LLC	5327 N El Sol Ave
Xj Properties LLC	5693 N Raisina Ave
Xj Properties LLC	842 W Pine Ave
Xu Yi Qiang	1483 East Portals Avenue
Zheng Xiaolian & Zhen Xu	9133 N Stoneridge Ln



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: General Services

DATE: November 3, 2025

SUBJECT: General Services - Approval - Waive the City's Usual Purchasing Requirements and Authorize the City Manager to Approve the Purchase of Four (4) Electric Dodge Ram ProMasters for \$1,361,697.48, Utilizing the California Association for Cooperative Transportation (CalACT) Competitive Bid Award; and Approval – Res. 25-____, Amending the FY 2025-26 General Services Department Transit Fund Budget to Include CMAQ and STA Funding for the Vehicle Purchase.

ATTACHMENTS: 1. Resolution 25-____, Budget Amendment
2. Vehicle Quote – RO Bus Sales

RECOMMENDATION

For City Council to waive the usual purchasing requirements and authorize the City Manager to approve the purchase of four (4) electric Dodge Ram ProMasters for \$1,361,697.48, utilizing the CalACT competitive bid award; and Approve a Resolution Amending the FY 2025-26 General Services Department Transit Fund Budget.

EXECUTIVE SUMMARY

The City of Clovis was awarded the FY 2025-26 CMAQ Improvement Program Grant for the Zero Emission Vehicle Purchase Project. The proposal includes the purchase of four (4) zero-emission vehicles. Staff recommends the purchase of four (4) electric Dodge Ram ProMasters. These zero-emission vehicles will serve as replacements for Clovis Transit's existing fleet. This purchase will enhance Clovis Transit's fleet, improving its overall state of good repair, and advancing our transition to a zero-emission fleet. The cost of the four (4) Dodge Ram ProMasters is \$1,361,697.48. Clovis Transit's use of the CalACT bid is within the City of Clovis Purchasing Policy, Section IV, C, 1, b, (1).

BACKGROUND

In March of 2025, Clovis Transit submitted three projects for the Fresno Council of Governments (FCOG) call for projects under the CMAQ Improvement Program, Clovis Transit was awarded the Zero Emission Vehicle Purchase Project. This project will support Clovis Transit's transition to a zero-emission fleet. The selected vehicles will reduce greenhouse gas emissions, improve air quality, and provide a safer, more reliable, and more comfortable experience for our passengers. Over the last four years, Clovis Transit has experienced a significant increase in

demand for both services: 164% for paratransit services and 112% for fixed-route services. The purchase of these four (4) zero-emission vehicles will support our effort to serve our community's needs with reliable, environmentally friendly, and safe vehicles.

In 2010, following the end of the Caltrans purchasing cooperative, CalACT created a purchasing cooperative administered by Basin Transit Authority to assist small and medium-sized transit agencies with vehicle procurements.

The CalACT purchasing cooperative awards bid positions in accordance with the Federal Transit Administration (FTA) and California Department of Transportation regulations and has been audited by both agencies with no findings. The purchasing cooperative is also compliant with Buy America requirements. The purchase of transit vehicles requires technical expertise and a broad scope of knowledge of bus manufacturing concepts. By utilizing the cooperative and most recent agreement RFP No. 20-01, Clovis Transit can purchase the vehicles our operation needs at a competitive cost for a 1.5% procurement fee.

Vehicle specifications and options were listed in the CalACT request for proposal and the vendor's proposals. These specifications meet or exceed our transit operation's desired vehicle design and capacity. The Dodge Ram ProMaster is a low-floor, zero-emissions electric vehicle with an estimated city range of 150-175 miles. The capacity of this vehicle is eight (8) passengers or six (6) passengers with two (2) mobility devices. The vehicle will be equipped with level three (3) fast charging capabilities to facilitate charging with the existing charging infrastructure.

FISCAL IMPACT

The purchase of four (4) electric Dodge Ram ProMaster vehicles will be predominantly funded with CMAQ funds, and the City will provide a local match of 11.47% of the project cost with Transportation Development Act (TDA) STA funds.

The breakdown of the funding is as follows:

CMAQ Funding:	\$1,205,511
<u>Local Match - TDA (STA)</u>	<u>\$156,187</u>
Total Project Cost:	\$1,361,698

Pricing for the recommended purchase is as follows:

- Proposed four (4) electric Dodge Ram ProMasters, including options, tax, and procurement fee: **\$1,361,697.48.**

REASON FOR RECOMMENDATION

The City of Clovis was awarded CMAQ funding to replace transit fleet vehicles and support its transition to a zero-emission fleet. Clovis Transit has an aging fleet with more than twenty (20) vehicles exceeding their useful life. CMAQ funding will facilitate the purchase of four (4) zero-emission vehicles that will provide cleaner alternatives, decrease pollution, and enhance air quality. These zero-emission vehicles will support Clovis Transit in our transition to a zero-emission fleet.

ACTIONS FOLLOWING APPROVAL

Following approval, finance staff will update the budget, transit staff will prepare a purchase order for the City Manager's approval, and vehicles will be ordered. Vehicles are expected to be delivered within six to nine months.

CONFLICT OF INTEREST

None.

Prepared by: Susanna Herrera, Management Analyst

Reviewed by: City Manager AK

RESOLUTION 25-

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVIS
APPROVING AN AMENDMENT TO THE FY2025-26 GENERAL SERVICES
DEPARTMENT BUDGET**

WHEREAS, the City Council adopted the FY2025-26 city budget on June 9, 2025; and

WHEREAS, additional funding for Transit became available throughout the year; and

WHEREAS, these revenues and expenditures were not included in the original adopted budget; and

WHEREAS, the additional funds are intended for the Transit fund.

NOW, THEREFORE BE IT RESOLVED, that the City of Clovis hereby approves the budget amendment as shown in the “Summary of Expenditures/Revenues by Department” and “Summary of Expenditures/Revenues by Fund” as Attachment A.

* * * * *

The foregoing Resolution was introduced and adopted at a regular meeting of the City Council of the City of Clovis held on November 3, 2025, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

DATED: November 3, 2025

Mayor

City Clerk

SUMMARY OF EXPENDITURES BY DEPARTMENT

DEPARTMENT – GENERAL SERVICES

Transit – 34700-68725	\$1,361,700
TOTAL DEPARTMENT	\$1,361,700

SUMMARY OF EXPENDITURES BY FUND

Transit Fund – 34700-68725	\$1,361,700
TOTAL TRANSIT FUND	\$1,361,700

SUMMARY OF REVENUES BY DEPARTMENT

DEPARTMENT – GENERAL SERVICES

Transit	
CMAQ Federal Funding CAP – Account 34700-45053	\$1,205,500
State Transit Assistance (STA) – Account 34700-45066	<u>\$156,200</u>
TOTAL DEPARTMENT	\$1,361,700

SUMMARY OF REVENUES BY FUND

Transit Fund	
CMAQ Federal Funding CAP – Account 34700-45053	\$1,205,500
State Transit Assistance (STA) – Account 34700-45066	<u>\$156,200</u>
TOTAL TRANSIT FUND	\$1,361,700



RO Bus Sales
2701 Westwood Dr, Las Vegas NV, 89109
Phone/Fax: (702) 798-0029 / (702) 835-1434

VIN

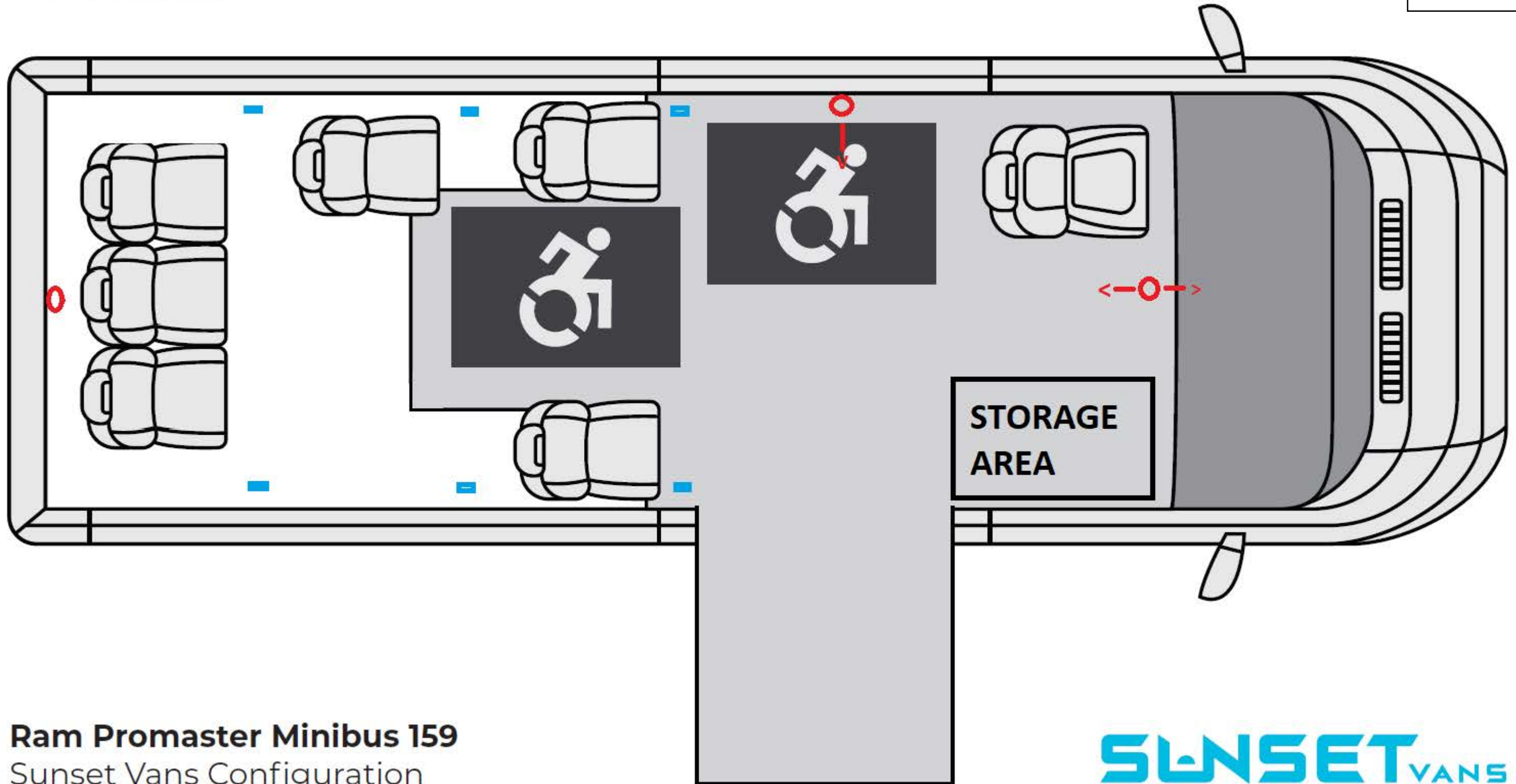
AGENDA ITEM NO. 6.

Invoice: TBD

Stock Number: TBD

Date: 10/10/2025

CalACT RFP 20-01 ZEB - Quote Form					
Agency:	City of Clovis	Vehicle Type:	Class Z1 LF - Ram Promaster (159)		
Contact:	Nick Chin	Year:	2025		
Address:	1033 5th St	Manufacturer:	Ram		
City/ST/Zip:	Clovis, CA 93612	Model:	Promaster 159		
Phone/Fax:	(559) 324-2130	Type:	159 ELECTRIC		
Email:	nickc@ci.clovis.ca.us	Passenger:	6 Passenger / (2) Wheelchair Positions		
P.O. #	TBD	Lift Manufacturer:	MPower		
Sales Person:	Joe Machin	Lift Type:	32" Manual Swing Ramp		
Ford GPC	N/A	Seat Type:	GO-ES Seats		
Quantity:	Vehicle Description	Price	Ext. Price	ADA	
1	Sunset Vans - Class Z1 LF - Ram Promaster 159" Lowfloor Step in Side Wheelchair Position, (2) Wheelchair Positions, 46" Plug Door, Interior Dome Lights, Door Entrance LED Lighting, ABS Interior, Driver Heavy Duty Running Board, Rear A/C System, Docket 90, 6 GO-ES Seats Freedman, Manual Swing 32" Ramp, Interlock for Ramp, Back Up Alarm, Entrance Grab Bar, Safety Kit, Window Tint. Range: Mid-Range Highway: 125–150 Miles Urban: 150–175 Miles	\$284,337.05	\$284,337.05	\$78,139.48	
Published Options					
1	Front Passenger Seat Delete Includes Shunt Pin for Disable of Airbag Light and Seatbelt Light	\$1,239.23	\$1,239.23		
1	Diagnostic Tool (One bus, hardware package) Telematics Support Pkg - Free for the first Year, Cost per year	\$1,921.88	\$1,921.88		
1	Fast Charge Upgrade, RAM 159 BEV, Level 3 Charging Kit, for DC Fast Charger	\$9,609.38	\$9,609.38		
Non-Published Options					
1	Upgrade Storage Pod to Technology Cabinet: Storage Box, Slide-Out Shelves, Electronics In Co-Pilot Seat Area (Requires Co-Pilot Seat Removal), (2) Power Block Prewire	\$4,150.00	\$4,150.00		
1	Horizontal Wall Grabrail at Wheelchair position - Stainless Steel	\$560.00	\$560.00	\$560.00	
1	Mpower Assist Grab Handle	\$750.00	\$750.00	\$750.00	
1	L-Track floor anchors and restraints.	\$1,240.00	\$1,240.00	\$1,240.00	
1	Full Graphics & Wrap Installation	\$1,500.00	\$1,500.00		
2	Additional programmed key fobs	\$165.00	\$330.00		
1	MorRyde Suspension	\$1,415.70	\$1,415.70		
6	Dual USB Charging Ports	\$235.00	\$1,410.00		
1	Rear 10 Inch Step Riser (From Flat Floor to Back Row)	\$507.48	\$507.48		
1	Sportworks - Apex 2 Bike Rack Kit	\$3,991.71	\$3,991.71		
Subtotal					
Quote Valid For 30 Days DISCLAIMER OF WARRANTIES RO Bus Sales expressly disclaims all warranties—express or implied—including, but not limited to, any implied warranties of merchantability or fitness for a particular purpose. No agent or fitness for a particular purpose. No agent or employee of RO Bus Sales is authorized to assume or modify any warranty obligations on behalf of the company. Joe Machin Sales Representative <i>Joe Machin</i> Sales Representative's Signature 10/10/2025 Date THE SIGNER OF THE ABOVE AGREEMENT MUST BE AUTHORIZED TO SIGN ON BEHALF OF THE PURCHASING ENTITY AND OR INDIVIDUAL		Class P - Base Price		\$284,337.05	
		Published Options		\$12,770.49	
		Non-Published Options		\$15,854.89	
		Total		\$312,962.43	\$80,689.48
		Doc Prep Fee		\$470.75	
		Non-Taxable		\$80,689.48	
		Taxable Amount		\$232,272.95	
		Tax Total		\$20,846.50	8.975%
		Subtotal		\$334,279.68	
		Calact Fee		\$4,694.44	1.5%
DMV Fee		\$80.00			
Tire Fee		\$7.00			
Delivery Fee		\$1,363.25	Zone 3		
Total		\$340,424.37			
Number of Units		4			
Final Total		\$1,361,697.48			
		RO Limited Warranty (30 Days) (Check Box) x Factory Certified Warranty (Check Box) As Is, No Warranty Make Check Payable to: R O Bus Sales			



Ram Promaster Minibus 159
Sunset Vans Configuration



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: General Services

DATE: November 3, 2025

SUBJECT: General Services – Approval – Authorize the City Manager to Execute the Second Amendment to Spare Labs, Inc., Agreement for an Amount Not to Exceed \$60,000 to Account for Additional Vehicles on the Spare Platform; and add the Spare One Trip Module for Fixed-Route and Microtransit Service Expansion.

ATTACHMENTS: 1. Original Agreement
2. First Amendment
3. Second Amendment

RECOMMENDATION

For City Council to approve and authorize the City Manager to execute the Second Amendment to the agreement with Spare Labs, Inc. (Spare), agreement to account for additional vehicles needed to meet the increased paratransit ridership, to add the Spare One trip planning module to assist with the fixed-route and microtransit service expansion, and to increase the not-to-exceed amount of the agreement by \$60,000.

EXECUTIVE SUMMARY

Staff recommends approval and execution of the Second Amendment to the agreement with Spare. Clovis Transit and Spare entered into an agreement on June 1, 2022, for an initial term of three (3) years for Spare's dispatch software (Software-as-a-Service "SaaS") to be used for Round Up paratransit services. On June 1, 2025, the First Amendment to the agreement extended the Agreement by two (2) years and provided additional funds to support the increased number of vehicles needed to meet growing service demands.

The Second Amendment to the agreement increases the agreement amount to account for additional vehicles needed to meet continuously growing paratransit ridership and to incorporate the Spare One trip planning module, which will assist dispatch with the expansion of fixed-route and microtransit services. The costs for adding vehicles to the Spare Platform, the new Spare One module, and associated expenses will be paid through State Transit Assistance (STA) funds already received.

BACKGROUND

In 2021, Clovis Transit introduced new paratransit dispatch software after determining the existing program no longer met operational requirements. Spare's innovative platform aligned with Clovis Transit's objectives by enhancing service, improving efficiency, and reducing costs.

With the upcoming fixed route expansion from two (2) to eight (8) routes, Clovis Transit is launching a microtransit service to bring passengers in outlying areas to designated fixed route stops. Microtransit passengers will be able to book rides with the Clovis Transit app from the Spare Platform.

The Spare One module provides seamless coordination between microtransit and fixed-route services to support comprehensive trip planning within the Clovis Transit app. Passengers will be provided with accurate, up-to-date arrival and departure information, as well as real-time bus locations and service notifications. The module will also collect data and provide comprehensive reporting to support ongoing service improvements.

FISCAL IMPACT

Existing State Transit Assistance (STA) funds are held in the City's Transit account and will be utilized to fund Spare's second agreement amendment in the amount of \$60,000.

REASON FOR RECOMMENDATION

Since its implementation three years ago, the Spare Platform has improved efficiency, reduced operational costs, and enhanced paratransit services for passengers. Based on the proven success of Spare's innovative platform, Clovis Transit recommends adding the Spare One module to integrate both paratransit and fixed-route services into the Clovis Transit App. The addition of Spare One will offer microtransit and fixed-route passengers a streamlined trip planning experience. Without Spare One, microtransit passengers would be required to book a trip through the Clovis Transit app and then utilize a third-party app to plan the rest of their fixed-route trip.

ACTIONS FOLLOWING APPROVAL

The City Manager will execute the Second Amendment to the agreement with Spare Labs, Inc., to account for the use of additional vehicles on the Spare Platform and the Spare One trip planning module, which will support the expansion of fixed-route and microtransit services. Clovis Transit staff will issue a purchase order for the software.

CONFLICT OF INTEREST

None.

Prepared by: Nick Chin, Transit Manager

Reviewed by: City Manager *AK*

CITY OF CLOVIS CONTRACT SERVICES AGREEMENT

This Contract Services Agreement ("Agreement") is entered into between the City of Clovis, a California general law city ("City") and Spare Labs Inc. ("Contractor") with respect to the following recitals, which are a substantive part of this Agreement. This Agreement shall be effective on June 1, 2022 ("Effective Date").

RECITALS

City desires to obtain a transit planning and operations platform more fully described in **Exhibit A**, and, if applicable, as further set forth in the order form from Contractor attached as **Exhibit B**, which are incorporated herein by reference.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein, City and Contractor agree as follows:

AGREEMENT

1. Scope of Services. Contractor shall perform the Services described in the Recitals and detailed in **Exhibits A & B**. Changes in the Scope of Services, including the work performed and/or deliverables produced, shall be made in writing, and particularly describe the changes in Services, including payment/costs and schedule/term, as applicable.
 2. Priority and Conflicts; Exclusions. If the terms and requirements of this Agreement and/or **Exhibit A** conflict with **Exhibit B**, this Agreement and **Exhibit A** shall control. No contractual terms and/or conditions found in **Exhibit B** shall purport to waive, disclaim, or limit Contractor's liability indemnification obligations, warranties, damages for breach or delay, or any security, bonding, or insurance requirements, and any such provisions shall have no force or effect with respect to this Agreement and the Services performed by Contractor.
 3. Term of Agreement; Commencement of Services; Schedule. The term of this Agreement shall commence on June 1, 2022, and Contractor shall begin performing the Services on that date, unless otherwise instructed by City. This Agreement shall terminate on May 31, 2025, unless extended beyond that date by mutual consent of the Parties, for a period not exceeding five (5) years. This Agreement may be terminated prior to the end of the term pursuant to Section 26 and 27 herein.
- Contractor shall perform the Services according to the schedule set forth in **Exhibits A and/or B**, if applicable. If no schedule is set forth in **Exhibits A and/or B**, City and Contractor shall mutually agree on a schedule for performance of the Services and completion of any deliverables. The schedule shall be subject to modification based on the City's operational needs. City will notify Contractor in advance of any modification to the schedule.
4. Payment for Services. City shall pay Contractor for the Services performed pursuant to this Agreement according to the rate(s) stated in **Exhibit A** or in Contractor's Service Agreement, which is set forth in **Exhibit B**, as applicable. The total amount paid by City to Contractor shall not exceed two hundred ninety thousand dollars (\$290,000).

The foregoing is inclusive of all labor, equipment, materials, costs and expenses, taxes, and overhead. City shall pay Contractor for Services satisfactorily performed pursuant to this Agreement. Contractor shall submit annual invoices to City containing detailed billing information regarding the Services provided and unless otherwise specified in **Exhibit A**, City shall tender payment to Contractor within thirty (30) days after receipt of invoice.

5. **Independent Contractor Status.** Contractor and its subcontractors shall perform the Services as independent contractors and not as officers, employees, agents or volunteers of City. Contractor is engaged in an independently established trade, occupation, or business to perform the Services required by this Agreement and is hereby retained to perform work that is outside the usual course of City's business. Contractor is free from the control and direction of City in connection with the manner of performance of the work. Nothing contained in this Agreement shall be deemed to create any contractual relationship between City and Contractor's employees or subcontractors, nor shall anything contained in this Agreement be deemed to give any third party, including but not limited to Contractor's employees or subcontractors, any claim or right of action against City.

6. **Acknowledgement.** Contractor acknowledges, warrants, and represents that they have thoroughly investigated the scope of work to be provided by the Contractor and has examined all of the Exhibits, and all referenced reports, and has examined the installation site for equipment and/or materials which they have agreed to supply herein and is familiar with the local conditions which may affect their manufacture and delivery of said equipment and that except as provided for herein, he will make no claims for additional compensation over and above as set forth in the bidding documents and Exhibits.

7. **Qualifications.** Contractor represents that Contractor has the qualifications and skills necessary to perform the services under this Agreement in a competent, professional manner, without the advice or direction of City. This means Contractor is able to fulfill the requirements of this Agreement. Failure to perform all the services required under this Agreement constitutes a material breach of the Agreement. Contractor has complete and sole discretion for the manner in which the work under this Agreement will be performed.

8. **Key Personnel.** Contractor agrees and designates the following Project team members as "Key Personnel:

- CEO: Kristoffer Vik Hansen
- Director of Partner Success: Quinn Kliman
- Growth Manager: Rob Precious

Contractor agrees that said Key Personnel and other staff will be able to dedicate the necessary amount of their time to the Services, as needed, for the successful and timely completion of the Project.

9. **Contractor Representations; Standard of Care; Compliance with Law.** Contractor represents that Contractor and any subcontractors utilized by Contractor are and will be qualified in the field for which Services are being provided under this Agreement and Contractor and any subcontractors are now, and will be throughout their performance of the Services under this Agreement, properly licensed, certified, secured/bonded, trained, and/or otherwise qualified and authorized to perform the Services required and contemplated by this Agreement, as may be required by law. Contractor and its subcontractors shall utilize the standard of care and skill customarily exercised by members of their profession, shall use reasonable diligence and best judgment while performing the Services, and shall comply with all applicable laws, regulations, and industry standards. Contractor shall comply with all Labor Code requirements for public works projects if applicable to Contractor's work under this Agreement.

10. Identity of Subcontractors. Contractor shall, before commencing any work under this Agreement, provide to City in writing: (a) the identity of all subcontractors, if any, Contractor intends to utilize in Contractor's performance of this Agreement; and (b) a detailed description of the full scope of work to be provided by such subcontractors. Contractor shall only employ subcontractors pre-approved by City and in no event shall Contractor replace an approved subcontractor without the advance written permission of City, with the understanding that City's permission will not be unreasonably withheld. Notwithstanding any other provisions in this Agreement, Contractor shall be liable to City for the performance of Contractor's subcontractors.

11. Subcontractor Provisions. Contractor shall include in its written agreements with its subcontractors, if any, provisions which: (a) impose upon the subcontractors the obligation to provide to City the same insurance and indemnity obligations that Contractor owes to City; (b) make clear that City intends to rely upon the reports, opinions, conclusions and other work product prepared and performed by subcontractors for Contractor; and (c) entitle City to impose upon subcontractors the assignment rights found elsewhere in this Agreement.

12. Drug Free Workplace. Contractor acknowledges that City has adopted a policy of maintaining a drug free workplace and Contractor agrees to abide by the provisions of City's substance abuse policy provide to Contractor under separate cover. Violation of this provision may result in immediate termination of this Agreement.

13. Power to Act on Behalf of City. Contractor is not acting as an agent of City and shall not have any right, power, or authority to create any obligation, express or implied, or make representations on behalf of City except as may be expressly authorized in advance in writing from time to time by City and then only to the extent of such authorization.

14. Record Keeping; Reports. Contractor shall keep complete records showing the type of Services performed. Contractor shall be responsible and shall require its subcontractors to keep similar records. City shall be given reasonable access to the records of Contractor and its subcontractors for inspection and audit purposes. Contractor shall provide City with a working draft of all reports upon reasonable request by City and of all final reports prepared by Contractor under this Agreement.

15. Ownership and Inspection of Documents. All data (routes, latitudes/longitudes, passenger information, schedules, etc.), tests, reports, analyses, documents, records, conclusions, opinions, recommendations, and other work product specifically generated by or produced for Contractor or its subcontractors solely on behalf of City in connection with the Services, regardless of the medium, including physical drawings and materials recorded on computer discs or other electronic devices ("Work Product"), shall be and remain the property of City. City shall have the right to use, copy, modify, and reuse the Work Product as it sees fit. Upon City's request, Contractor shall make available for inspection and copying all such Work Product and all Work Product shall be turned over to City promptly at City's request or upon termination of this Agreement, whichever occurs first. Contractor shall not release any Work Product to third parties without prior written approval of City. This obligation shall survive termination of this Agreement and shall survive for four (4) years from the date of expiration or termination of this Agreement.

16. Confidentiality. All Work Product prepared and performed by and on behalf of Contractor in connection with the Services performed pursuant to this Agreement shall be kept confidential and shall be disclosed only to City, unless otherwise provided by law or expressly authorized by City. Contractor shall not disclose or permit the disclosure of any confidential information acquired during performance of the Services, except to its agents, employees and subcontractors who need such confidential information in order to properly perform their duties relative to this Agreement. Contractor shall also require its

subcontractors to be bound to these confidentiality provisions.

17. Professional Responsibility. Notwithstanding any other provision in this Agreement, the review and/or approval by City, or any of its directors, officers, employees, or agents, of any technical specifications, design documents, and all other work products or project communications prepared by the Contractor or any of its subcontractor's, or of any acts or failures to act by Contractor or any of its subcontractors, shall not relieve the Contractor or any of its subcontractors of any professional responsibility for the services performed.

18. Implementation and Integration Services. Contractor will coordinate all activities, including but not limited to implantation and integration services, inspection, field testing of equipment, monitoring and reporting Contractor's progress with and to City. Contractor will cooperate with and advise City of Contractor's progress and timing schedules for the Project and shall provide City access to Contractor's equipment and facilities for City's inspections of this Project. City shall have the authority to cause Contractor's work to be stopped if such work is not in accordance with **Exhibits A and B**. City shall designate a representative ("City Representative") who shall have the authority to take all actions on behalf of City. Contractor shall direct all notices and other correspondence to the City Representative. Any notices or approvals from City that are not sent by the City Representative shall be subsequently confirmed by the City Representative.

19. Labor and Materials. Contractor shall provide and furnish all the labor, materials, necessary tools, expendable equipment, and all utility related to construction, implementation, and integration services, and transportation services required to complete the Project.

20. Extra Work. In the event Contractor requests a Change Order for extra work requires as a result of conditions which are significantly different from those reasonably anticipated when this Agreement was executed, such request shall be submitted to City in writing and shall be accompanied by the following declaration, signed by the Contractor:

I, _____ (name of Contractor's authorized representative) being the _____ (title of Contractor's authorized representative) of _____ (Contractor's name) ("Contractor") declare under penalty of perjury under the laws of the State of California, and do personally certify and attest that: I have thoroughly reviewed the attached claim for additional compensation and/or extension of time, know its contents, and know said claim is made in good faith; the supporting data is truthful and accurate; the amount requested accurately reflects the Agreement adjustment for which Contractor believes the City is liable. I am familiar with California Penal Code Section 72 and California Government Code Sections 12560 et seq., pertaining to false claims, and I know and understand that submission or certification of a false claim may lead to fines, imprisonment, and/or other severe legal consequences.

Signature

Title

Date

Submission of a claim, properly certified, with all required supporting documentation, and written rejection or denial of all or part of the claim by the City, is a condition precedent to any action, proceeding, litigation, suit, or demand for arbitration by Contractor.

Contractor's disagreement over the amount to be paid for extra work shall not relieve Contractor of the obligation to continue to perform all the Work on the Project as required in **Exhibits A and B**.

21. System Acceptance. System acceptance testing shall include Contractor and City staff and will occur per the testing plan mutually agreed upon by the Contractor and City. System acceptance tests will exercise all system components according to an acceptance test plan developed by the Contractor and approved by City.

Tests conducted by the Contractor may not prevent the ongoing operation of City unless previously approved by City. The Contractor shall maintain and submit complete records of all test results.

22. Final Acceptance of Full System Deployment. Final Acceptance for the Full System Deployment ("Final Acceptance") will be granted after thirty (30) calendar days of continuous achievement of the acceptance metrics and error-free production operation of the System from the System Go-Live date.

23. City Name and Logo. Contractor shall not use City's name or insignia, photographs relating to the City projects or work for which Contractor's services are rendered, or any publicity pertaining to the Contractor's Services under this Agreement in any magazine, trade paper, newspaper, television or radio production, internet website, social media, or other similar medium without the prior written consent of City.

24. Conflicts of Interest. Contractor warrants that neither Contractor nor any of its employees have an improper interest, present or contemplated, in the Services which would affect Contractor's or its employees' performance of the Services and the Work Product produced. Contractor further warrants that neither Contractor nor any of its employees have real property, business interests or income that will be affected by the Services. Contractor covenants that no person having any such interest, whether an employee or subcontractor shall perform the Services under this Agreement. During the performance of the Services, Contractor shall not employ or retain the services of any person who is employed by the City or a member of any City Board or Commission.

25. Non-liability of Officers and Employees. No officer or employee of City shall be personally liable to Contractor, or any successors in interest, in the event of a default or breach by City for any amount which may become due Contractor or its successor, or for any breach of any obligation under the terms of this Agreement.

26. Termination of Agreement. This Agreement shall terminate as provided in Section 3, unless terminated earlier pursuant to the following:

- a. Termination by City: For Convenience. City may at its discretion terminate this Agreement for convenience and without cause upon fourteen (14) days prior written notice to Contractor. Upon receipt of a termination notice pursuant to this subsection, Contractor shall promptly discontinue all Services affected, unless the notice directs otherwise.
- b. Termination by City or Contractor: For Cause. Either party may terminate this Agreement upon thirty (30) days prior written notice to the other party of a material breach, and a failure within that time period to cure or commence reasonable steps to cure the breach.

- c. Compensation to Contractor Upon Termination. Contractor shall be paid compensation for Services satisfactorily performed prior to notice of termination. As to any phase partially performed but for which the applicable portion of Contractor's compensation has not become due, Contractor shall be paid the reasonable value of its Services provided. However, in no event shall such payment when added to any other payment due under the applicable part of the work exceed the total compensation of such part as specified Section 4. In the event of termination due to Contractor's failure to perform in accordance with the terms of this Agreement through no fault of City, City may withhold an amount that would otherwise be payable as an offset to City's damages caused by such failure. In the event of termination for convenience by City, Contractor will charge City, and City will pay, an early termination charge equal to 10% of the annual fee for the terminated Services, multiplied by the number of years remaining in the term of this Agreement at the date of termination.
- d. Effect of Termination. Upon termination of this Agreement, Contractor shall: (i) promptly discontinue all Services affected, unless the notice of termination directs otherwise; and (ii) deliver or otherwise make available to the City, without additional compensation, all Work Product and/or deliverables accumulated by the Contractor in performing this Agreement, whether completed or in process. Contractor may not refuse to provide such Work Product for any reason whatsoever.

27. Default/Material Breach. If either party defaults in the performance of this Agreement or materially breaches any of its provisions, the non-breaching party may terminate this Agreement by giving written notification to the breaching party. Termination will take effect immediately on receipt of notice by the breaching party or five (5) days after mailing of notice, whichever occurs first. For purposes of this paragraph, material breach of this Agreement includes, but is not limited to, the following:

- a. City's failure to pay Contractor any undisputed compensation due within thirty (30) days after written demand for payment;
- b. Contractor's failure to complete the Project;
- c. Contractor's material breach of any representation or agreement contained herein, and failure to commence actions to correct such breach within thirty (30) days of written notice by City; or
- d. City's material breach of any representation or agreement contained in this Agreement, and failure to commence actions to correct such breach within thirty (30) days of written notice by the Contractor.

28. Insurance. Contractor shall satisfy the insurance requirements set forth in **Exhibit C**.

29. Limitation of Liability. Notwithstanding anything to the contrary, except for bodily injury of a person, indemnification obligations, breach of applicable laws, gross negligence or willful misconduct, Contractor and its suppliers (including but not limited to all equipment and technology suppliers), officers, affiliates, representatives, contractors and employees shall not be responsible or liable with respect to any subject matter of this agreement or terms and conditions related thereto under any contract, negligence, strict liability or other theory: (a) for any indirect, exemplary, incidental, special or consequential damages; (b) for any matter beyond company's reasonable control; or (c) for any amounts that, together with amounts associated with all other claims, exceed the fees paid by customer to company for the services under this agreement in the 12 months prior to the act that gave rise to the liability, in

each case, whether or not company has been advised of the possibility of such damages. In the event of bodily injury of a person, breach of applicable laws, gross negligence or willful misconduct, this limitation of liability shall not apply. This limitation of liability shall in no way limit Contractor's indemnity obligations as set forth in Section 30 below.

30. Indemnity and Defense. Notwithstanding anything to the contrary, Contractor hereby agrees to indemnify, defend and hold the City, its officials, officers, employees, agents, and volunteers harmless from and against all third party claims, demands, causes of action, actions, damages, losses, expenses, and other liabilities, (including without limitation reasonable attorney fees and costs of litigation) of every nature arising out of or in connection with the alleged or actual negligent acts, errors or , omissions of Contractor or its subcontractors relating to the performance of Services described herein to the fullest extent permitted by law, unless the injuries or damages are the result of City's sole negligence or willful misconduct, subject to any limitations imposed by law. Contractor and City agree that said indemnity and defense obligations shall survive the expiration or termination of this Agreement for any items specified herein that arose or occurred during the term of this Agreement. City shall cooperate with Contractor in the defense of any such claim.

31. Risk of Loss. Contractor shall bear the risk of loss or injury or damage to their work until such time as City has, by written formal acceptance, accepted said work. For the purposes of this section, the work does not include any existing property of City, unless said existing property is modified by the Project. City's acceptance shall occur when the Project has successfully tested and complies with the requirements contained in **Exhibits A and B**. During the time period which Contractor must bear the risk of loss, Contractor shall rebuild, repair, restore, and replace and make good all injuries or damage to such work, and shall bear the expenses thereof, except for such injuries or damages as are occasioned by acts of federal government or public entity., and only to the extent of five percent (5%) of the Agreement amount where such injuries or damages are proximately caused by an act of God within the meaning of California Public Contract Code Section 7105.

32. Taxes. Contractor agrees to pay all taxes, licenses, and fees levied or assessed by any governmental agency on Contractor incident to the performance of Services under this Agreement, and unemployment and workers' compensation insurance, social security, or any other taxes upon the wages of Contractor, its employees, agents, and representatives. Contractor agrees to obtain and renew an annual business tax certificate from City and pay the applicable annual business registration tax to City during the term of this Agreement.

33. Assignment. Neither this Agreement nor any duties or obligations hereunder shall be assignable by Contractor without the prior written consent of City, which consent shall not be unreasonably withheld or delayed. In the event of an assignment to which City has consented, the assignee shall agree in writing to personally assume and perform the covenants, obligations, and agreements herein contained. In addition, Contractor shall not assign the payment of any monies due Contractor from City under the terms of this Agreement to any other individual, corporation, or entity. City retains the right to pay any and all monies due Contractor directly to Contractor.

34. Form and Service of Notices. Any and all notices or other communications required or permitted by this Agreement or by law to be delivered to, served upon, or given to either party to this Agreement by the other party shall be in writing and shall be deemed properly delivered, served or given by one of the following methods:

- a. Personally delivered to the party to whom it is directed. Service shall be deemed the date of delivery.

- b. Delivered by e-mail to a known address of the party to whom it is directed provided the e-mail is accompanied by an acknowledgment of receipt by the other party. Service shall be deemed the date of acknowledgement.
- c. Delivery by a reliable overnight delivery service (ex., Federal Express) receipted, and addressed to the addressees set forth below the signatories to this Agreement. Service shall be deemed the date of delivery.
- d. Delivery by deposit in the United States mail, first class, postage prepaid. Service shall be deemed delivered ninety-six (96) hours after deposit.

35. Entire Agreement. This Agreement, including the Exhibits and any other attachments, represents the entire Agreement between City and Contractor, and supersedes all prior negotiations, representations or agreements, either written or oral with respect to the subject matter herein. This Agreement may be amended only by written instrument signed by both City and Contractor.

36. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

37. Authority. The signatories to this Agreement warrant and represent that they have the legal right, power, and authority to execute this Agreement and bind their respective entities. Evidence of Contractor's authority is attached as **Exhibit D**.

38. Severability. In the event any term or provision of this Agreement is declared to be invalid or illegal for any reason, this Agreement will remain in full force and effect and will be interpreted as though such invalid or illegal provision were not a part of this Agreement. The remaining provisions will be construed to preserve the intent and purpose of this Agreement and the parties will negotiate in good faith to modify any invalidated provisions to preserve each party's anticipated benefits.

39. Applicable Law and Interpretation and Venue. This Agreement shall be interpreted in accordance with the laws of the State of California. The language of all parts of this Agreement shall, in all cases, be construed as a whole, according to its fair meaning, and not strictly for or against either party. This Agreement is entered into by City and Contractor in the County of Fresno, California. Contractor shall perform the Services required under this Agreement in the County of Fresno, California. Thus, in the event of litigation, venue shall only lie with the appropriate state or federal court in Fresno County.

40. Amendments and Waiver. This Agreement shall not be modified or amended in any way, and no provision shall be waived, except in writing signed by the parties hereto. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision. Failure of either party to enforce any provision of this Agreement shall not constitute a waiver of the right to compel enforcement of the remaining provisions of this Agreement.

41. Third Party Beneficiaries. Nothing in this Agreement shall be construed to confer any rights upon any party not a signatory to this Agreement.

42. Execution in Counterparts. This Agreement may be executed in counterparts such that the signatures may appear on separate signature pages. A copy or an original, with all signatures appended together, shall be deemed a fully executed Agreement.

43. Alternative Dispute Resolution. If a dispute arises out of or relating to this Agreement, or the alleged breach thereof, and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by non-binding mediation before resorting to litigation. The mediator shall be mutually selected by the parties, but in case of disagreement, the mediator shall be selected by lot from among two (2) nominations provided by each party. All costs and fees required by the mediator shall be split equally by the parties, otherwise each party shall bear its own costs of mediation. If mediation fails to resolve the dispute within thirty (30) days, either party may pursue litigation to resolve the dispute.

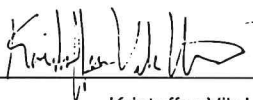
Demand for mediation shall be in writing and delivered to the other party to this Agreement. A demand for mediation shall be made within reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for mediation be made after the date when institution of legal or equitable proceedings based on such a claim, dispute or other matter in question would be barred by California statutes of limitations.

44. Non-Discrimination. Contractor shall not discriminate on the basis of any protected class under federal or State law in the provision of the Services or with respect to any Contractor employees or applicants for employment. Contractor shall ensure that any subcontractors are bound to this provision. A protected class, includes, but is not necessarily limited to race, color, national origin, ancestry, religion, age, sex, sexual orientation, marital status, and disability.

45. Performance Requirements. Notwithstanding, and in addition to the provisions of, Sections 26 and 27 of this Agreement, if the Services performed hereunder are not in conformity with the requirements of this Agreement and other pertinent documents, City shall have the right to require Contractor to correct the work in conformity with the requirements of this Agreement at no additional increase in the payment to Contractor. Contractor shall promptly correct the work rejected by City for failing to conform to the requirements of the Agreement. Remedy for non-compliance or non-performance shall commence within twenty-four (24) hours of notice. City shall also have the right to require Contractor to take all necessary steps to ensure future performance of the Services in conformity with the requirements of this Agreement. In the event Contractor fails to correct the work or fails to take necessary steps to ensure future performance of the Services in conformity with the requirements of this Agreement, City shall have the right to immediately terminate this Agreement for default.

Now, therefore, the City and Contractor have executed this Agreement on the date(s) set forth below.

CONTRACTOR

By: 
 Kristoffer Vik Hansen, CEO

Date: May 10, 2022

CITY OF CLOVIS

By: 
 John Holt, City Manager

Date: 5/23/2022

Party Identification and Contact Information:

Contractor

Spare Labs Inc.
 Attn: Kristoffer Vik Hansen
 CEO
 815 W Hastings St., Ste 810
 Vancouver, BC V6C 1B4 Canada
kristoffer@sparelab.com
 (855) 551-0585

City of Clovis

General Services - Transit
 Attn: Bethany Berube
 Transit Supervisor
 155 N Sunnyside Ave.
 Clovis, CA 93612
bethanyb@cityofclovis.com
 (559) 324-2771

ATTEST


 Karey Cha, City Clerk

APPROVED AS TO FORM

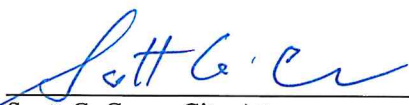

 Scott G. Cross, City Attorney

EXHIBIT A

DESCRIPTION OF SERVICES

SCOPE OF SERVICES

Contractor will deploy the Spare Platform (Software-as-a-Service “SaaS”) with the Spare Pooled OnDemand (Spare Driver app, Spare Rider app, Spare Open API, and Spare Platform administration panel), and Spare Smart Matching and Dispatching Algorithm (Spare Engine) on an independent, secure, and scalable datacenter and web server system with disaster recovery capability.

The Spare Platform with Spare Pooled OnDemand will manage, dispatch, and handle bookings for pooled on-demand and scheduled transportation for the City.

Contractor will provide service for a minimum of seventeen to twenty (17-20) simultaneously active vehicles in service per day.

Contractor will provide a Voice Package which includes:

- Spare Automated Phone Notifications: a phone call notification feature that sends an automated phone call notification to riders
- Spare Driver-Rider VOIP: a voice-over-internet-protocol (VOIP) rider calling feature embedded in the Spare Driver iOS and Android applications.
- Spare Pay IVR: an integrated-voice-response (IVR) feature that collects card payment information from users over-the-phone using an automated phone call mechanism that is triggered from the Spare Platform web-portal.

Contractor will supply administrative user accounts to the City with proper privileges on the Spare Platform system.

Contractor will supply administrator training through a two-hour training course via webinar. Training will be set at an agreed upon time that is convenient for City.

Contractor will supply documentation on the Spare Platform, including the web-based administration panel, the Spare Open API, and the Spare Driver app.

SERVICE LEVEL TERMS

General Service Level Terms and Downtime Management:

The Services shall be available 99.9%, measured monthly, excluding scheduled maintenance. If City requests maintenance during these hours, any uptime or downtime calculation will exclude periods affected by such maintenance. Further, any downtime resulting from outages of third-party connections or utilities or other reasons beyond Contractor’s control will also be excluded from any such calculation. The City's sole and exclusive remedy, and Contractor's entire liability, in connection with Service availability shall be that for each period of downtime lasting longer than one hour, Contractor will credit City 0.3% of annual Service fees for each period of 30 or more consecutive minutes of downtime; provided that no more than one such credit will accrue per day. Downtime shall begin to accrue as soon

as City (with notice to Contractor) recognizes that downtime is taking place, and continues until the availability of the Services is restored. In order to receive downtime credit, City must notify Contractor in writing within 24 hours from the time of downtime, and failure to provide such notice will forfeit the right to receive downtime credit. Such credits may not be redeemed for cash and shall not be cumulative beyond a total of credits for one (1) week of Service Fees in any one (1) calendar month in any event. Contractor will only apply a credit to the month in which the incident occurred. Contractor's blocking of data communications or other Service in accordance with its policies shall not be deemed to be a failure of Company to provide adequate service levels under this Agreement.

Incident Management:

If any service issue should arise throughout the duration of service, all issue shall be marked and prioritized as follows:

1. Fatal (Complete degradation – thirty (30) minute response time during Support Hours (see Support Terms)). All users and critical functions affected.
2. Severe (significant degradation – ninety (90) minutes response time during Support Hours (see Support Terms)). Large percentage of users or critical functions affected.
3. Medium (limited degradation – three (3) hour response time during Support Hours (see Support Terms)). Limited number of users or non-critical functions affected. Business processes can continue.
4. Minor (small degradation – four (4) hour response time during Support Hours (see Support Terms)). One user affected. Business processes can continue.

Support Terms:

Contractor will provide support to City via electronic mail, chat, and over phone on a twenty-four (24) hour, seven (7) days a week basis ("Support Hours").

City may initiate a helpdesk ticket during Support Hours by emailing support@sparelabs.com. Contractor will use commercially reasonable efforts to respond to all helpdesk tickets within one business day.

COMPENSATION AND RATES

Contractor shall be compensated according to the following rates/fees:

Services:	Year 1	Year 2	Year 3	Year 4	Year 5
Base Platform	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500
Service Capacity (based on 17-20 simultaneously active vehicles)	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000
Voice Package (based on 17-20 simultaneously active vehicles)	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120
Implementation Fee	\$0				
Annual Total	\$50,620	\$50,620	\$50,620	\$50,620	\$50,620

Miscellaneous Fees/Services:	Fee
Travel – Airfare/Ground	Cost + 10%
Accommodation/Meals	Cost + 10%
On-site Integration and Training	\$150 per hour
Bespoke Customization works, as agreed between Contractor and City	\$150 per hour
Additional Service Capacity	\$2000 per vehicle per year
Additional Voice Package	\$360 per vehicle per year
Spare Multimodal Application (Under 10 Fixed Route Vehicles)	\$12,000 per year

Contractor will not initiate miscellaneous services unless written pre-approval has been provided by City.

These rates/fees represent the total cost for all Services provided under this Agreement, including labor, equipment, materials, costs and expenses, taxes, and overhead, to be paid for Services satisfactorily performed.

Total compensation, including expense reimbursement, shall not exceed:

CONTRACT TOTAL: \$290,000

EXHIBIT B

CONTRACTOR'S PROPOSAL

Tiers - Vehicles in Service	Spare Platform fee billed Yearly
	Fee billed Yearly
Up to 17 simultaneously active vehicles (minimum)	US\$2,000 per year for each vehicle (*Discounted from \$3,500 per vehicle per year)

Item	Charge Rate
Travel – Airfare / Ground	Cost + 10%
Accommodation / Meals	Cost + 10%

ORDER FORM #SL-4457

The terms and conditions set out at sparelabs.com/msa (“Agreement”) apply to this Order Form (“Order Form”) between SPARE LABS INC (“Company”) and City of Clovis as (“Customer”) with a place of business at 1033 Fifth Street, CA 93612, United States (collectively the “Parties” or individually a “Party”). The effective date of this Order Form is April 20, 2022 (“Order Form Effective Date”).

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, Company and Customer hereby agree as follows:

Services: Spare Platform (SaaS) with Spare Pooled OnDemand (“Spare Pooled OnDemand”), which manages, dispatches and handles bookings for pooled on-demand and scheduled transportation. (the “Service(s”).	
Service Fees: US \$10,500 Base Platform Fee, charged on an annual basis. Minimum 17 simultaneous active vehicles charged at the rates below on a yearly basis.	Initial Term: 36 months, commencing on August 1, 2022. Yearly optional extensions available after July 31, 2025 to a maximum of 5 years.
Service Capacity: Dedicated On-Demand Vehicles (vehicles owned or contracted by the agency): Minimum 17 vehicles at the rates below. Includes access to the Spare Driver app, Spare Platform administration panel, system administrator training, and Spare Open API. Spare charges for the maximum simultaneously active vehicles in service during the day, not for each vehicle in the fleet. Customer will be charged according to the following schedule, on a yearly basis.	

Implementation Services: Company will use commercially reasonable efforts to provide Customer the services described in the Statement of Work ("SOW"), and Customer shall pay Company the Implementation Fee (as defined below), in advance, in accordance with the terms herein.

Implementation Fee (one-time): US\$0
(*discounted from \$10,000)

Miscellaneous Charges: Spare Labs will not initiate these miscellaneous costs, unless written pre-approval has been provided by the Customer.

On-site integration and training	US \$150/hr
Bespoke Customization works, as agreed between Spare and Customer	US \$150/hr

Voice Package (optional)
Includes:

- A phone call notification feature for Spare Platform that sends an automated phone call notification to riders (a.k.a. "Spare Automated Phone Notifications")
- A voice-over-internet protocol (VOIP) rider calling feature embedded in the Spare Driver iOS and Android applications (a.k.a. "Spare Driver-Rider VOIP")
- An integrated-voice-response (IVR) feature that collects card payment information from users over-the-phone using an automated phone call mechanism that is triggered from the Spare Platform web-portal (a.k.a. "Spare Pay IVR")

Item	Charge Rate
Voice package (per vehicle) – Up to 20 active vehicles	\$30/vehicle/month (*discounted from \$70/month)

Spare Multimodal Application (optional)

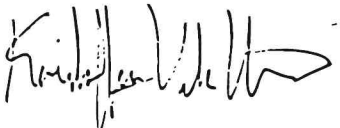
Under 10 Fixed Route Vehicles, \$1k/month for Multimodal Trip Planning.
(*discounted from \$5K/month for 50 routes)

Additional Terms:

By signing this Order Form, you agree to: (a) purchase the products and services pursuant to the terms and fees set forth herein; (b) pay the Services Fees (and applicable sales and use taxes) and authorize Company to submit invoices for such payment; and (c) be bound by the terms and conditions in the Agreement. This Order Form will renew as set forth in the Terms, unless expressly stated otherwise herein.

Note that discounted pricing is valid until May 31, 2022

IN WITNESS WHEREOF, the Parties hereto have executed this Order Form as of the Order Form Effective Date.

Spare Labs Inc  By Name: Kristoffer Vik Hansen Title: CEO	City of Clovis  By Name: John Holt Title: City Manager
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Email(s) for sending invoices to and special invoicing instructions:

Nick Chin <nickc@ci.clovis.ca.us> Bethany Berube <BethanyB@ci.clovis.ca.us>

EXHIBIT A**Statement of Work****Provisioning of Administrator User Accounts**

Company will supply administrative user accounts with proper privileges to administrators of the Spare Platform system, as may be agreed between Company and Customer. Users and customers of Spare Platform are bound by Spare Platform terms, as outlined at <https://sparelabs.com/en/legal>, and Spare Open API terms, as outlined at <https://sparelabs.com/docs>.

Customer Training (On-site or via Webinar)

Company will supply administrator training through a two-hour training course via webinar. Training can be set at a time convenient for Customer, as may be agreed between Company and Customer.

Supply Service Documentation

Company will supply documentation on the Spare Platform, including the web-based administration panel, the Spare Open API, and the Spare Driver app, as may be agreed between Company and Customer.

Service Provisioning

Spare Labs will deploy the Spare Platform with the Spare Pooled OnDemand (Spare Driver app, Spare Rider app, Spare Open API, and Spare Platform administration panel), and Spare Smart Matching and Dispatching Algorithm (Spare Engine) on an independent, secure, and scalable datacenter and web server system with disaster recovery capability, as may be agreed between Spare Labs and Customer.

EXHIBIT B**Payment Schedule**

Payment Schedule	Milestone
1	Base Platform Fee charged upon contract signing. Company to invoice Customer the following at the beginning of service launch on August 1, 2022: - Services Fees and base Service Capacity for the current year

Spare Master "Software as a Service" Agreement

Last Modified: February 17, 2021

THIS SPARE MASTER "SOFTWARE AS A SERVICE" AGREEMENT Agreement ("Agreement") is made and entered into between SPARE LABS INC ("Company") with a place of business at Suite 810, 815 W Hastings St, Vancouver, BC V6C 1B4, Canada, and customer stated in the applicable Order Form ("Customer") (individually a "**Party**"; collectively, the "**Parties**").

By agreeing to an Order Form referencing this Agreement or by accessing or using the Services offered by the Company, the Customer is confirming that the Customer has read, understood and accepted this Agreement. This Agreement can be updated from time to time in accordance with Section 2.5 below. Customer is responsible for regularly reviewing the most current version of this Agreement, which is published at: sparelabs.com/msa. When the Company changes this Agreement, Company will update the "Last Modified" date above.

RECITALS

1. WHEREAS, Company is in the business of providing software as a service with respect to certain business application software and related services; and
2. WHEREAS, Customer desires to utilize such applications on a "software as a service" basis, and both Parties desire that Company provide the services required and desire that all of the rights, duties, and obligations of the Parties be governed in accordance with the terms of this Agreement.

NOW, THEREFORE, based on the foregoing facts and in consideration of the mutual covenants and conditions contained in this Agreement, Company and Customer hereby agree as follows:

1. DEFINITIONS

1.1 Defined terms used in this Agreement shall have the meanings given in this

Agreement, including in any applicable Order Form. 1.1.1 **“Order Form”** means a written document executed by the parties that specifies the Service, subscription period, Fees and any other additional commercial terms agreed by the parties; 1.1.2 **“Services”** means the subscription(s) pursuant to one or more Order Form(s) to the Company’s transportation software as a service offering described in greater detail at sparelabs.com; 1.1.3 **“Term”** has the meaning given to in section 6.1.

2. SAAS SERVICES AND SUPPORT

2.1 Company shall provide the Services and such other functions and responsibilities specified in this Agreement and any applicable Order Form, as they may be supplemented, enhanced, modified or replaced, and all updates thereto, during the Term pursuant to the terms of this Agreement.

2.2 Order Forms are binding on the parties only when executed by each party. Customer’s right to use the Services during the Term shall be in accordance with any additional conditions, restrictions or parameters specified in the Order Form(s) executed by the Parties. Services specified under an Order Form shall be provided during the term of that Order Form.

2.3 Subject to the terms of this Agreement, Company will use commercially reasonable efforts to provide Customer the Services in accordance with the Service Level Terms attached hereto as Exhibit A. As part of the registration process, Customer will identify an administrative user name and password for the Company account. Company reserves the right to refuse registration of, or cancel passwords it deems inappropriate.

2.4 Subject to the terms hereof, Company will provide Customer with reasonable technical support in accordance with the terms set forth in Exhibit B.

2.5 Amendment. Company may change any part of this Agreement (including any terms or documents incorporated by reference in this Agreement) at any time by posting the revised terms on sparelabs.com/msa. It is important for Customer to review this Agreement before using Services and from time to time, though the Company will notify the Customer of any changes that, in Company’s sole discretion, materially impact this Agreement. The updated Agreement will be effective as of the time of posting, or on such later date as may be specified in the updated Agreement, and Customer’s continued use of the Services after any such changes are effective will constitute Customer’s consent to such

changes.

2.6 Customer shall ensure that each deployment of the Customer's service which incorporates the Service shall require any user of the Service to accept Company's (i) terms of use as set out at <https://sparelabs.com/en/terms-of-use/>; and (ii) privacy policy as set out <https://sparelabs.com/en/privacy-policy/>. Customer may impose additional terms of use and privacy policy provided that they do not purport to override the foregoing.

3. RESTRICTIONS AND RESPONSIBILITIES

3.1 Customer will not, directly or indirectly: reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying structure, ideas, know-how or algorithms relevant to the Services or any software, documentation or data related to the Services ("Software"); modify, translate, or create derivative works based on the Services or any Software (except to the extent expressly permitted by Company or authorized within the Services); use the Services or any Software for timesharing or service bureau purposes or otherwise for the benefit of a third; or remove any proprietary notices or labels. With respect to any Software that is distributed or provided to Customer for use on Customer premises or devices, Company hereby grants Customer a non-exclusive, non-transferable, non-sublicensable license to use such Software during the Term only in connection with the Services.

3.2 Customer represents, covenants, and warrants that Customer will use the Services only in compliance with all applicable laws and regulations. Customer hereby agrees to indemnify and hold harmless Company against any damages, losses, liabilities, settlements and expenses (including without limitation costs and attorneys' fees) in connection with any claim or action that arises from an alleged violation of the foregoing or otherwise from Customer's use of Services. Although Company has no obligation to monitor Customer's use of the Services, Company may do so and may prohibit any use of the Services it believes may be (or alleged to be) in violation of the foregoing.

3.3 Customer Responsibilities. The successful operation of the Service is dependent on Customer use of proper procedures and systems and input of correct data. Customer agrees that it shall have the sole responsibility for inputting, protecting and backing up their original data used in connection with the Service. The Customer is responsible for providing Spare Labs with the

necessary information to appropriately integrate with the system and deliver all portions of the contract. Customer is solely responsible for the accuracy and adequacy of the information and data that it furnishes to Spare Labs for use with the Service, and Spare Labs is not responsible for reductions in Service quality due to Customer action or inaction.

3.4 Customer shall be responsible for obtaining and maintaining any equipment and ancillary services needed to connect to, access or otherwise use the Services, including, without limitation, modems, hardware, servers, software, operating systems, networking, web servers and the like (collectively, "Equipment"). Customer shall also be responsible for maintaining the security of the Equipment, Customer account, passwords (including but not limited to administrative and user passwords) and files, and for all uses of Customer account or the Equipment with or without Customer's knowledge or consent.

3.5 Customer shall comply with all applicable local, state, provincial, federal and foreign laws in using the Service.

3.6 Customer is solely responsible for (i) providing terms of service in respect of use of the Service by Customer's end users (which shall be an agreement solely between Customer and such end user); and (ii) obtaining the requisite permission from end users for the use, storage and processing of their personal information by Company through the provision of the Services.

4. CONFIDENTIALITY; PROPRIETARY RIGHTS

4.1 Each party (the "Receiving Party") understands that the other party (the "Disclosing Party") has disclosed or may disclose business, technical or financial information relating to the Disclosing Party's business (hereinafter referred to as "Proprietary Information" of the Disclosing Party). Proprietary Information of Company includes non-public information regarding features, functionality and performance of the Service. Proprietary Information of Customer includes non-public data provided by Customer to Company to enable the provision of the Services ("Customer Data"). The Receiving Party agrees: (i) to take reasonable precautions to protect such Proprietary Information, and (ii) not to use (except in performance of the Services or as otherwise permitted herein) or divulge to any third person any such Proprietary Information. The Disclosing Party agrees that the foregoing shall not apply with respect to any information after five (5) years

following the disclosure thereof or any information that the Receiving Party can document (a) is or becomes generally available to the public, or (b) was in its possession or known by it prior to receipt from the Disclosing Party, or (c) was rightfully disclosed to it without restriction by a third party, or (d) was independently developed without use of any Proprietary Information of the Disclosing Party or (e) is required to be disclosed by law.

4.2 Customer shall own all right, title and interest in and to the Customer Data. Customer Data shall include all data entered by end users through the Service at Customer's request, but shall not include "tombstone" information of such end users such as user name, name, telephone number, email address and password ("Tombstone Information"). Company shall own and retain all right, title and interest in and to (a) the Services and Software, all improvements, enhancements or modifications thereto, (b) any software, applications, inventions or other technology developed in connection with Implementation Services or support, and (c) all intellectual property rights related to any of the foregoing; and (d) all Tombstone Information.

4.3 Notwithstanding anything to the contrary, Company shall have the right collect and analyze data and other information relating to the provision, use and performance of various aspects of the Services and related systems and technologies (including, without limitation, information concerning Customer Data and data derived therefrom), and Company will be free (during and after the term hereof) to (i) use such information and data to improve and enhance the Services and for other development, diagnostic and corrective purposes in connection with the Services and other Company offerings, and (ii) disclose such data solely in aggregate or other de-identified form in connection with its business. No rights or licenses are granted except as expressly set forth herein.

5. PAYMENT OF FEES

5.1 Customer will pay Company the then applicable fees described in any applicable Order Form for the Services with the terms therein (the "Fees"). If Customer's use of the Services exceeds the Service Capacity set forth on the Order Form or otherwise requires the payment of additional fees (per the terms of this Agreement), Customer shall be billed for such usage and Customer agrees to pay the additional fees in the manner provided herein. Company reserves the right to change the Fees or applicable charges and to institute new charges and Fees at the end of the Term or then-current renewal term, upon

thirty (30) days prior notice to Customer (which may be sent by email). If Customer believes that Company has billed Customer incorrectly, Customer must contact Company no later than 60 days after the closing date on the first billing statement in which the error or problem appeared, in order to receive an adjustment or credit. Inquiries should be directed to Company's customer support department. All Fees are non-refundable once paid.

5.2 Company may choose to bill through an invoice, in which case, full payment for invoices issued in any given month must be received by Company thirty (30) days after the mailing date of the invoice. Unpaid amounts are subject to a finance charge of 1.5% per month on any outstanding balance, or the maximum permitted by law, whichever is lower, plus all expenses of collection and may result in immediate termination of Service. Customer shall be responsible for all taxes associated with Services other than Canadian taxes based on Company's net income.

5.3 Company will be billed according to payment schedules set out in any applicable Order Form.

6. TERM AND TERMINATION

6.1 Subject to earlier termination as provided below, this Agreement will commence on the date you agree to an Order Form, and will continue in effect for the term described in such Order Form (the "Term"). Except as expressly stated otherwise in the applicable Order Form, each Order Form will automatically renew for subsequent one-year renewal periods unless the Customer or Company gives written notice of non-renewal at least sixty (60) days prior to the end of the then-current term. Notwithstanding the foregoing, in no event shall the term of this Agreement or any Order Form exceed the term agreed to in writing between Company and Customer.

6.2 In addition to any other remedies it may have, either party may also terminate this Agreement upon thirty (30) days' notice (or without notice in the case of nonpayment), if the other party materially breaches any of the terms or conditions of this Agreement. Customer will pay in full for the Services up to and including the last day on which the Services are provided. All sections of this Agreement which by their nature should survive termination will survive termination, including, without limitation, accrued rights to payment, confidentiality obligations, warranty disclaimers, and limitations of liability.

7. WARRANTY AND DISCLAIMER

7.1 Company shall use reasonable efforts consistent with prevailing industry standards to maintain the Services in a manner which minimizes errors and interruptions in the Services and shall perform the Implementation Services in a professional and workmanlike manner. Services may be temporarily unavailable for scheduled maintenance or for unscheduled emergency maintenance, either by Company or by third-party providers, or because of other causes beyond Company's reasonable control, but Company shall use reasonable efforts to provide advance notice in writing or by e-mail of any scheduled service disruption. HOWEVER, COMPANY DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE; NOR DOES IT MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM USE OF THE SERVICES. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION, THE SERVICES AND IMPLEMENTATION SERVICES ARE PROVIDED "AS IS" AND COMPANY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

8. INDEMNITY

8.1 Company shall hold Customer harmless from liability to third parties resulting from infringement by the Service of any United States patent or any copyright or misappropriation of any trade secret, provided Company is promptly notified of any and all threats, claims and proceedings related thereto and given reasonable assistance and the opportunity to assume sole control over defense and settlement; Company will not be responsible for any settlement it does not approve in writing. The foregoing obligations do not apply with respect to portions or components of the Service (i) not supplied by Company, (ii) made in whole or in part in accordance with Customer specifications, (iii) that are modified after delivery by Company, (iv) combined with other products, processes or materials where the alleged infringement relates to such combination, (v) where Customer continues allegedly infringing activity after being notified thereof or after being informed of modifications that would have avoided the alleged infringement, or (vi) where Customer's use of the Service is not strictly in accordance with this Agreement. If, due to a claim of infringement, the Services are held by a court of competent jurisdiction to be or are believed by Company to be infringing, Company may, at its option and

expense (a) replace or modify the Service to be non-infringing provided that such modification or replacement contains substantially similar features and functionality, (b) obtain for Customer a license to continue using the Service, or (c) if neither of the foregoing is commercially practicable, terminate this Agreement and Customer's rights hereunder and provide Customer a refund of any prepaid, unused fees for the Service.

9. LIMITATION OF LIABILITY

9.1 NOTWITHSTANDING ANYTHING TO THE CONTRARY, EXCEPT FOR BODILY INJURY OF A PERSON, COMPANY AND ITS SUPPLIERS (INCLUDING BUT NOT LIMITED TO ALL EQUIPMENT AND TECHNOLOGY SUPPLIERS), OFFICERS, AFFILIATES, REPRESENTATIVES, CONTRACTORS AND EMPLOYEES SHALL NOT BE RESPONSIBLE OR LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY: (A) FOR ERROR OR INTERRUPTION OF USE OR FOR LOSS OR INACCURACY OR CORRUPTION OF DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY OR LOSS OF BUSINESS; (B) FOR ANY INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES; (C) FOR ANY MATTER BEYOND COMPANY'S REASONABLE CONTROL; OR (D) FOR ANY AMOUNTS THAT, TOGETHER WITH AMOUNTS ASSOCIATED WITH ALL OTHER CLAIMS, EXCEED THE FEES PAID BY CUSTOMER TO COMPANY FOR THE SERVICES UNDER THIS AGREEMENT IN THE 12 MONTHS PRIOR TO THE ACT THAT GAVE RISE TO THE LIABILITY, IN EACH CASE, WHETHER OR NOT COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

10. MISCELLANEOUS

10.1 If any provision of this Agreement is found to be unenforceable or invalid, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable. This Agreement is not assignable, transferable or sublicensable by Customer except with Company's prior written consent. Company may transfer and assign any of its rights and obligations under this Agreement without consent. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements, communications and other understandings relating to the

subject matter of this Agreement, and that all waivers and modifications must be in a writing signed by both parties, except as otherwise provided herein. No agency, partnership, joint venture, or employment is created as a result of this Agreement and Customer does not have any authority of any kind to bind Company in any respect whatsoever. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees. All notices under this Agreement will be in writing and will be deemed to have been duly given when received, if personally delivered; when receipt is electronically confirmed, if transmitted by facsimile or e-mail; the day after it is sent, if sent for next day delivery by recognized overnight delivery service; and upon receipt, if sent by certified or registered mail, return receipt requested. This Agreement shall be governed by the laws of the Province of British Columbia, Canada without regard to its conflict of laws provisions. Customer otherwise agrees to reasonably cooperate with Company to serve as a reference account upon request.

EXHIBIT A

Service Level Terms

General Service Level Terms and Downtime Management:

The Services shall be available 99.9%, measured monthly, excluding scheduled maintenance. If Customer requests maintenance during these hours, any uptime or downtime calculation will exclude periods affected by such maintenance. Further, any downtime resulting from outages of third party connections or utilities or other reasons beyond Company's control will also be excluded from any such calculation. Customer's sole and exclusive remedy, and Company's entire liability, in connection with Service availability shall be that for each period of downtime lasting longer than one hour, Company will credit Customer 0.3% of annual Service fees for each period of 30 or more consecutive minutes of downtime; provided that no more than one such credit will accrue per day. Downtime shall begin to accrue as soon as Customer (with notice to Company) recognizes that downtime is taking place, and continues until the availability of the Services is restored. In order to receive downtime credit, Customer must notify Company in writing within 24 hours from the time of downtime, and failure to provide such notice will forfeit the right to receive downtime credit. Such credits may not be redeemed for cash and shall not be cumulative beyond a total of credits for one (1) week of Service Fees in any one (1) calendar month in any event. Company will only apply a credit to the month in which the incident occurred. Company's blocking of data

communications or other Service in accordance with its policies shall not be deemed to be a failure of Company to provide adequate service levels under this Agreement.

Incident Management:

If any service issue should arise throughout the duration of service, all issue shall be marked and prioritized as follows:

1. Fatal (Complete degradation -- 30 Minute response time during Support Hours (see Exhibit B)). All users and critical functions affected.
2. Severe (significant degradation -- 90 Minutes response time during Support Hours (see Exhibit B)). Large percentage of users or critical functions affected.
3. Medium (limited degradation -- 3 hour response time during Support Hours (see Exhibit B)). Limited number of users or non-critical functions affected. Business processes can continue.
4. Minor (small degradation -- 4 hour response time during Support Hours (see Exhibit B)). One user affected. Business processes can continue.

EXHIBIT B

Support Terms

Company will provide support to Customer via electronic mail, chat, and over phone on a twenty-four (24) hour, seven (7) days a week basis ("**Support Hours**").

Customer may initiate a helpdesk ticket during Support Hours by emailing support@sparelabs.com.

Company will use commercially reasonable efforts to respond to all helpdesk tickets within one business day.

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to commencement of the Services, Contractor shall take out and maintain at its own expense the insurance coverage required by this **Exhibit C**. Contractor shall cause any subcontractor with whom Contractor contracts for the performance of Services pursuant to this Agreement to take out and maintain equivalent insurance coverage. Said insurance shall be maintained at all times during Contractor's performance of Services under this Agreement, and for any additional period specified herein. All insurance shall be placed with insurance companies that are licensed and admitted to conduct business in the State of California and are rated at a minimum with an "A:VII" by A.M. Best Company, unless otherwise acceptable to the City.

a. **Minimum Limits of Insurance.** Contractor shall maintain the following types of insurance with limits no less than specified:

(i) **General Liability Insurance** (including operations, products and completed operations coverages) in an amount not less than two million dollars (\$2,000,000.00) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

(ii) **Worker's Compensation Insurance** as required by the State of California.

(iii) **Automobile Liability Insurance** in an amount not less than one million dollars (\$1,000,000.00) per accident for bodily injury and property damage.

(iv) **Umbrella or Excess Liability.** In the event Contractor purchases an Umbrella or Excess insurance policy(ies) to meet the "Minimum Limits of Insurance," this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies). In addition, such Umbrella or Excess insurance policy(ies) shall also apply on a primary and non-contributory basis for the benefit of the City, its officers, officials, employees, agents and volunteers.

If Contractor maintains higher limits than the minimums shown above, the City shall be entitled to coverage at the higher limits maintained.

b. **Other Insurance Provisions.** The general liability policy is to contain, or be endorsed to contain, the following provisions:

(i) The City, its officers, officials, employees, agents, and volunteers are to be covered as insured's with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33 or CG 20 38; and CG 20 37 forms if later revisions used).

(ii) For any claims related to the Services performed pursuant to this Agreement, the Contractor's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

(iii) Each insurance policy required by this section shall be endorsed to state that the City shall receive written notice at least thirty (30) days prior to the cancellation, non-renewal, or material modification of the coverages required herein.

(iv) Contractor grants to the City a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

(v) Any deductibles or self-insured retentions must be declared to and approved by the City of Clovis Risk Services. The City may require the Contractor to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

c. Evidence of Coverage. Contractor shall deliver to City written evidence of the above insurance coverages, including the required endorsements prior to commencing Services under this Agreement; and the production of such written evidence shall be an express condition precedent, notwithstanding anything to the contrary in this Agreement, to Contractor's right to be paid any compensation under this Agreement. City's failure, at any time, to object to Contractor's failure to provide the specified insurance or written evidence thereof (either as to the type or amount of such insurance), shall not be deemed a waiver of City's right to insist upon such insurance later.

d. Maintenance of Insurance. If Contractor fails to furnish and maintain the insurance required by this section, City may (but is not required to) purchase such insurance on behalf of Contractor, and the Contractor shall pay the cost thereof to City upon demand, and City shall furnish Contractor with any information needed to obtain such insurance. Moreover, at its discretion, City may pay for such insurance with funds otherwise due Contractor under this Agreement.

e. Subcontractors. If the Contractor should subcontract all or any portion of the work to be performed in this Agreement, the Contractor shall cover the subcontractor, and/or require each subcontractor to adhere to all the requirements contained herein. Similarly, any cancellation, lapse, reduction or change of subcontractor's insurance shall have the same impact as described above.

f. Special Risks or Circumstances. The City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

g. Indemnity and Defense. Except as otherwise expressly provided, the insurance requirements in this section shall not in any way limit, in either scope or amount, the indemnity and defense obligations separately owed by Contractor to City under this Agreement.

EXHIBIT D

SIGNING AUTHORITY

FIRST AMENDMENT TO CONTRACT SERVICES AGREEMENT

This First Amendment to Contract Services Agreement ("First Amendment") is entered into by and between Spare Labs Inc. ("Contractor"), and the City of Clovis, a California general law city ("City"), and is effective on June 1, 2025.

RECITALS

A. Contractor and City entered into a certain Contract Services Agreement effective on June 1, 2022 ("Agreement"), which is incorporated herein by this reference, and which, among other things, provided for a three-year term unless extended beyond the May 31, 2025, termination date by mutual consent of the Parties for up to two additional years.

B. Contractor and City have performed in accordance with the Agreement and mutually desire to extend the term of the Agreement an additional two years, wherein Contractor will continue providing the Services, including the Spare Platform, and City will compensate Contractor in accordance with Exhibit A during the two-year extended term.

NOW, THEREFORE, in consideration of the above recitals and other valuable consideration, the sufficiency of which is hereby acknowledged, Contractor and City agree as follows:

AGREEMENT

1. Recitals. The Recitals stated above are true and correct and are a substantive part of this First Amendment.
2. Extension of the Agreement Term. The term of the Agreement, as set forth in Section 3 of the Agreement, is hereby extended for two (2) years and shall expire on May 31, 2027, unless otherwise agreed in writing and signed by both parties.
3. Payment for Services during Extended Term. The payment for Services referenced in Section 4 of the Agreement is hereby increased under this First Amendment by Seventy-Five Thousand Dollars (\$75,000.00), to account for the change in the Scope of Services and providing the Spare Platform for additional vehicles. The total compensation payable to Contractor for all Services performed under the Agreement and this First Amendment shall not exceed the sum of Three Hundred Sixty-Five Thousand Dollars (\$365,000.00) during the total five-year term of the Agreement.
4. All Other Terms Remain in Effect. Except as expressly set forth herein, all other terms of the Agreement shall remain unchanged and in full force and effect, including all terms defined in the Agreement unless otherwise defined in this First Amendment, and the Agreement shall be interpreted so as to give full force and effect to this First Amendment.

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ATTACHMENT 2

IN WITNESS WHEREOF, Contractor and City have executed this First Amendment to be effective on the effective date set forth above.

Contractor:

Spare Labs Inc.

By: Kristoffer Vik Hansen
Kristoffer Vik Hansen (May 15, 2025 10:08 PDT)
 Kristoffer Vik Hansen, CEO

Date: 15/05/25

City:

City of Clovis

By: AA
 Andrew Haussler, City Manager

Date: 5-20-2025

ATTEST:

By: Briana Parra
 Briana Parra, City Clerk

APPROVED AS TO LEGAL FORM:

Scott G. Cross
 Scott G. Cross, City Attorney

**CITY OF CLOVIS
SECOND AMENDMENT TO
CONTRACT SERVICES AGREEMENT**

This Second Amendment to Contract Services Agreement ("Second Amendment") is entered into between the City of Clovis, a California general law city ("City") and Spare Labs Inc. ("Contractor") with respect to the following recitals, which are a substantive part of this Second Amendment. This Second Amendment shall be effective on November 4, 2025 ("Effective Date").

RECITALS

WHEREAS, City and Contractor entered into that certain Contract Service Agreement dated June 1, 2022 ("Agreement") to provide the Spare Platform (Software-as-a-Service "SAAS"), the terms of which are incorporated herein by this reference; and

WHEREAS, Contractor and City entered into a First Amendment to the Agreement effective on June 1, 2025 ("First Amendment"), which is incorporated herein by this reference; and

WHEREAS, Contractor has been diligently undertaking its responsibilities as identified in the Agreement since that time: and

WHEREAS, City has determined that additional services are necessary and requested an updated Scope of Services proposal from Contractor to include all services under the Agreement and the additional services desired by the City, the updated Scope of Services is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, Contractor proposes and desires to perform the additional services reflected in the updated Scope of Services for an amount not to exceed sixty thousand dollars (\$60,000), which additional amount is acceptable to City but will result in the total compensation payable to Contractor exceeding the previously authorized amount in the Agreement; and

WHEREAS, Contractor understands that, if City receives funding from the Federal Transit Administration (FTA), Contractor will cooperate with City to ensure compliance with all applicable federal requirements in performing services under the Agreement.

WHEREAS, City and Contractor desire to amend the Agreement to reflect the changes in the Scope of Services and the authorized amount payable to Contractor and add a section to reflect the City's and Contractor's responsibilities to ensure compliance with federal requirements as provided herein.

NOW THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Contractor agree as follows:

AGREEMENT:

1. Recitals. The Recitals stated above are true and correct and are a substantive part of this Second Amendment.

2. Change in Scope of Services. The Services to be performed by Contractor shall be those services described in the Exhibits attached to the Agreement and Exhibit A attached to this Second Amendment and incorporated herein by reference.

Such changes include providing the Spare Platform for additional vehicles as required by the City's public transit system for the term of the Agreement. Contractor further grants the City the right to implement and utilize its Spare One trip planning module to assist with the fixed-route and microtransit service expansion for the term of the Agreement. Contractor hereby acknowledges and agrees to the addition of such terms and Services and the revised compensation rates included in Exhibit A attached hereto.

Contractor and City understand that the compensation rates set forth in Exhibit A attached hereto may change during the term of the Agreement. Any change in compensation shall be subject to the maximum payment for services in Section 3 below, unless otherwise agreed to in writing signed by the parties.

3. Payment for Services. The payment for Services referenced in Section 4 of the Agreement is hereby increased under this Second Amendment by an amount not to exceed sixty thousand dollars (\$60,000), to account for the additional services reflected in the updated Scope of Services and potential future rate changes. The total compensation payable to Contractor for all Services performed under the Agreement and this Second Amendment shall not exceed the sum total of four hundred twenty-five thousand dollars (\$425,000).

4. Addition of New Section. The Agreement is amended to include the following new section, which shall be inserted as Section 45 of the Agreement as follows:

45. Incorporation of Federal Transit Administration Terms. In the event the City receives funding from the Federal Transit Administration ("FTA"), and City determines FTA funds will be used to pay compensation to Contractor under this Agreement, the Contractor shall cooperate with the City in amending this Agreement, as City determines to be reasonably necessary, to ensure this Agreement complies with all applicable federal laws, regulations, and requirements when using federal funds.

5. All Other Terms Remain in Effect. Except as expressly set forth herein, all other terms of the Agreement and the First Amendment shall remain unchanged and in full force and effect, including all capitalized terms defined in the Agreement and the First Amendment, unless otherwise defined in this Second Amendment, and the Agreement shall be interpreted so as to give full force and effect to this Second Amendment.

Now, therefore, the City and Contractor have executed this Second Amendment to be effective on the Effective Date provided above.

CONTRACTOR

CITY OF CLOVIS

By: James McCarthy
James McCarthy, VP of Growth

By: _____
Andrew Haussler, City Manager

Date: 10 / 15 / 2025

Date: _____

ATTEST

Briana Parra, City Clerk

APPROVED AS TO FORM

Scott G. Cross, City Attorney

EXHIBIT A

UPDATED SCOPE OF SERVICES

Spare Platform (SaaS), including Spare One—a streamlined mobility management solution designed for efficient single-vehicle or small-scale deployments in the City of Clovis (the “Service(s)”). Spare One offers access to all essential platform features via a City of Clovis-branded app.

The Service(s) specifically incorporate features for a unified mobility experience:

- **Fixed Route and Real-Time Integration:** Full integration with fixed route GTFS and real-time (GTFS-RT) feeds, providing users with accurate, up-to-date arrival and departure information directly in the Spare App.
- **Multimodal Connectivity:** Features enabling seamless coordination between on-demand services, fixed-route transit, and other transportation options to support comprehensive trip planning.
- **Advanced Journey Planning:** Empowers riders to view, select, and combine various mobility modes within the app. Dynamic routing and optimized trip accuracy are ensured by real-time traffic data from Google Live Traffic.

Service Capacity

Service includes:

- Full access to the City of Clovis branded Rider app and Spare Driver app.
- Spare Platform administration panel and system administrator training.
- Integrated fixed route data (GTFS/GTFS-RT) and multimodal trip booking capability.
- Real-time journey planning and routing informed by Google Live Traffic information.

Google Live Traffic Integration

Background:

With the City of Clovis committing to use of Spare One, Spare is willing to offer the first-gen Google Live Traffic integration completely free for all of City of Clovis’ on-demand vehicles.

Services:

Spare Platform (SaaS) with Google Live Traffic integration (“Google Live Traffic Integration”), which enhances Spare Engine’s optimization logic and the Driver App experience using real-time Google Maps traffic data. This integration dynamically adjusts trip manifests based on live road conditions, ensuring more intelligent, real-time routing for the City of Clovis (the “Service(s)”).

Service Capacity:

The service includes Spare Engine’s optimization enhancements powered by Google Live Traffic, turn-by-turn Google Maps navigation in the Driver App, dynamic trip reshuffling based on real-time disruptions (e.g., road closures, traffic, accidents), and continuous manifest updates with more accurate travel durations. This service is activated for all active vehicles under the City of Clovis’ on-demand operations.

Statement of Work**Provisioning of Administrator User Accounts**

Company will supply administrative user accounts with proper privileges to administrators of the Spare Platform system, as may be agreed between Company and Customer. Users and customers of Spare Platform are bound by Spare Platform terms, as outlined at <https://spare.com/terms-of-use>, and Spare Open API terms, as outlined at <https://developers.sparelabs.com/docs/public/terms-of-use>.

Customer Training (On-site or via Webinar)

Company will supply administrator training through a two-hour training course via webinar. Training can be set at a time convenient for Customer, as may be agreed between Company and Customer.

Supply Service Documentation

Company will supply documentation on the Spare Platform, including the web-based administration panel, the Spare Open API, and the Spare Driver app, as may be agreed between Company and Customer.

Service Provisioning

Company will deploy the Spare Platform with the Spare Pooled OnDemand (Spare Driver app, Spare Open API, and Spare Platform administration panel), and Spare Smart Matching and Dispatching Algorithm (Spare Engine) on an independent, secure, and scalable datacenter and web server system with disaster recovery capability, as may be agreed between Company and Customer.

Compensation and Rates:

Miscellaneous Fees/Services:	Fee
Additional Service Capacity	\$2000 per vehicle per year
Additional Voice Package	\$360 per vehicle per year

Services:	Year 1	Year 2
Spare One Feature	\$17,354.17	\$29,750
One-Time Implementation Fee	0	
Spare Google Live Traffic Integration \$.25 per trip / 100% discount	0	0
Annual Total	\$17,354.17	\$29,750

These rates/fees represent the total cost for all Services provided under this Amendment to the original contract, including labor, equipment, materials, costs and expenses, taxes, and overhead to be paid for Services satisfactorily performed.

Total compensation, including expense reimbursement, for the term of the Agreement, including the extended term by this Second Amendment, shall not exceed:

SECOND AMENDMENT TO ORIGINAL CONTRACT TOTAL: \$425,000.00

EXHIBIT B
CONTRACTOR'S PROPOSAL

**Customer Information**

Customer Name City of Clovis

Customer Legal Name N/A

Primary Contact Name Nick Chin

Title Transit Manager

Phone Number 559-324-2770

Email nickc@clovisca.gov

Accounts Payable Information

Billing Address City of Clovis
1033 Fifth Street
Clovis, California 93612
United States

AP Contact Name Nick Chin

Title Transit Manager

Phone Number 559-324-2770

Email nickc@clovisca.gov

Order Summary

Order Number #SL-7362

Initial Contract Term November 1st, 2025 - June 30th, 2027

Billing Frequency Annually ▾

Billing Method Email

Payment Terms Net 30

Currency USD ▾

Client User *Where Applicable

Services Summary

Services

Spare Platform (SaaS), including Spare One—a streamlined mobility management solution designed for efficient single-vehicle or small-scale deployments in the **City of Clovis** (the “Service(s)”). Spare One offers access to all essential platform features via a **City of Clovis branded app**.

The Service(s) specifically incorporate features for a unified mobility experience:

- **Fixed Route and Real-Time Integration:** Full integration with fixed route **GTFS** and real-time (**GTFS-RT**) feeds, providing users with accurate, up-to-date arrival and departure information directly in the Spare App.
- **Multimodal Connectivity:** Features enabling seamless coordination between on-demand services, fixed-route transit, and other transportation options to support comprehensive trip planning.
- **Advanced Journey Planning:** Empowers riders to view, select, and combine various mobility modes within the app. Dynamic routing and optimized trip accuracy are ensured by real-time traffic data from **Google Live Traffic**.

Service Capacity

Service includes:

- Full access to the **City of Clovis branded Rider app** and **Spare Driver app**.
- Spare Platform administration panel and system administrator training.
- Integrated fixed route data (GTFS/GTFS-RT) and **multimodal trip booking capability**.
- Real-time journey planning and routing informed by **Google Live Traffic** information.

Annual Recurring Fees

Item	Price	Quantity	Total
Spare One Feature	\$35,000 \$29,750*	1	29,750
Total Annual Recurring Fee			\$29,750

One Time Fees

Item	Price	Quantity	Total
Implementation	\$5,000 \$0	1	\$0
Total One-Time Fees			\$0

*15% Discount conditional on contract execution prior to October 31st, 2025

Google Live Traffic Integration

Background:

With the City of Clovis committing to use of Spare One, Spare is willing to offer the first-gen Google Live Traffic integration completely free for all of City of Clovis' on-demand vehicles.

Services:

Spare Platform (SaaS) with Google Live Traffic integration ("Google Live Traffic Integration"), which enhances Spare Engine's optimization logic and the Driver App experience using real-time Google Maps traffic data. This integration dynamically adjusts trip manifests based on live road conditions, ensuring more intelligent, real-time routing for the City of Clovis (the "Service(s)").

Service Capacity:

The service includes Spare Engine's optimization enhancements powered by Google Live Traffic, turn-by-turn Google Maps navigation in the Driver App, dynamic trip reshuffling based on real-time disruptions (e.g., road closures, traffic, accidents), and continuous manifest updates with more accurate travel durations. This service is activated for all active vehicles under the City of Clovis' on-demand operations.

Item	Price	Quantity	Discount	Total
Spare Google Live Traffic Integration	\$0.25 per trip	∞ Trips	100%	\$0
	Total Annual Recurring Fee			\$0

Subscription Terms & Conditions

The terms and conditions set out at spare.com/msa ("Agreement") apply to this Order Form ("Order Form") between SPARE LABS INC ("Company") and City of Clovis as ("Customer") (collectively the "Parties" or individually a "Party"). The effective date of this Order Form is November 1st, 2025 ("Order Form Effective Date").

Additional Terms:

- By signing this Order Form, you agree to: (a) purchase the products and services pursuant to the terms and fees set forth herein; (b) pay the Services Fees (and applicable sales and use taxes) and authorize Company to submit invoices for such payment; and (c) be bound by the terms and conditions in the Agreement. This Order Form will renew as set forth in the Terms, unless expressly stated otherwise herein.
- You may increase Service Capacity during the Term, but not downgrade. When upgrading, the new Services Fees become immediately applicable. Upon upgrade, the new Services Fees would be charged on a prorated basis for the remainder of the Term.
- CPI Increase. The Fees shall be increased on each anniversary of the first day of the Term (the "CPI Adjustment Date") by an amount equal to the greater of a) 5% or b) the increase, if any, in the CPI (as defined below) in effect for December of the immediately preceding calendar year (the "Most Recent Calendar Year") over the CPI in effect for December of the calendar year immediately preceding the Most Recent Calendar Year. The term "CPI" shall mean the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items (1984=100) published by the United States Department of Labor, Bureau of Labor Statistics.

IN WITNESS WHEREOF, the Parties hereto have executed this Order Form as of the Order Form Effective Date.

Spare Labs Inc By Name: Title: Date:	CUSTOMER NAME By Name: Title: Date:
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EXHIBIT A

Statement of Work

Provisioning of Administrator User Accounts

Company will supply administrative user accounts with proper privileges to administrators of the Spare Platform system, as may be agreed between Company and Customer. Users and customers of Spare Platform are bound by Spare Platform terms, as outlined at <https://spare.com/terms-of-use>, and Spare Open API terms, as outlined at <https://developers.sparelabs.com/docs/public/terms-of-use>.

Customer Training (On-site or via Webinar)

Company will supply administrator training through a two-hour training course via webinar. Training can be set at a time convenient for Customer, as may be agreed between Company and Customer.

Supply Service Documentation

Company will supply documentation on the Spare Platform, including the web-based administration panel, the Spare Open API, and the Spare Driver app, as may be agreed between Company and Customer.

Service Provisioning

Company will deploy the Spare Platform with the Spare Pooled OnDemand (Spare Driver app, Spare Open API, and Spare Platform administration panel), and Spare Smart Matching and Dispatching Algorithm (Spare Engine) on an independent, secure, and scalable datacenter and web server system with disaster recovery capability, as may be agreed between Company and Customer.

EXHIBIT B

Payment Schedule

Product	Quantity	Rate	Amount	Frequency	Term Start	Term End	Initial Invoice Date
Spare One *	1	\$29,750	\$17,354.17	Annually	Nov 1, 2025	May 31, 2026	Nov 1, 2025
Spare One	1	\$29,750	\$29,750.00	Annually	Jun 1, 2026	May 31, 2027	Jun 1, 2026

*initial invoice reflects pro-rated amount to be billed for the remainder of the current contract term.



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: General Services Department

DATE: November 3, 2025

SUBJECT: General Services – Approval - Res. 25-____, Authorizing Amendments to the City’s Classification and Compensation Plans to Adopt a Lead Community Service Officer with a Salary Range of \$6,357- \$7,727 per month; and Approval – Res. 25-____, Amending the City’s FY 2025-26 Position Allocation Plan by adding three (3) Lead Community Service Officer positions and deleting three (3) Community Service Officer positions.

ATTACHMENTS: 1. Resolution 25-____ Classification and Compensation Plans
2. Resolution 25-____ Position Allocation Plan Adjustment

RECOMMENDATION

For City Council to approve a resolution authorizing amendments to the City’s Classification and Compensation Plans by adopting a Lead Community Service Officer with a Salary Range of \$6,357 - \$7,727 per month and approve a resolution amending the City’s FY 2025-26 Position Allocation Plan to add three (3) Lead Community Service Officer positions and delete three (3) Community Service Officer positions.

EXECUTIVE SUMMARY

The Clovis Police Department has identified the need to establish a new position to support its non-sworn public engagement efforts in crime prevention. The proposed Lead Community Service Officer will be part of the Police Department, reporting directly to the Division Commander. This position will serve as a resource for the Community Service Officers and help address the City's growing needs in crime prevention and community outreach. Responsibilities will include public engagement, participation in code enforcement activities, and the performance of specialized programmatic and administrative assignments. Any changes to the City’s Classification, Compensation, and Position Allocation Plans require approval by the City Council.

BACKGROUND

The Police Department proposes the addition of a Lead Community Service Officer classification. This new role will support the department by assisting with public-facing duties related to crime prevention, code enforcement, school resource programs, and the delivery of non-emergency police services. The incumbent will provide general direction to Community

Service Officers who assist sworn personnel in performing non-emergency functions. The Position Allocation Plan will be updated to include three (3) Lead Community Service Officer positions and delete (3) three Community Service Officer positions as outlined in Attachment A of Attachment 2. It is recommended that this new classification be assigned to the Clovis Public Safety Employees Association (CPSEA) bargaining unit for employee representation. Representatives from CPSEA have expressed their support for including this classification within the bargaining unit.

FISCAL IMPACT

The fiscal impact of this proposal for the remainder of FY 2025–26 is approximately \$11,000. Sufficient funds are available in the Police Department budget to cover the cost of the changes for the current fiscal year.

REASON FOR RECOMMENDATION

Creation of this classification is necessary in order to meet the needs within the Police Department. The recommended changes to the City's Classification, Compensation, and Position Allocation Plans require Council approval.

ACTIONS FOLLOWING APPROVAL

Personnel staff will add the new classification description to the City's Classification and Compensation Plans. The position allocation in the Police Department will be modified as noted in Attachment A of Attachment 2.

CONFLICT OF INTEREST

None.

Prepared by: Lori Shively, Deputy General Services Director

Reviewed by: City Manager AA

RESOLUTION 25-____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVIS APPROVING
AMENDMENTS TO THE CITY'S CLASSIFICATION AND COMPENSATION PLANS BY
ADDING THE LEAD COMMUNITY SERVICE OFFICER TO THE POLICE DEPARTMENT**

WHEREAS, it has been determined that it is necessary to establish the classification of Lead Community Service Officer to support City Community Service Officers, assist with crime prevention and code enforcement, and deliver non-emergency police services; and

WHEREAS, modification of the City's Classification and Compensation Plans requires authorization by the City Council; and

WHEREAS, it has been determined that it is appropriate to assign the Lead Community Service Officer classification to the Clovis Public Safety Employees Association (CPSEA) for representation.

NOW, THEREFORE, BE IT RESOLVED, that the City of Clovis shall modify the City's Classification and Compensation Plans to include the Lead Community Service Officer classification as noted in Attachment A, with a salary range of \$6,357 - \$7,727.

* * * * *

The foregoing resolution was introduced and adopted at a regular meeting of the City Council of the City of Clovis held on November 3, 2025, by the following vote, to wit.

AYES:
NOES:
ABSENT:
ABSTAIN:

DATED: November 3, 2025

Mayor

City Clerk

City of Clovis
LEAD COMMUNITY SERVICE OFFICER
\$6357 - \$7727 Monthly

DEFINITION

Under general direction, plan, assign, supervise, review, and participate in the work of Community Service Officers responsible for public contact work in crime prevention, code enforcement, school resource programs, and deliver non-emergency police service; direct and perform specialized program and administrative assignments in the office and field; perform a variety of technical tasks relative to the assigned functional area; and to perform related work as required.

CLASS CHARACTERISTICS

Positions in this class act as lead supervisors to non-sworn Community Service Officer personnel. Incumbents perform a wide range of administrative duties while being able to participate fully in the work assignment and act as a resource person to Community Service Officers and other public safety staff. While performing the full function of a Community Service Officer, incumbents may be assigned special duties in response to service needs. Incumbents do not hire but may participate in the evaluations of Community Service Officers. Incumbents work under the general supervision of the Division Commander. Incumbents receive instruction on goals and objectives and perform the lead role to provide goals and objectives to other public safety staff. Lead Community Service Officers are expected to work shifts and rotate through a variety of assignments and may be required to work weekends and holidays.

EXAMPLES OF DUTIES

Lead, review, and participate in the work of Community Service Officers; instruct assigned staff in work methods; check and correct work of Community Service Officers; report to the Division Commander problems encountered in the assigned work and progress in completing work assignments; participate in development of and conduct in-service training programs for Community Service Officers; review existing and recommend new or revised procedures; assist in preparation of procedural manuals for their assigned Division; resolve problems Community Service Officers may encounter in performance of non-emergency police services and related job duties; assist the supervisor in the preparation of performance evaluations; advise the supervisor on status of training and/or operational issues and may serve as acting supervisor in the event of the supervisor's absence; brief oncoming Community Service Officers of shift action at end of shift; take the lead role in performing all Community Service Officer duties; perform non-emergency police services, including municipal code enforcement, crime scene processing, complete reports regarding criminal or civil incidents and investigate minor traffic collisions, operate City vehicles, office machines, and police radio; collect and compile statistical data, and research crime trends, assist sworn members with non-hazardous duties, appear in court, directs crowds of traffic at accident scenes or special events, perform vehicle equipment examinations for compliance with vehicle code, respond to citizen inquires and give assistance or direction as needed, assist in training programs, perform general clerical work, and access computers for information; solicit community participation, support, and input in determining crime prevention needs and present information to citizen groups, businesses, and homeowners on crime prevention programs; perform home and business security inspections and make security recommendations; develop, organize, and present Neighborhood Watch and Business Watch programs; develop, organize, and present school

resource programs and act as a Department liaison with school district officials; collect, organize, and book physical evidence related to crime scene investigations; book prisoners arrested by Police Officers, perform jail checks, and transport prisoners as needed; work in close quarters with individuals who have been arrested for various criminal acts, to include serious and violent offenses, and persons under the influence of alcohol and/or drugs; may be required to obtain a PC 832 and wear a firearm during transport of arrestees outside of the Police facility; may be required to attend training and pass departmental firearm qualifications; may receive training in defensive tactics to develop safeguarding skills when dealing with assaultive and/or uncooperative arrestees in the custody setting; and performs related work as required.

TYPICAL QUALIFICATIONS

LICENSE REQUIRED

- Possession of a valid California Driver's License and a good driving record.

EDUCATION AND EXPERIENCE

Education:

- Completion of sixty (60) college units from an accredited college or university.

Or

- A High School Diploma or GED and three (3) years of experience as a Community Service Officer may be substituted for the required college units.

Desirable Education:

- Bachelor's Degree.

Experience:

- Three (3) years of Community Service Officer experience working with the public in a law enforcement environment.
- Experience in training and/or supervising Community Service Officers

QUALIFICATIONS

Knowledge of:

- Operating policies, procedures, and functions of the police department relevant to the position;
- Laws, codes, and regulations pertinent to public safety services;
- Computer terminal operating methods;
- Basic English usage, grammar, spelling, and punctuation;
- Basic math;
- Basic record keeping methods and filing;
- Modern office equipment, procedures, and practices including the preparation of business correspondence and reports;
- Research techniques, methods, and procedures;
- Geography of the City of Clovis;
- Applicable State laws, City ordinances, procedures, and other regulations governing the Department or area of assigned responsibility.

Ability to:

- Learn policies, procedures, and functions of the police department relevant to the position;
- Analyze situations quickly and use sound judgment, initiative, creativity, and planning in Community Service Officer personnel and equipment;
- Operate a police radio;
- Understand, interpret and explain a wide variety of laws, ordinances, rules, and regulations to others;
- React quickly and calmly and exercise good judgment in all situations;
- Handle multiple work requests under pressure and with frequent interruptions;
- Communicate effectively and professionally, orally, in writing, and electronically in a clear, comprehensive manner;
- Speak English in a clear and concise manner;
- Perform difficult and complex assignments involving independent judgment;
- Follow oral and written instructions;
- Learn, understand, interpret, explain to others and apply a variety of policies, laws, rules, and regulations in various situations;
- Prepare and maintain accurate records and reports;
- Inspire public confidence through personal integrity, appearance and actions;
- Use discretion and good judgment in handling sensitive and confidential information;
- Establish and maintain effective working relationships with those contacted in the course of work;
- Instruct the general public about crime prevention programs;
- Relate to and communicate with school-age groups;
- Obtain a PC 832, carry and use firearms;
- Operate a vehicle, observing legal and defensive driving practices.

SUPPLEMENTAL INFORMATION

PHYSICAL DEMANDS AND WORKING CONDITIONS

- Job functions are performed in an office, outdoor, and driving environments.
- Hearing: acute to hear in person, radio, or telephone.
- Strength: Light work-lifting, carrying, and/or pushing 25 pounds with frequent lifting and/or carrying of objects weighing up to 25 pounds in the office environment; medium work-lifting, carrying, and/or pushing 50 pounds with frequent lifting and/or carrying of objects weighing up to 50 pounds in the outdoor/driving environments.
- Other physical requirements include: clear verbal communication, feeling, finger dexterity, frequent grasping, and holding, reaching, talking, and balancing.
- Incumbents assigned to the outdoor/driving environments are required to work in all weather conditions with the ability to work outdoors when over 100 degrees in the summer and in the cold and rain during the winter months.
- Vision: Corrected to 20/20 in one (1) eye, 20/30 in the other.
- Working conditions include: may work in enclosed and confined environments with no windows; ability to attend periodic evening meetings or meetings outside of regularly scheduled shift; may be assigned to work any shift and may be required to work weekends and holidays.

RESOLUTION 25-____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVIS
APPROVING AN AMENDMENT TO THE FY 2025-26 POSITION ALLOCATION PLAN**

WHEREAS, the FY 2025-26 Position Allocation Plan in the Police Department was approved as part of the FY 2025-26 City budget adoption process; and

WHEREAS, a review of the staffing needs of the City indicates that it is necessary to create the Lead Community Service Officer classification to assist with the non-emergency police services for the City; and

WHEREAS, a review of the staffing needs for the Police Department indicates that the addition of three (3) Lead Community Service Officer positions and the deletion of three (3) Community Service Officer positions is necessary in order to provide the support needed for the Police Department; and

WHEREAS, amending the City's adopted FY 2025-26 Position Allocation Plan requires City Council authorization.

NOW, THEREFORE, BE IT RESOLVED that the City of Clovis shall amend the City's FY 2025-26 Position Allocation Plan as noted in Attachment A.

* * * * *

The foregoing resolution was introduced and adopted at a regular meeting of the City Council of the City of Clovis held on November 3, 2025, by the following vote, to wit.

AYES:

NOES:

ABSENT:

ABSTAIN:

DATED: November 3, 2025

Mayor

City Clerk

POSITION ALLOCATION ADJUSTMENT BY DEPARTMENT FY 2025-26

<u>DEPARTMENTS</u>	<u>NUMBER OF POSITIONS</u>
---------------------------	-----------------------------------

Police Department.

Add:

Lead Community Service Officer	3.0
--------------------------------	-----

Delete:

Community Service Officer	3.0
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CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: General Services Department

DATE: November 3, 2025

SUBJECT: General Services – Approval - Claim Rejection of the General Liability Claim on behalf of Mercedes Trevino.

ATTACHMENTS: None.

RECOMMENDATION

Reject the General Liability Claim filed on behalf of Mercedes Trevino.

EXECUTIVE SUMMARY

On behalf of Mercedes Trevino (claimant), the City received a revised claim on October 10, 2025, alleging the City of Clovis failed to maintain a sidewalk, which caused her to trip and fall. Ms. Trevino is seeking compensation in an amount of \$250,000. It is recommended that the City reject the claim at this time, send notice of rejection, and refer the matter to the City's third-party administrator for liability claims for further investigation and handling.

BACKGROUND

On June 10, 2025, Ms. Mercedes Trevino allegedly fell and injured herself near the intersection of Bellaire Avenue and Marengo Avenue in Clovis due to a raised and uneven sidewalk while walking her dog.

On October 10, 2025, a revised General Liability Claim was filed against the City of Clovis on behalf of Ms. Trevino. The claim was considered legally sufficient and timely. Ms. Trevino seeks damages for past and future medical bills.

FISCAL IMPACT

Rejection of the claim does not result in any fiscal impact.

REASON FOR RECOMMENDATION

It is recommended that the claim be rejected. The City's liability is disputed, and although the claim is legally sufficient, the amount of the alleged damages sustained by the claimant may also be disputed. Rejecting the claim and sending notice of rejection in accordance with the Government Claims Act will commence the time in which claimant may file a lawsuit against the City based on the claim.

ACTIONS FOLLOWING APPROVAL

A rejection notice letter will be sent to the claimant informing her that the claim has been rejected.

CONFLICT OF INTEREST

None.

Prepared by: Charles W. Johnson, Senior Management Analyst

Reviewed by: City Manager *AH*



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Planning and Development Services Department

DATE: November 3, 2025

SUBJECT: Planning and Development Services – Approval – Final Acceptance for CIP 20-12, Peach and Shepherd Traffic Signal, with a final contract cost of \$757,424.94.

ATTACHMENTS: 1. Vicinity Map

RECOMMENDATION

For the City Council to accept the work performed as complete and authorize the recording of the notice of completion for this project.

EXECUTIVE SUMMARY

The construction involved installation of traffic signalization and improvements at the intersection of West Shepherd Avenue and North Peach Avenue. The work included, clearing, grubbing, earthwork, grading, compaction, saw cutting, asphalt concrete pavement grinding, asphalt concrete paving, concrete median island curb, median island stamped concrete, concrete curb and gutter, sidewalk, ADA curb returns, traffic signal facilities, traffic loops, miscellaneous electrical and traffic striping and signage.

BACKGROUND

Bids were received on August 27, 2024, and the project was awarded by the City Council to the lowest responsible bidder, St. Francis Electric, LLC, on September 16, 2024. The project was completed in accordance with the construction documents, and the contractor has submitted a request for acceptance of the project.

FISCAL IMPACT

1. Award	\$734,700.00
2. Cost increases/decreases resulting from differences between estimated quantities used for award and actual quantities installed.	\$8,180.33
3. Contract Change Orders	\$22,544.61
CCO 1 Ethernet Switch Update	\$1,035.00
CCO 2 Extension of existing conduit at S/W corner	\$1,879.92
CCO 3 Installation of additional traffic loops	\$11,383.84
CCO 4 Removal and Replacement of a N48 box at the controller	\$8,245.85
4. Liquidated Damages	-\$8,000.00

Final Contract Cost**\$757,424.94****REASON FOR RECOMMENDATION**

The Public Utilities Department, the City Engineer, the Engineering Inspector, and the Project Engineer agree that the work performed by the contractor is in accordance with the project plans and specifications and has been deemed acceptable. The contractor, St. Francis Electric, LLC, has requested final acceptance from the City Council.

ACTIONS FOLLOWING APPROVAL

1. The Notice of Completion will be recorded.
2. All retention funds will be released pursuant to Federal requirements and the Prompt Payment of Funds Withheld to Subcontractors clause of the Local Assistance Procedures Manual.

CONFLICT OF INTEREST

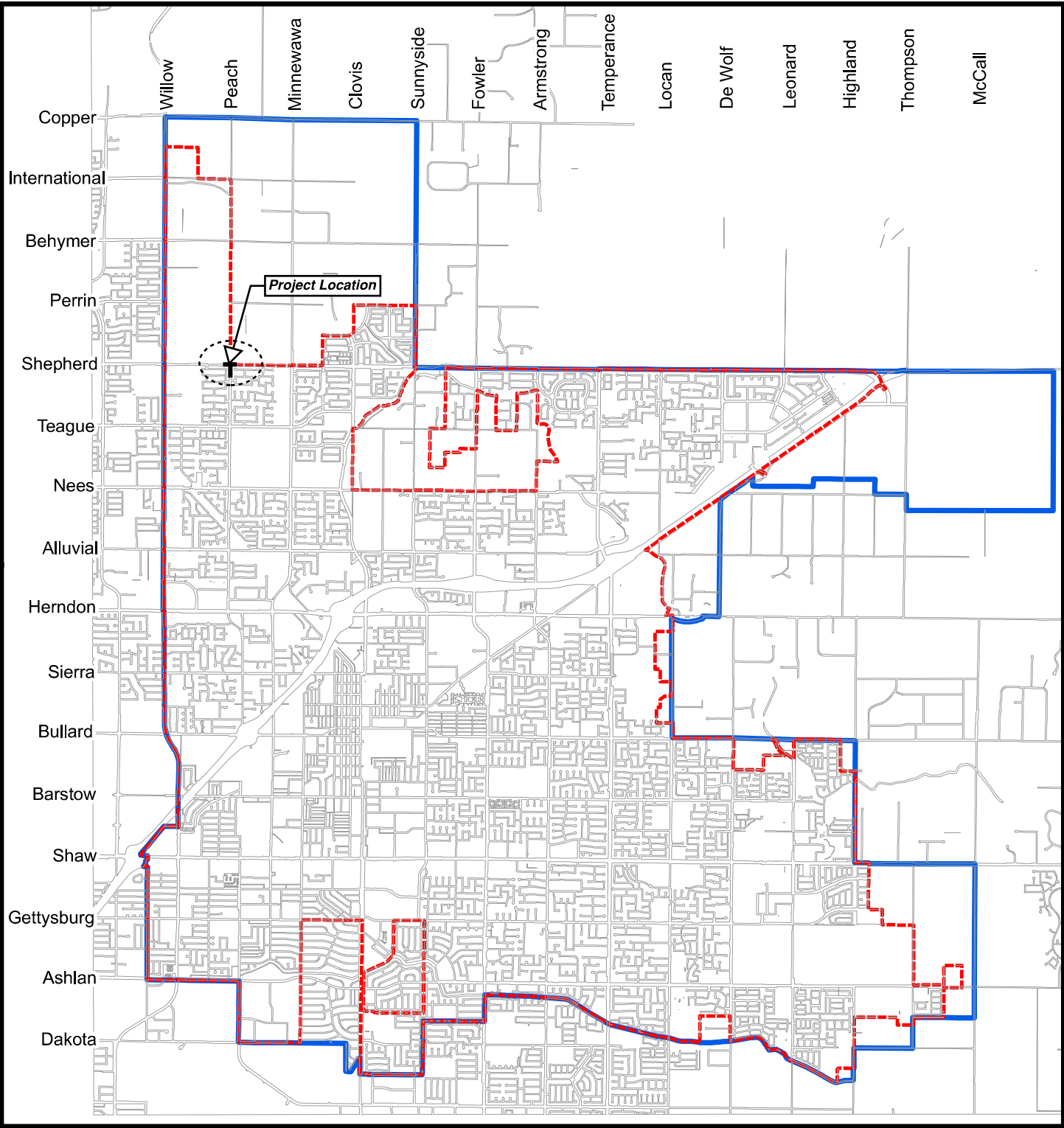
None.

Prepared by: Rami Abunamous, Engineering Inspector

Reviewed by: City Manager AM

VICINITY MAP

CIP 20-12 Peach and Shepherd Traffic Signal



Attachment 1

 CITY LIMITS  SPHERE OF INFLUENCE





CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Planning and Development Services Department

DATE: November 3, 2025

SUBJECT: Planning and Development Services – Approval – Final Acceptance for CIP 25-03 Peg Bos Plaza Improvements, for a final contract cost of \$149,643.99.

ATTACHMENTS: 1. Vicinity Map

RECOMMENDATION

For the City Council to accept the work performed as complete and authorize the recording of the notice of completion for this project.

EXECUTIVE SUMMARY

The scope of this project was to improve the existing site to honor former mayor Peg Bos, Clovis' first female mayor. The improvements consisted of providing electrical power, incorporating lighting, installation of a new concrete pedestal, concrete improvements, brick veneer, modifying the existing irrigation system and landscape, incorporating a pedestrian path and installation of a flagpole.

BACKGROUND

Bids were received on April 29, 2025, and the project was awarded by the City Council to the lowest responsible bidder, Dave Christian Construction Co., Inc., on May 12, 2025. The project was completed in accordance with the construction documents, and the contractor has submitted a request for acceptance of the project.

FISCAL IMPACT

1. Award	\$129,715.50
2. Contract Change Orders	\$19,928.49
3. Liquidated Damages Assessed	\$0.00
Final Contract Cost	<u>\$149,643.99</u>

The contract change orders were necessary to remove and replace the existing concrete pedestal and to repair the existing block wall. This work was required due to the existing conditions being of poor craftsmanship and general wear and tear observed in the existing structures.

REASON FOR RECOMMENDATION

The Public Utilities Department, the City Engineer, the Engineering Inspector, and the Project Engineer agree that the work performed by the contractor is in accordance with the project plans and specifications and has been deemed acceptable. The contractor, Dave Christian Construction Co., Inc., has requested final acceptance from the City Council.

ACTIONS FOLLOWING APPROVAL

1. The Notice of Completion will be recorded.
2. All remaining retention funds will be released no later than 35 calendar days following recordation of the notice of completion, provided no liens have been filed. Retention funds may be released within 60 days after the date of completion, provided no liens have been filed, with "completion" defined as the earlier of either (a) beneficial use and occupancy and cessation of labor, or (b) acceptance by the City Council per Public Contract Code Section 7107(c)(2).

CONFLICT OF INTEREST

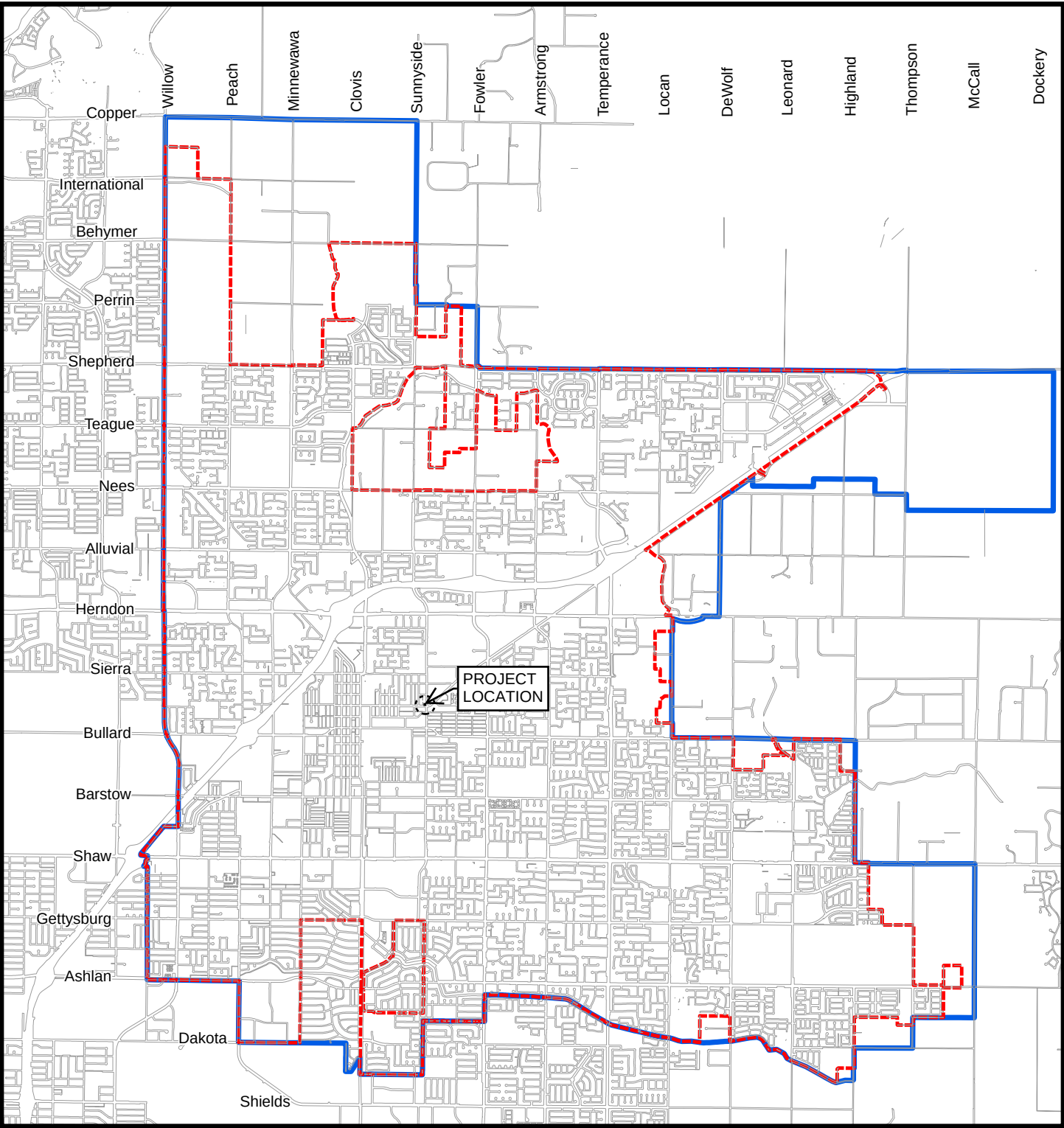
None.

Prepared by: Matt Buller, Projects Administrator

Reviewed by: City Manager *AM*

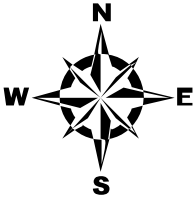
VICINITY MAP

CIP 25-03 PEG BOS PLAZA



Attachment 1

 CITY LIMITS  SPHERE OF INFLUENCE





CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Planning and Development Services Department

DATE: November 3, 2025

SUBJECT: Planning and Development Services – Approval – Final Acceptance for Final Map for Tract 6284, acceptance of public improvements with authorization to record the Notice of Completion, and authorize the release of sureties, located at the southwest area of Teague Avenue and Fowler Avenue (Woodside 06N, LP (Woodside Homes)).

ATTACHMENTS: 1. Vicinity Map

RECOMMENDATION

For the City Council to:

1. Accept the public improvements for Tract 6284, and authorize recording the Notice of Completion; and
2. Authorize the release of the Performance Surety immediately and then release of the Labor and Materials Surety ninety (90) days after the recordation of the Notice of Completion (provided no lien has been filed) and release of Public Improvements Maintenance Surety upon the expiration of the one-year warranty period and provided any defective work has been repaired to the City's satisfaction.

EXECUTIVE SUMMARY

The owner, Woodside 06N, LP (Woodside Homes), has requested final acceptance of the public improvements constructed or installed in conjunction with this tract. The public improvements include all those shown on the subdivision improvement plans approved by the City Engineer. The construction or installation of the public improvements is complete. The owner has requested final acceptance. Staff is recommending approval of their request.

All landscaping, including sidewalks along the side yards of lots have been constructed. The construction or installation of the public improvements is complete. However, portions of the front yard sidewalk have not been installed to date and will be completed under separate Encroachment Permits according to the tract's Subdivision Agreement. The owner has requested final acceptance. Staff is recommending approval of their request.

BACKGROUND

City Inspection staff, including those of the various affected departments, have certified that all the public improvements requested for acceptance have been constructed or installed in accordance with the approved plans, specifications and standards, and to the satisfaction of the City Engineer. The developer has furnished the required Maintenance Surety to guarantee the accepted public improvements for a period of one year from the date of Council acceptance.

FISCAL IMPACT

The cost for periodic routine maintenance, as well as repairs needed as the improvements deteriorate with age and usage, will be incorporated into the annual maintenance budget of the Public Utilities Department as these costs are identified.

REASON FOR RECOMMENDATION

The Subdivision Map Act requires that once construction of the required improvements has been completed in compliance with all codes, plans and specifications, and all other required documents have been completed and submitted, final acceptance is required, and the appropriate sureties are released.

ACTIONS FOLLOWING APPROVAL

Staff will Record the Notice of Completion and release the Performance, Labor and Materials, and Maintenance Sureties as appropriate.

CONFLICT OF INTEREST

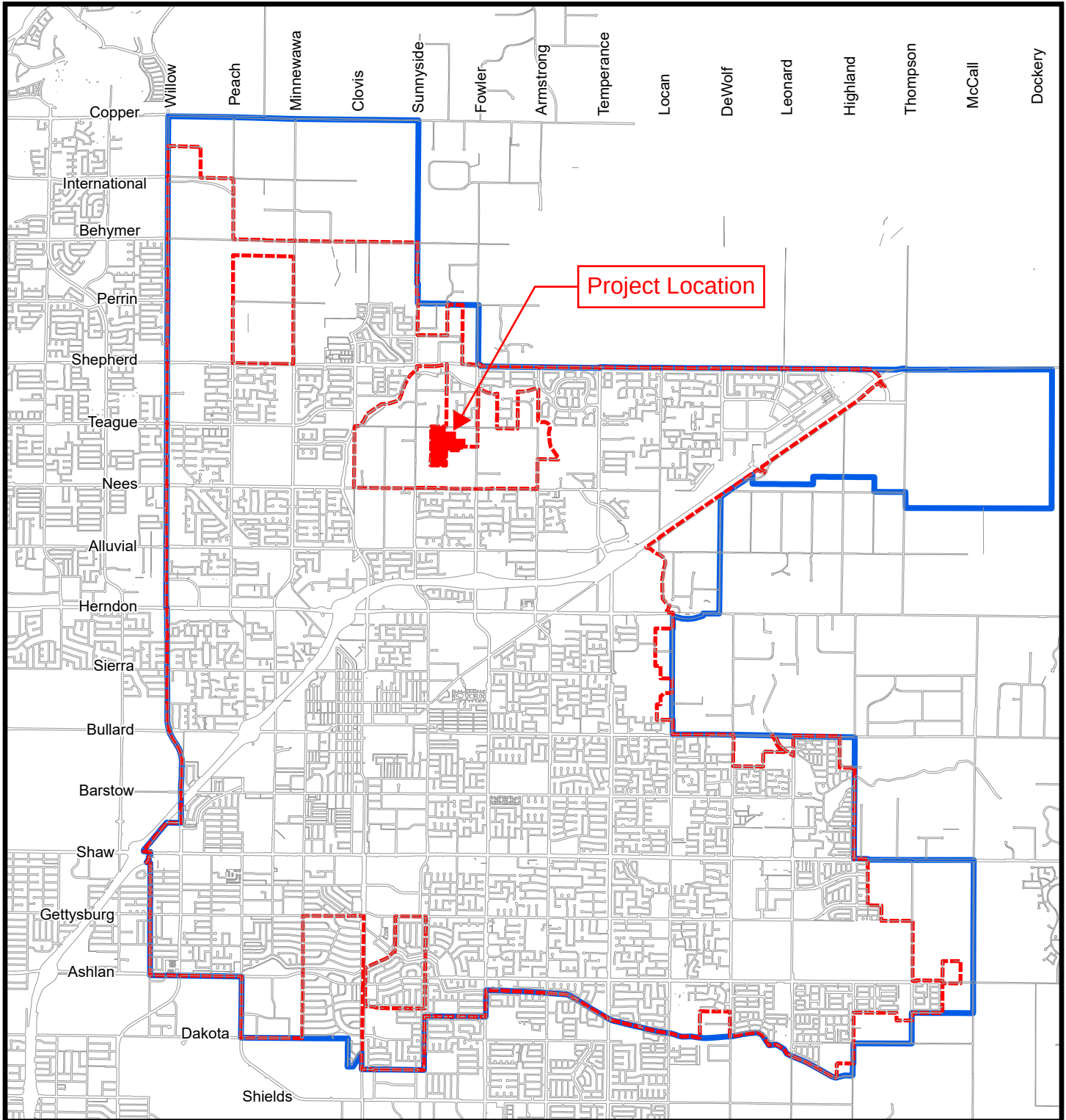
None.

Prepared by: Ruben Amavizca, Engineer II

Reviewed by: City Manager AM

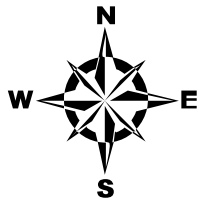
VICINITY MAP

TM 6284 - Woodside 06N, LP (Woodside Homes)



Legend

- City Limits
- Sphere of Influence



Attachment 1



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Planning and Development Services Department

DATE: November 3, 2025

SUBJECT: Planning and Development Services – Approval – Final Acceptance for Final Map for Tract 5168 acceptance of public improvements with authorization to record the Notice of Completion, and release of sureties as required, located at the southeast corner of Gettysburg Avenue and Locan Avenue (Pulte Group).

ATTACHMENTS: 1. Vicinity Map

RECOMMENDATION

For the City Council to:

1. Accept the public improvements for Tract 5168, and authorize recording the Notice of Final Acceptance; and
2. Authorize the release of the Performance Surety immediately and then release of the Labor and Materials Surety ninety (90) days after the recordation of the Notice of Completion (provided no lien has been filed) and release of Public Improvements Maintenance Surety upon the expiration of the one-year warranty period and provided any defective work has been repaired to the City's satisfaction.

EXECUTIVE SUMMARY

The owner, Pulte Group, has requested final acceptance of the public improvements constructed or installed in conjunction with this tract. The public improvements include all those shown on the subdivision improvement plans approved by the City Engineer. The construction or installation of the public improvements is complete. The owner has requested final acceptance. Staff is recommending approval of their request.

All landscaping, including sidewalks along the side yards of lots, has been constructed. The construction or installation of the public improvements is complete. The owner has requested final acceptance. Staff is recommending approval of their request.

BACKGROUND

City inspection staff, including those of the various affected departments, has certified that all the public improvements requested for acceptance has been constructed or installed in accordance with the approved plans, specifications and standards, and to the satisfaction of the City Engineer. The developer has furnished the required Maintenance Surety to guarantee the accepted public improvements for a period of one year from the date of Council acceptance.

FISCAL IMPACT

The cost for periodic routine maintenance, as well as repairs needed as the improvements deteriorate with age and usage, will be incorporated to the annual maintenance budget of the Public Utilities Department as these costs are identified.

REASON FOR RECOMMENDATION

The Subdivision Map Act requires that once construction of the required improvements has been completed in compliance with all codes, plans and specifications, and all other required documents has been completed and submitted, final acceptance is required, and the appropriate sureties are released.

ACTIONS FOLLOWING APPROVAL

Record the Notice of Completion and release the Performance, Labor and Materials, and Maintenance Sureties as appropriate.

CONFLICT OF INTEREST

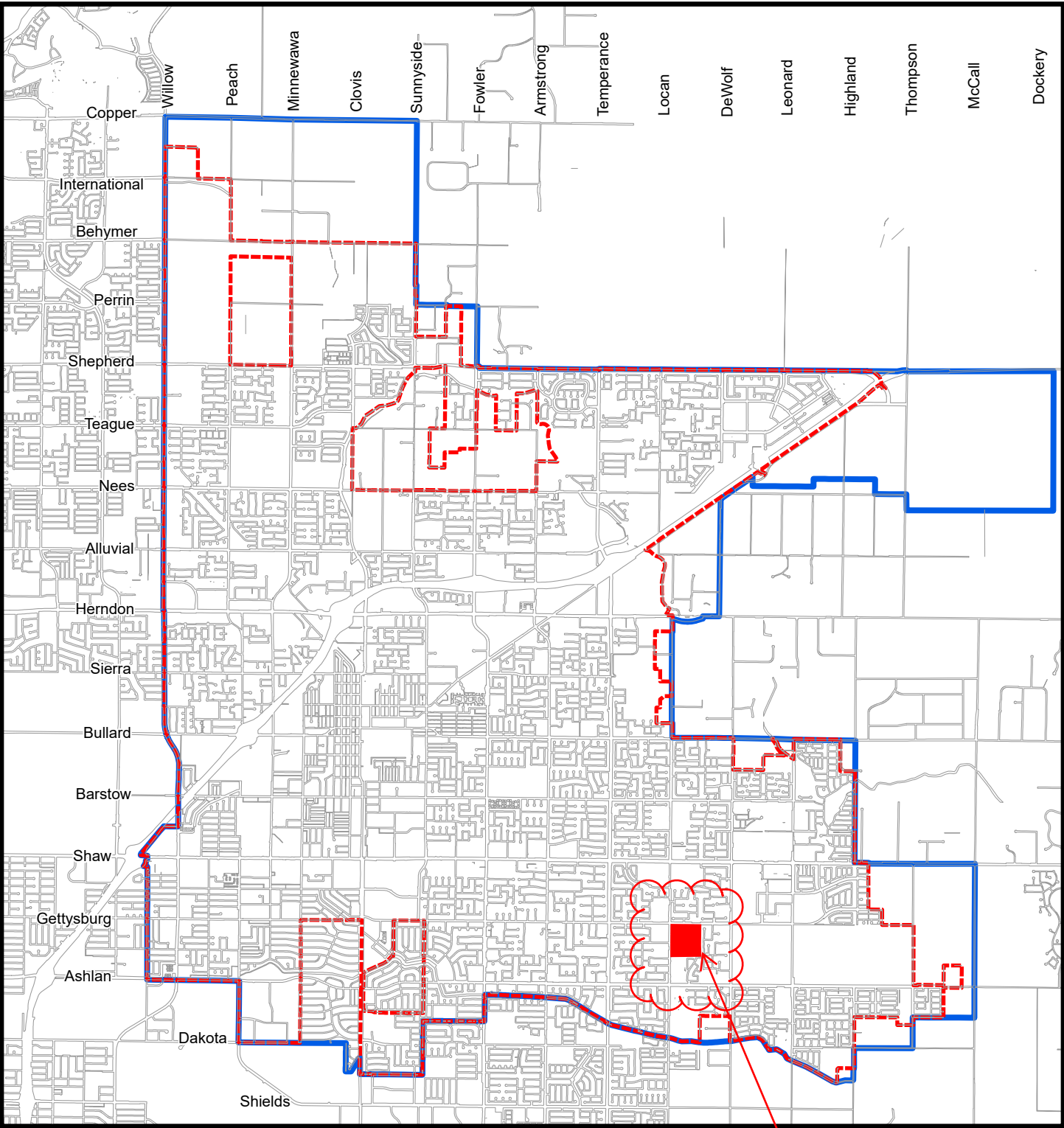
None.

Prepared by: Bruce Bloom, Engineer II

Reviewed by: City Manager AK

VICINITY MAP

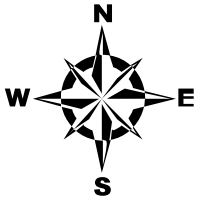
Tract 5168 Final Acceptance



Legend

- City Limits
- Sphere of Influence

Tract 5168



Attachment 1



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Planning and Development Services Department

DATE: November 3, 2025

SUBJECT: Planning and Development Services - Approval – Res. 25-____, Annexation of Miscellaneous Properties to the Landscape Maintenance District No. 1.

ATTACHMENTS: 1. Res. 25-____

RECOMMENDATION

For the City Council to approve Resolution 25-____, approving annexation of miscellaneous properties into City of Clovis Landscape Maintenance District (LMD) No. 1.

EXECUTIVE SUMMARY

The developers / property owners of the properties listed in Attachment A of the proposed resolution have submitted executed landscape maintenance covenants, copies of which are on file with the City Clerk, indicating consent to annexation of the subject property into the City of Clovis Landscape Maintenance District No. 1. This action will annex each of these properties into the Landscape Maintenance District so that they can be assessed for maintenance costs within their respective areas.

BACKGROUND

Council formed the original district on July 15, 1985, for the purpose of funding the maintenance of landscaped areas and parks. These properties are being brought to Council for annexation to the district as a group rather than separately in an effort to conserve staff resources and Council's time. Under the provisions of the Landscaping and Lighting Act of 1972, if all of the owners of property proposed for annexation provide written consent to annexation, then noticing, hearing, and filing of an Engineer's Report is not required.

Under the provisions of the Landscaping and Lighting Act of 1972, and in accordance with Article XIII C and Article XIII D of Proposition 218, all the owners of property proposed for annexation have provided a written request and consent to annexation and have executed a covenant (petition) indicating acceptance of the annual assessment.

FISCAL IMPACT

This project will add any landscaped areas and will incrementally increase maintenance revenue through annual assessments from the annexed properties. Current year to date status of landscape maintenance district facilities is as follows:

	<u>Various LMD's Under Consideration</u>	<u>Year to Date</u>
LMD Landscaping added:	0.000 acres	1.920 acres
Resource needs added:	0.000 person	0.192 person

The resource needs estimate is based on 1 person per 10 acres of landscaped area.

REASON FOR RECOMMENDATION

The property owners for the miscellaneous properties have requested or consented to annexation into the City of Clovis LMD No. 1.

ACTIONS FOLLOWING APPROVAL

The miscellaneous properties shall become a part of the City of Clovis LMD No. 1 and will be assessed next year for maintenance costs.

CONFLICT OF INTEREST

None.

Prepared by: Daniel Negrete, Engineer II

Reviewed by: City Manager *AN*

RESOLUTION 25-____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVIS
APPROVING ANNEXATION TO LANDSCAPING MAINTENANCE DISTRICT NO. 1 OF
THE CITY OF CLOVIS**

WHEREAS, City of Clovis Landscape Maintenance District No. 1 ("District") was formed by Resolution No. 85-78, adopted July 15, 1985, pursuant to Part 2 of Division 15 of the Streets and Highways Code (Landscape and Lighting Act of 1972), herein the "Act"; and

WHEREAS, all of the owners of property proposed to be annexed to the District consisting of proposed developments as described in Attachment A attached hereto and incorporated herein by reference, have consented to said annexation and such annexation may be ordered without notice and hearing or filing of engineer's report, or both.

NOW, THEREFORE, BE IT RESOLVED, by the City of Clovis:

1. That the public interest and convenience require that certain property described in Attachment A attached hereto and by reference incorporated herein be annexed into Landscape Maintenance District No. 1 of the City of Clovis for the maintenance and servicing of landscaping facilities.
2. The City Clerk shall receive and file the maps showing the boundaries of the areas annexed as set forth in Attachment A, which boundaries shall be used for assessment proceedings until and unless a change of organization is approved pursuant to the Act.

* * * * *

The foregoing resolution was introduced and adopted at a regular meeting of the City Council of the City of Clovis held on November 3, 2025, by the following vote, to wit.

AYES:
NOES:
ABSENT:
ABSTAIN:

DATED:

Mayor

City Clerk

Attachment A

Miscellaneous properties to be added to the Landscape Maintenance District No. 1 of the City of Clovis:

Project Number	Address	Developer/Owner
SPR 2024-017	401 N Minnewawa	TOLLHOUSE PARTNERS L.P., AN OKLAHOMA LIMITED PARTNERSHIP
SPR 2024-017	451 N Minnewawa	TOLLHOUSE PARTNERS L.P., AN OKLAHOMA LIMITED PARTNERSHIP
BD-PVT-25-00550	4444 Nees Ave	Lee R. Copeland and Carol S. Copeland
SPR 2021-009	1959 N Willow Ave	THE SHOPS ON THE AVENUE, L.P.
BD-CMBR-25-01773	2652 Heritage Ave	DIRK C. STROMBECK AND JOYCE C. STROMBECK, CO-TRUSTEES OF THE DIRK AND JOYCE STROMECK LIVING TRUST
BD-CMBR-25-02034	1212 Cypress Ave	NEIL VOSS, A MARRIED MAN AS HIS SOLE AND SEPARATE PROPERTY
BD-CMBR-24-03824	920 Bliss Ave	Michael A Ogden and Katie Ogden, Wife and Husband, as joint tenants,
BD-CMBR-25-00809	2286 Ellery Ave	JEREMY W. TURNER AND MICHELLE L. TURNER, HUSBAND AND WIFE AS JOINT TENANTS
BD-CMBR-25-01336	1478 Indianapolis	JOHN THORNBURG AND ROSEMARY TING, HUSBAND AND WIFE AS JOINT TENANTS
BD-CMBR-25-01068	1541 Rall Ave	Candice Rae Brown, a single woman and Raymond Walter Brown and Marilyn Louis Brown, husband and wife, as joint tenants
BD-CMBR-25-01313	320 W Ashcroft Ave	HUOY O TRANG AND DANIELLE V TRANG, TRUSTEES OF THE TRANG FAMILY TRUST DATED JULY 18, 2003
BD-CMBR-24-01052	2220 De Witt Avenue	Carson Goldberg and Paula Goldberg, husband and wife, as community property with right of survivorship
BD-CMBR-25-00430	134 Poppy Ln	The Roman Catholic Bishop of Fresno, a corporation sole
BD-CMBR-24-03780	408 Clovis Ave	Tipp Investments, LLC
BD-CMBR-25-01274	241 Elm Ave	MICHAEL JAMES TONE AND CHARLOTTE LYNETTE JOHNSON, HUSBAND AND WIFE AS JOINT TENANTS
BD-CMBR-25-00687	106 Woodworth Ave	Adam K Holt and Kelley F Holt, husband and wife, as community property with right of survivorship
BD-CMBR-25-00756	1661 Fifth St	WILLIAM T. SANDERS
BD-CMBN-25-00621	1426 Tollhouse Rd	New Horizon Investment LLC, a California Limited Liability Company
BD-CMBR-25-01149	650 W Indianapolis Ave Unit:B	650 W INDIANAPOLIS AVE STATUTORY TRUST
BD-CMBR-25-02292	727 Woodworth Ave Unit:B	Michael Anthony Moreno and Monique Moreno, husband and wife as joint tenants
BD-CMBR-25-02074	115 San Jose Ave	EPIC HOME TRANSFORMATIONS LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

BD-CMBR-24-03904	3334 Bullard Ave	WARREN T. FORTIER, A MARRIED MAN AS HIS SOLE AND SEPARATE PROPERTY
BD-CMBR-25-02403	1515 Keats Ave	ITALISH INVESTMENTS INC. A CALIFORNIA CORPORATION
BD-PVT-25-01340	1301 De Wolf Ave	JOSHUA B CRAMPTON, SINGLE MAN
BD-CMBR-25-02919	3284 Claremont Ave	KENG KIA YANG, A SINGLE WOMAN
BD-CMBN-25-02690	511 Fourth St	the Sheldon Family Trust
BD-CMBR-25-02393	560 W Stuart Ave	Lisa Kay Johnson, a single woman
BD-CMBR-25-01841	2236 Ellery Ave	Kelli Brianne Mayhew, a single woman, and Matthew Joseph Bowe, a single man, as joint tenants
BD-CMBR-24-04294	1018 San Jose Ave	Clovis Apartment Group, LLC, an Arizona limited liability company
BD-CMBR-25-01945	1209 Fourth St	Heavenly Joy Properties #1, LLC
BD-CMBR-24-03143	6 Pollasky Ave	Boom Boom Properties, LLC, a California limited liability company, as to an undivided 50% interest and B1-66ER, LLC a California limited liability company, as to an undivided 50% interest



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Public Utilities Department

DATE: November 3, 2025

SUBJECT: Public Utilities – Approval – Award the Request for Proposals and Approve the Purchase of the Fleet Asset Management Software Five (5) Year Subscription from AssetWorks, Inc., for a Total of \$344,051.37.

ATTACHMENTS: None

RECOMMENDATION

For the City Council to award the Request for Proposals (RFP) and approve the purchase of the new fleet asset management software five (5) year subscription from AssetWorks, Inc., for a total amount of \$344,051.37.

EXECUTIVE SUMMARY

The City of Clovis has relied on the FASTER fleet management system for two decades. The software is no longer meeting the City's current needs and is no longer supported by the vendor, posing operational and security risks.

Staff issued a Request for Proposals (RFP) using the City's online bidding system to find replacement software that is user-friendly and accessible, meets current information technology and cybersecurity standards, can integrate with other Fleet systems like fuel management, and would meet all reporting needs. AssetWorks, Inc., provided the most complete and responsive proposal, meeting all the City's technical requirements, qualifications, experience, and cost.

AssetWorks offers a robust, cloud-based platform that meets the City's current and future fleet management needs. Approval of this purchase will ensure continuity of service, improved functionality, and enhanced data security.

Staff recommends transitioning from the legacy FASTER fleet management software to the modern Software-as-a-Service (SaaS) solution provided by AssetWorks.

BACKGROUND

The City of Clovis has utilized the FASTER fleet management system since the early 2000s. While the software has served its purpose, it has become increasingly outdated and is no longer supported by the original vendor. FASTER has stopped support of their legacy software to focus

on their new SaaS solution. This lack of support limits the City's ability to maintain, upgrade, or troubleshoot the system, and exposes the City to potential data loss and inefficiencies.

On February 14, 2025, staff developed and issued a Request for Proposals (RFP) for the replacement software and assembled an evaluation team comprised of subject matter experts in technology, asset management, and fleet operations to evaluate these proposals. A total of eleven (11) proposals were received, but only six (6) were deemed responsive, meeting the City's proposal requirements and qualifying for further evaluation.

Proposals were evaluated based on the following criteria:

- The completeness of the written proposal
- Ability to meet the requirements as specified in General Requirements and Guidelines, Proposal Requirements, and Scope of Services
- Fees charged and overall price, including any charges for on-going support and maintenance
- The system's technological specifications, including system design, enterprise grade components, expandability, security, and life expectancy
- The firm's project management and technical capabilities
- Feedback from references (preferably other California local government agencies) regarding qualifications to succeed on this project

The responsive proposals are listed as follows:

Vendor	5-Year Total Cost
AtomAI	\$240,000.00
RTA	\$292,294.15
AssetWorks	\$344,051.37
FASTER	\$347,634.45
Advantech	\$579,451.23
RICEFW	\$2,145,116.80

After evaluating all proposals, AssetWorks emerged as the preferred vendor, receiving the highest overall score due to its comprehensive SaaS offering, user-friendly interface, ability to conform to current industry standards in information technology and security while meeting all system and user requirements, and proven track record with other municipalities. They also provided the most complete and responsive proposal.

In comparison to AssetWorks, the two lower-cost proposals from RTA and AtomAI lacked the complete offerings asked for in the Request for Proposals for fleet management software.

AssetWorks provides a scalable SaaS platform with advanced analytics, mobile access, a customer portal, and automated workflows tailored to fleet management. These features will streamline operations, reduce manual data entry, and empower staff with real-time insights. The intuitive interface also minimizes training time and improves user adoption across departments.

Based on thorough and comprehensive evaluation, staff is recommending the purchase of the fleet asset management software five (5) year subscription, maintenance, and support agreement from AssetWorks, Inc., for a total of \$344,051.37, which would be paid annually per the following schedule:

Term	Implementation Fee	SaaS Subscription Fee
Year 1	\$110,160.00	\$42,735.00
Year 2		\$44,017.05
Year 3		\$46,217.90
Year 4		\$48,990.98
Year 5		\$51,930.44
Total:		\$344,051.37

FISCAL IMPACT

The total 5-year contract cost is \$344,051.37, which includes SaaS subscription fees for all required modules, implementation, training, and all 5 years of maintenance support. Funding for Year 1 implementation and subscription fee is available in the Fiscal Year 2025-26 budget for this project.

REASON FOR RECOMMENDATION

Migrating to AssetWorks ensures that the City will maintain a reliable and secure fleet management system. The SaaS model provides scalability, automatic updates, and remote access, aligning with the City's strategic goals for digital modernization and operational efficiency.

ACTIONS FOLLOWING APPROVAL

Upon Council approval, the City Manager will execute the subscription agreement with AssetWorks. The Public Utilities Department will coordinate with AssetWorks to begin implementation, data migration, and staff training.

CONFLICT OF INTEREST

None.

Prepared by: Hung Vu, Senior Information Technology Analyst

Reviewed by: City Manager AA



CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council

FROM: Planning and Development Services Department

DATE: November 3, 2025

SUBJECT: Consider Approval - Res. 25-____, Resolution of Necessity to determine that public interest and necessity require acquisition of property for public purposes and; authorizing proceedings in eminent domain for property located North of Nees Avenue, West of Armstrong Avenue.

Staff: Ryan C. Burnett, AICP, Engineering Program Supervisor

Recommendation: Approve

ATTACHMENTS: 1. Res. 25-____
2. Vicinity Map

RECOMMENDATION

For the City Council to hold a public hearing and approve the attached Resolution of Necessity (Attachment 1), authorizing the City Attorney to initiate eminent domain proceedings to acquire property in fee for public right-of-way purposes on the north side of Nees at the intersection of Nees and Armstrong Avenues.

EXECUTIVE SUMMARY

This is a request to approve a Resolution of Necessity approving the eminent domain process to acquire right-of-way in order to install traffic signalization at the intersection of Nees and Armstrong Avenues. Staff has not been able to come to an agreement with the property owner to purchase the needed right-of-way. This action is to avoid further delays in the construction of improvements at the intersection of Nees Avenue and Armstrong Avenue.

California Code of Civil Procedure section 1245.240 requires the Resolution of Necessary be approved by a minimum vote of two-thirds of all the members of the City Council.

BACKGROUND

City staff is currently in discussion with Bret Judkins, property owner of 5976 E. Nees Avenue, Clovis CA 93611, APN 559-040-16s. The acquisition consists of 4,971 square feet of new street right-of-way to accommodate a new traffic signal at the intersection. Attachment 2 shows the area needing to be acquired.

This right-of-way is needed for the Nees and Armstrong Signalization Project at the intersection of Nees and Armstrong (the "Project"). The Project is federally funded and includes the installation of traffic signal poles, mast arms, reinforced concrete pole foundations, traffic loop detectors, conduit, cameras, safety streetlights, communication cabinet and equipment, site grading, asphalt-concrete paving, concrete curb returns ramps, asphalt-concrete dikes, asphalt-concrete pavement transitions and concrete sidewalk transitions. The Project's improvements are necessary to accommodate increased traffic demands in the area in order to increase public safety.

The City began negotiations with the property owner in June 2023 with an acquisition request of 5,905 square feet. Staff obtained an appraisal report for the Property to be obtained that outlines its fair market value, and an offer was made to the property owner in accordance with Government Code section 7267.2. Subsequently, the Project was redesigned due in part to PG&E requirements, which resulted in a smaller acquisition area of 4,971 square feet. The smaller area was due to the project not needing as much right of way due to redesign and to minimize impacts to the property owner. Staff sent the updated plans to the property owner in November of 2024 with a revised offer reflecting the smaller acquisition area. Since, staff have attempted to work with the property owner to address any questions or issues but have not been able to reach an agreement.

Due to lack of agreement on the terms of the acquisition and timing of the Project, staff requests approval of the Resolution of Necessity and authorize staff to begin the eminent domain process, if necessary. The construction phase for the Project is currently programmed in the Federal Transportation Improvement Program (FTIP) in federal fiscal year 2025/26. A Resolution of Necessity is a required legal step that confirms the public need, necessity of the property, compliance with all legal procedures, and gives the authorization to initiate eminent domain proceedings, while allowing negotiations to continue.

Staff will continue to work with the property owner with the goal of coming to an agreement on the terms of the right-of-way acquisition; however, the start of construction-related activities on the Project will be delayed if right-of-way is not acquired in a timely manner.

The property owner has been notified of the public hearing date and their right to appear and be heard on the Resolution of Necessity. Notice of this hearing was mailed to the property owner on October 6, 2025, in accordance with Code of Civil Procedure section 1245.235. Council is advised that the only issues under consideration at the public hearing are considering the necessity to invoke eminent domain, and whether there exists relevant findings required for adopting a Resolution of Necessity. The fair market value of the property is not a proper topic for consideration or discussion at the Resolution of Necessity hearing.

Required Findings for the Resolution of Necessity are:

1. Public interest and necessity require the proposed project.

The subject property is required for the installation of traffic signal poles and associated roadway improvements. Without acquisition of this property, the Project cannot be constructed as

designed, and the resulting public safety and traffic efficiency benefits would be significantly compromised. There is no viable alternative that avoids the need for this specific property interest.

2. The proposed project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.

The Project underwent a comprehensive design process that included engineering evaluations. The selected alignment and design reflect the least intrusive means to achieve the Project objectives while minimizing impacts to private property.

3. The property sought is necessary for the proposed project.

The subject property is required for the installation of traffic signal poles and associated roadway improvements. Without acquisition of this property, the Project cannot be constructed as designed, and the resulting public safety and traffic efficiency benefits would be significantly compromised. There is no viable alternative that avoids the need for this specific property interest.

4. An offer to acquire the real property, pursuant to section 7267.2 of the Government Code, was made to the owners of record as provided by law.

In compliance with Government Code §7267.2, the City made a written offer based on a fair market value appraisal and provided the owner with a summary of the valuation. The offer remains open for the owner's consideration. Negotiations have continued in good faith, and staff remains committed to reaching a voluntary agreement, if possible.

5. The City has complied with all conditions and statutory requirements necessary to exercise the power of eminent domain ("the right to take") to acquire the portion of the property described herein.

The City has complied with all applicable procedures and requirements set forth in the California Eminent Domain Law (Code of Civil Procedure Section 1230.010 et seq.), including pre-condemnation requirements such as the provision of notice and opportunity to be heard at a public hearing. All notifications and procedural requirements have been met, and the record reflects substantial compliance with applicable law.

6. The City has fully complied with all provisions of the California Environmental Quality Act, and the National Environmental Policy Act for the Project.

The Project has undergone appropriate environmental review and complies with the requirements of both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Under CEQA, the Project has been determined to be categorically exempt pursuant to Section 15303 of the CEQA Guidelines – New Construction or Conversion of Small Structures. This exemption applies to the construction and installation of small facilities or structures that do not have a significant impact on the environment. The Project

involves the conversion of the existing four-way stop intersection at Nees and Armstrong Avenues into a fully signalized intersection. These improvements meet the criteria under CEQA for categorical exemption, as they involve the installation of new, small-scale transportation infrastructure that does not result in significant environmental impacts.

Additionally, a Categorical Exclusion (CE) under NEPA was prepared and formally approved by the California Department of Transportation (Caltrans), acting under delegated authority from the Federal Highway Administration (FHWA). The approval confirms that the Project does not individually or cumulatively have a significant effect on the human environment and therefore does not require an Environmental Assessment (EA) or Environmental Impact Statement (EIS).

FISCAL IMPACT

Approval of the Resolution of Necessity is essential to allow the City to acquire the required property interest in a timely manner and proceed with the construction of critical public safety improvements. The Project will reduce traffic congestion and enhance overall safety at a heavily used intersection. Delaying acquisition jeopardizes funding timelines and public safety.

REASON FOR RECOMMENDATION

The Project and related right-of-way acquisitions are budgeted and funded by Measure "C" and Congestion Mitigation and Air Quality Program (CMAQ) federal funds.

ACTIONS FOLLOWING APPROVAL

Staff will continue to work with the property owner towards an agreement but will pursue an eminent domain action if necessary to meet funding deadlines.

CONFLICT OF INTEREST

None.

Prepared by: Jomar Rushdan, Management Analyst

Reviewed by: City Manager AK

RESOLUTION 25-__

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVIS
DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY REQUIRE
ACQUISITION OF PROPERTY FOR PUBLIC PURPOSES AND AUTHORIZING
PROCEEDINGS IN EMINENT DOMAIN FOR PROPERTY LOCATED AT THE
INTERSECTION OF NEES AND ARMSTRONG AVENUES**

WHEREAS, it appears necessary and desirable that the City of Clovis (hereinafter, “City”) acquire fee title to a portion of the real property commonly known as 5976 East Nees Avenue (APN: 559-040-16s), which portion is more particularly described as set forth in Exhibit A, and as depicted in Exhibit B (the portions of property to be condemned are hereinafter referred to as the “Property”); and

WHEREAS, the underlying project for which the Property is needed is the signalization and related improvements to the intersection of Nees Avenue and Armstrong Avenue (“Project”), and this resolution is necessary for the acquisition of fee title to the Property, consisting of approximately 4,971 square feet for right-of-way purposes; and

WHEREAS, the Project underwent an environmental review pursuant to the California Environmental Quality Act (“CEQA”) and the National Environmental Policy Act (“NEPA”), and the requirements have been satisfied; and

WHEREAS, a Notice of Hearing on the intent of the City Council of the City of Clovis (hereinafter “Council”) to Adopt the Resolution of Necessity was mailed to the record owner of the Property in accordance with California Code of Civil Procedure section 1245.235, subdivisions (a) and (b). The Notice of Hearing advised the property owner of the right to be heard on the matters referred to therein on the date and at the time and place stated therein; and

WHEREAS, the hearing described in the Notice of Hearing was duly held on November 3, 2025, at the time and place stated therein, and all interested parties were given an opportunity to be heard. The hearing was then closed and the matter was considered by the Council in accordance with applicable law; and

WHEREAS, the Council has received and considered all relevant facts and evidence, including, but not limited to, the Planning and Development Services Department staff report and matters referenced therein; facts which are otherwise commonly known, judicially noticeable, and matters of public record; and all other relevant and proper evidence offered at the hearing by staff, affected property owners who made timely requests to appear and be heard at the hearing, and others who appeared and were heard.

NOW, THEREFORE, BE IT RESOLVED, that the City of Clovis by a vote of not less than 2/3 of its members, declares, finds, and resolves as follows:

1. The foregoing recitals are true and correct and, by this reference, incorporated herein as if set forth in full. The staff report, Attachments, and all other materials presented to Council, whether orally or in writing on the Resolution of Necessity are incorporated by reference.
2. The City is authorized to acquire the Property described herein for the Project by eminent domain proceedings pursuant to California Government Code sections 37350.5 and 40404, and California Code of Civil Procedure section 1240.610.
3. The Property to be acquired is generally located on the north side of East Nees Avenue at Armstrong Avenue, in the City of Clovis, County of Fresno, State of California. The extent of the Property to be taken is as described in the legal description attached as Exhibit A and as depicted in the diagram attached hereto as Exhibit B.
4. Based on all evidence presented in this matter, the Council specifically finds and determines as follows:
 - a. The public interest and necessity require the proposed Project.
 - b. The proposed Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.
 - c. The Property as described in this Resolution is necessary for the proposed Project.
 - d. An offer to acquire the Property, in accordance with section 7267.2 of the Government Code, was made to the owner of record of the Property as provided by law.
 - e. The City has complied with all conditions and statutory requirements necessary to exercise the power of eminent domain ("the right to take") to acquire the portion of the Property described herein.
 - f. The City has complied with all provisions of CEQA and NEPA for the Project.
5. The portion of the interest in the Property, including any improvements thereon, which are authorized to be acquired by this Resolution, are as delineated on the said attachments, being real property completely situated within the territorial boundaries of the City.
6. The City plans that the date of use of the Property for the Project will be within seven (7) years from the date the complaint for eminent domain proceedings is filed.
7. The City Attorney of the City of Clovis is authorized and directed to institute and conduct to conclusion in the name of the City, proceedings in eminent domain. The proceedings

are to be in accordance with the provisions of the Constitution of California and the Code of Civil Procedure in order to acquire in the name of the City a fee simple estate in and to a portion of the Property herein described and such other interests as may be necessary for construction and operation of the Project. This Council finds and determines the public interest, necessity, and welfare require prejudgment possession of the Property as soon as the same may be lawfully obtained. The City Attorney is authorized and directed to obtain such possession.

8. The Director of Finance of the City is authorized to pay, out of funds authorized or received, for the acquisition of the Property, for prejudgment possession of the Property, and for all other costs and expenses of acquisition, including, but not limited to, final compensation for the take and all fees and costs charged for City services in connection with this litigation.

9. The City Manager and City Attorney, or their authorized designees, are hereby authorized, without further action of this Council, to enter into any settlement regarding acquisition of the Property by way of agreement and/or stipulation so long as the settlement is based upon approved evidence and appraisal opinion.

* * * * *

The foregoing resolution was introduced and adopted at a regular meeting of the City Council of the City of Clovis held on November 3, 2025, by the following vote, to wit:

AYES:
 NOES:
 ABSENT:
 ABSTAIN

DATED:

 Mayor

 City Clerk

Exhibit A

That portion of Parcel 2 of Parcel Map No. 2988, recorded in Book 20 of Parcel Maps, at Page 1, Fresno County Records, situated in the Southeast quarter of Section 28, Township 12 South, Range 21 East, Mount Diablo Base and Meridian, in the City of Clovis, County of Fresno, State of California, described as follows;

Beginning at the Southeast corner of said Parcel 2, thence North 89°57'00" West along the South Line of said Parcel 2, also being the northerly Right of Way of Nees Avenue, 57.50 feet;

Thence parallel with the East Line of said Parcel 2, North 0°12'22" East, 23.00 feet to the intersection with a line that is parallel with and 23.00 feet North of said South Line;

Thence along last said parallel line South 89°57'00" East, 15.00 feet;

Thence North 45°07'41" East, 26.20 feet to the intersection with a line that is parallel with and 24.00 feet West of the East Line of said Parcel 2;

Thence along last said parallel line, North 0°12'22" East, 68.24 feet

Thence North 9°13'54" East 79.65 feet;

Thence parallel with the South Line of said Parcel 2, South 89°57'00" East, 11.51 feet to the East Line of said Parcel 2, also being the westerly Right of Way of Armstrong Avenue;

Thence along said East Line, South 0° 12' 22" West, 188.37 feet to the Southeast corner of said Parcel 2 and the Point of Beginning.

See Exhibit B attached hereto and by this reference made a part hereof.

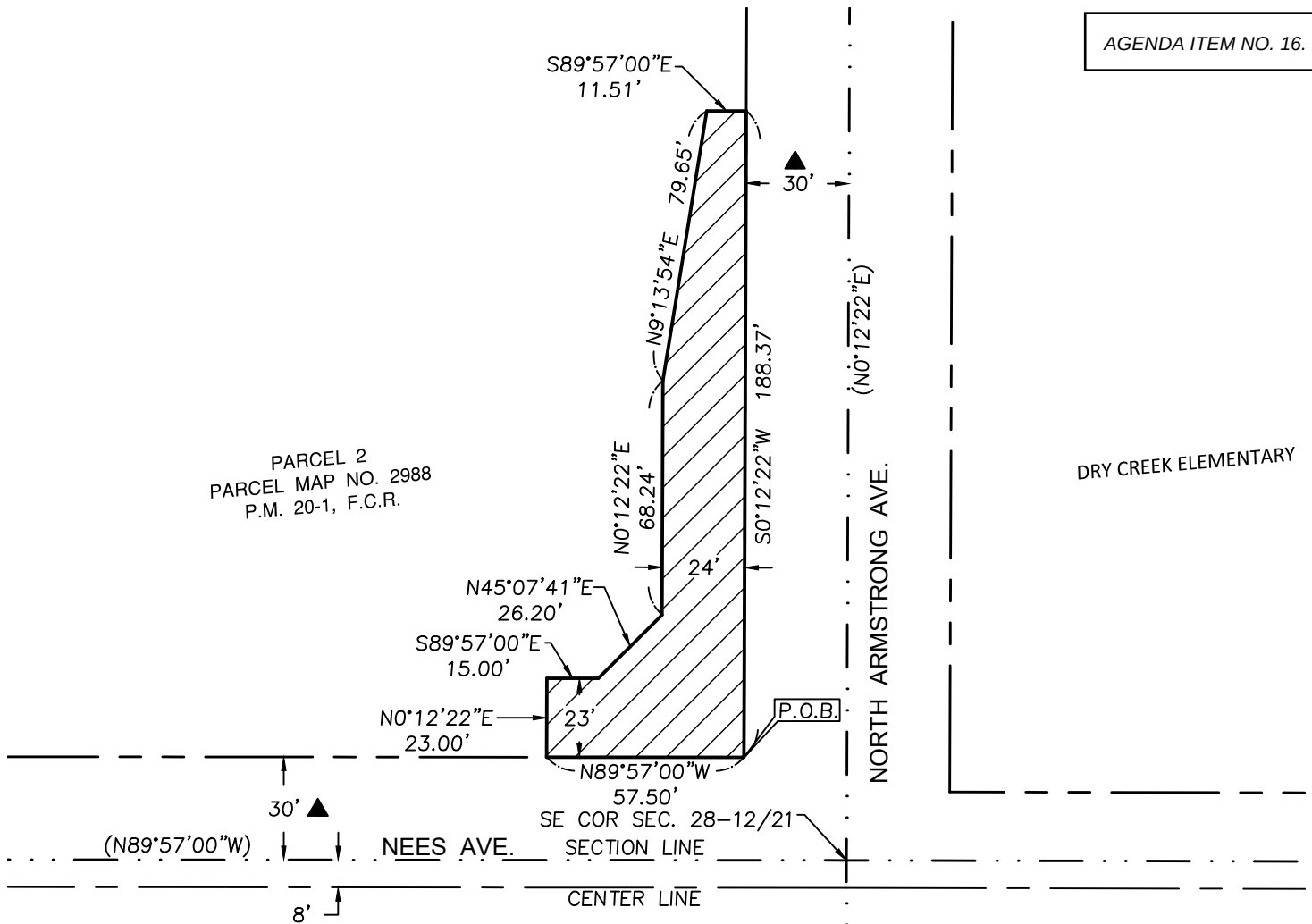
Containing approximately 4,971 square feet



JS Land 2024.09.26
13:26:34-07'00'

PARCEL 2
PARCEL MAP NO. 2988
P.M. 20-1, F.C.R.

DRY CREEK ELEMENTARY



NEES COLONY - R.S. 2-57, F.C.R.

LEGEND



AREA TO BE GRANTED IN FEE TO THE CITY OF CLOVIS FOR PUBLIC STREET & PUBLIC UTILITY PURPOSES. CONTAINING ±4,971 SQ. FT.

F.C.R. FRESNO COUNTY RECORDS
O.R.F.C. OFFICIAL RECORDS FRESNO COUNTY
P.O.B. POINT OF BEGINNING
R.S. BOOK OF RECORD OF SURVEYS
P.M. BOOK OF RECORD OF PARCEL MAPS
() RECORD DATA PER PARCEL MAP NO. 2988, P.M. 20-1, F.C.R.

▲ AREA SHOWN AS PREVIOUSLY DEEDED ON PARCEL MAP NO. 2988, P.M. 20-1, F.C.R.



TRACT NO. 5360
V. 72, PG. 70 & 71, PLATS, F.C.R.

N



SCALE: 1" = 50'

2024.09.26
13:26:58-07'00"

H:\SURVEY\PROJECTS\CIP 20-13 - ARMSTRONG & NEES TS\EXHIBITS\CIP 20-13 NEES ARMSTRONG EXHIBIT B.DWG

CITY OF CLOVIS - PLANNING AND DEVELOPMENT SERVICES

EXHIBIT "B"

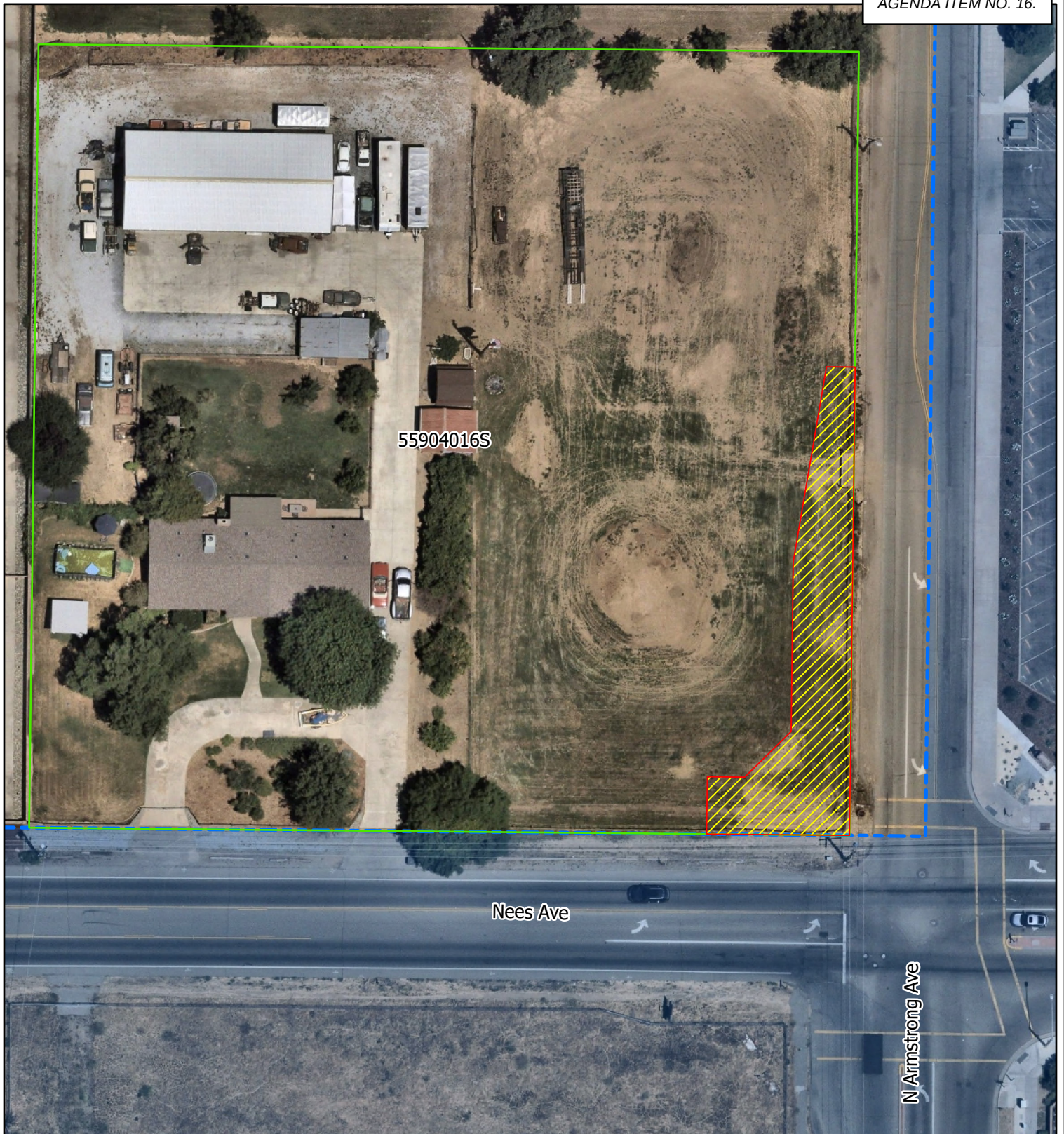
APN: 559-040-16

SITUATED IN THE SE QUARTER OF
SEC. 28, T.12S., R.21E., M.D.B.&M.

DATE: 9/26/24
PROJECT: CIP 20-13
DRAWN BY: J.S.L.
SCALE: 1" = 50'
SHEET: 1 OF 1



CITY of CLOVIS



Tuesday, October 21, 2025

Attachment 2

5976 Nees Avenue

Judkins Bret Ryan Trustee | APN: 559-040-16S
Acquisition Square Footage: ± 4,971

 Right-of-Way Acquisition  City Limits  Parcel

0 25 50 100

Feet





CITY *of* CLOVIS

REPORT TO THE CITY COUNCIL

TO: Mayor and City Council
 FROM: Public Utilities Department
 DATE: November 3, 2025
 SUBJECT: Workshop – Presentation on Draft 2025 Water Rate Study Findings.

Staff: Kevin Tuttle, Assistant Public Utilities Director

Recommendation: Receive and File

ATTACHMENTS: None.

RECOMMENDATION

Receive and file a presentation on the Draft 2025 Water Rate Study findings.

EXECUTIVE SUMMARY

In April 2016, the City's current water rate structure was approved to meet the revenue requirements of operating and maintaining the City's water system as an enterprise fund and avoid the need to use the General Fund. Since 2016, additional operational, maintenance, and regulatory requirements have been imposed which have increased the cost of operating and maintaining the water system. Additionally, the City has experienced significant increases in costs over the past five years due to inflation and other factors related to labor, capital, and material components for operating the water system. Along with the operational factors, there is a recognized need to replace aging components and provide redundancy for critical infrastructure to adequately maintain the water system.

The Five-Year Forecast projects a need to generate additional revenue to maintain required working capital and set aside funds for capital projects necessary to keep the water system running effectively and efficiently in the future. Additionally, recent court decisions have necessitated a review of the current water rate structure within the Water Rate Study to determine if structural changes are needed to the water rates. The City's Water Rate Study consultant, Raftelis, evaluated the existing rate structure and worked with staff over the past year and a half to develop potential revenue scenarios that meet the City's financial and water system needs, while also ensuring compliance with applicable legal requirements governing water rates, including Proposition 218.

BACKGROUND

The 2016 Water Rate Report recommended tiered water rates based on a revised cost of service analysis. This report was largely generated in light of the San Juan Capistrano court decision of 2015, which ruled that the City of San Juan Capistrano failed to show the cost of providing water to high-usage customers actually increased proportionally with consumption. Since that time, a 2024 decision in *Coziahr v. Otay Water District* concluded that the Otay Water District failed to demonstrate that higher tiers incur a proportionally higher cost to provide similar service. Effectively, this decision stated that the previously used industry standards for calculating tiered water rates are not a substitute for rates based on the actual costs incurred to run the system. Similarly, in *Patz v. City of San Diego* (2025), the court ruled that rates must be based on the actual cost to provide service at each tiered rate. Should tiered rates be used, they must be linked to actual data and not industry standard data.

Since the 2016 Water Rate Report and adjustments made to water rates in 2017, inflation from the economic impacts of the COVID-19 pandemic have increased project costs significantly. To ensure compliance with the court decisions mentioned above regarding tiered water rates and to address projected revenue shortfalls due to additional regulatory requirements, higher costs of operating the water system than projected in 2016, and the need to accumulate funds for future capital, maintenance, operation, and projects related to compliance with the Sustainable Groundwater Management Act (SGMA), staff retained the services of a consultant, Raftelis, to conduct a comprehensive water rate study. The goal of this water rate study was to provide a review of the current Water Enterprise Fund and what adjustments are necessary in the near future.

Raftelis' work consisted of providing a financial plan that meets the City's revenue requirements while also providing a cost-of-service analysis that bases the rate recommendations on the realities of the current water utility needs. Staff's core criteria for the updated rate structure were: 1) the rates are legally defensible within the current confines of applicable case law and Proposition 218, and 2) the rates meet the revenue requirements for maintenance and operations of a sustainable water system.

The development of the water rate study consisted of documenting revenue requirements to meet the utility's needs for maintenance and operations, establishing a funding mechanism for needed capital improvement projects and maintaining current levels of reserve funding. The cost of service was then developed by:

- Separating revenue needs based on supply, customer service, metering, etc.
- Allocating those revenue needs to their appropriate cost basis, such as volume, bills, and equivalent meters.
- Determining a cost per unit of service, such as equivalent meters, number of customers, or number of bills.
- Distributing the developed cost to each customer class using the unit costs and the proportional impact of each customer class on the system.

The rates were then designed based on the cost of service and the revenue requirements. Finally, a report was prepared that serves as the administrative record and support document to meet the requirements of Proposition 218.

Staff has evaluated a preliminary rate structure that serves as one potential way to provide the necessary funding for maintenance and operations, and phases in the increase to water rates over a three-year period. This potential rate structure provides additional generation of revenues over three consecutive years (2027-2029) to close the financial gap identified in the report. Staff believes the potential rate structure is necessary and appropriate in meeting future revenue requirements of the Water Enterprise Fund, and expects to make a formal recommendation to Council in early 2026 to initiate the necessary Proposition 218 proceedings to consider the proposed water rate increase.

The potential water rate structure would begin on January 1, 2027 and continue for three years at an average increase of 23% per year. The overall average increase in the first year would be about 23%, with each customer class being affected with differing percentages due to the removal of tiers and other adjustments made to the structure of the water rates to be compliant with current law. Rates in the years following the initial 3-year period would be authorized to increase at an escalator of 3%, which has historically been the City's practice. These increases would follow in the same manner as the Solid Waste and Sewer Enterprise accounts, where Council will evaluate staff's recommendations during the annual budget cycle to determine if the authorized increase is required for the upcoming budget year. The authorized 3% annual increase in subsequent years is intended to limit larger future rate increases, allow for the funding of major infrastructure maintenance projects, and allow the Water Enterprise Fund to maintain adequate reserve levels to help mitigate future market and cost fluctuations.

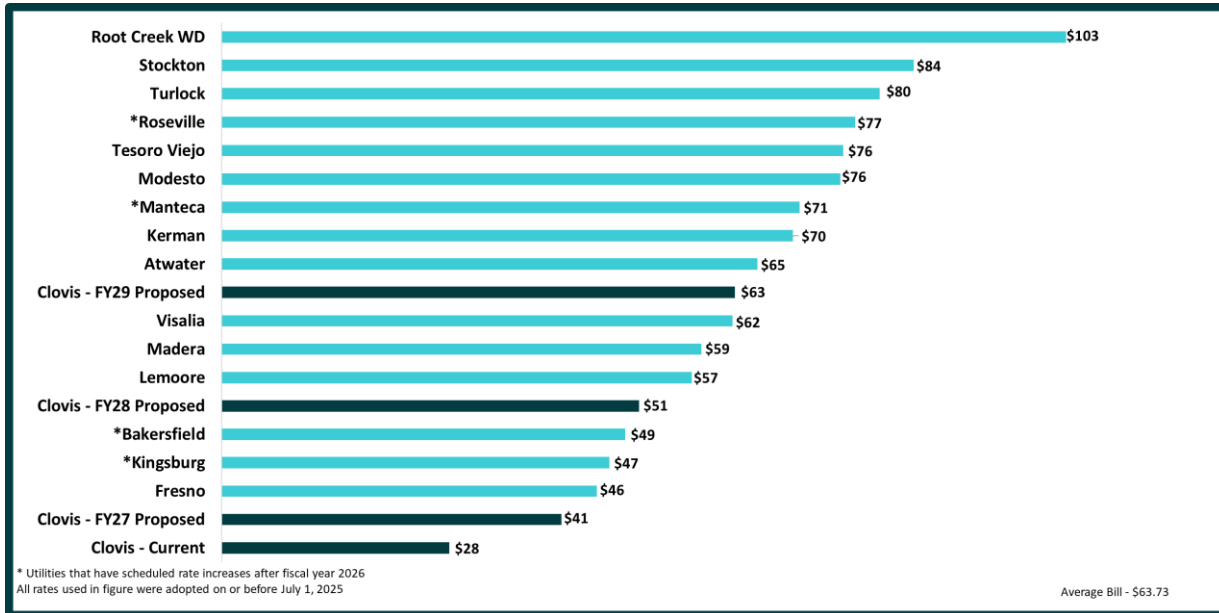
The study also provides a review of the City's private fireline costs. As a part of this update, staff believes following the American Water Works Association manual for rate setting is appropriate, which recommends firelines be billed according to the service line connection.

FISCAL IMPACT

The proposed water rates are designed to address the increasing cost of operations, maintenance, planned infrastructure, and projects related to compliance with applicable legal and regulatory requirements – including SGMA – and to provide a fiscally responsible financial plan for funding necessary improvements to aging infrastructure. The increase in rates allows for continued operational cost coverage, addresses debt service, provides for capital improvements, and maintains necessary operational reserves for future uncertainties. The proposed rate increase also provides debt service coverage necessary to satisfy bonding requirements, should those become necessary in the future.

This draft rate study also includes similar provisions to 2016 that allow for a continued 3% water rate escalator starting in Fiscal Year 2030. These incremental increases help alleviate the need for periodic large rate increases. Under normal circumstances, these modest increases allow revenues to keep up with the increase in standard energy and material costs, like chemicals, fuel, vehicles, and personnel costs. Ideally, the smaller increases help reduce the need for larger increases over time. This strategy has been adopted previously by Council for both the Water and Sewer Enterprise Funds.

Finally, the chart below includes a bill comparison example, comparing an average current water bill to the future water bill for the same service after the proposed first year (23%) initial rate increase. The current water rate for other local agencies is also included for comparison. Historically, Clovis has had one of the lowest costs of water services provided in the region, and Clovis is likely to remain in the lower half of the identified cities even after the proposed increase.



REASON FOR RECOMMENDATION

Receiving and filing presentation on the Draft 2025 Water Rate Study findings.

ACTIONS FOLLOWING APPROVAL

Staff is in the process of finalizing the Water Rate Study with Raftelis and will be recommending adoption of the new water rates and initiation of a Proposition 218 proceeding in the coming months. The tentative schedule is outlined below:

- November – December 2025: Receive additional comments/feedback and conduct public outreach on water rate study findings, and finalize the study.
- February 2026: Depending on feedback, request Council authorization to proceed with a Proposition 218 hearing.
- March – April 2026: Conduct a Proposition 218 hearing and Municipal Code update.

CONFLICT OF INTEREST

None.

Prepared by: Kevin Tuttle, Assistant Public Utilities Director

Reviewed by: City Manager *AT*