



AGENDA

Special Meeting

City Council Chamber - 1243 National City
Boulevard, National City, CA

Ron Morrison, Mayor
Luz Molina, Vice-Mayor - District 1
Jose Rodriguez, Councilmember - District 2
Ditas Yamane, Councilmember - District 3
Marcus Bush, Councilmember - District 4

Alejandro Hernandez, Acting City Manager
Heidi Skinner, Interim City Attorney
Shelley Chapel, MMC, City Clerk

The City Council also sits as the City of National City Community Development Commission, Housing Authority, Joint Powers Financing Authority, and Successor Agency to the Community Development Commission as the National City Redevelopment Agency

Thank you for participating in local government and the City of National City Council Meetings.

Meetings: Regular City Council Meetings are held on the first and third Tuesday of the month at 6:00 p.m. Special Closed Session Meetings and Workshops may be same day, the start time is based on needs. Check Special Agendas for times.

Location: Regular City Council Meetings are held in the Council Chamber located at City Hall, 1243 National City Boulevard, National City, CA 91950, the meetings are open to the public.

Agendas and Material: [Agendas and Agenda Packet](#) for items listed are available on the City website, and distributed to the City Council no less than 72 hours before the City Council Meeting. Sign up for [E-Notifications](#) to receive alerts when items are posted.

Public Participation: Encouraged in a number of ways as described below. Members of the public may attend the City Council Meeting in person, watch the City Council Meeting via [live](#) web stream, or participate remotely via [Zoom](#). [Recording of Meetings](#) are archived and available for viewing on the City's website.

To listen to the live stream in Spanish, you must register for Zoom prior to the meeting for access.

All Zoom registration must be completed **two (2)** hours prior to the City Council Meeting for access.

Public Comment: Persons wishing to address the City Council on matters not on the agenda may do so under Public Comments. Those wishing to speak on items on the agenda may do so when the item is being considered. Please submit a Speaker's Slip to the City Clerk before the meeting or immediately following the announcement of the item. All comments will be limited up to three (3) minutes. The Presiding Officer shall have the authority to reduce the time allotted to accommodate for a large number of speakers. *(City Council Policy 104)*

All written comment must be submitted no later than **four (4)** hours prior to the start of the meeting to allow time for distribution to the City Council.

EFFECTIVE JANUARY 1, 2025

All Contributions to Candidates and Current Elected Officials are required to self-report a Declaration of Campaign Contribution to a Councilmember of more than \$500 within the past year (effective Jan 1, 2025). This report may be included on the Public Comment Speaker Slip to be completed prior to the City Council Meeting.

Spanish Interpretation Services: Spanish Interpretation Services are available; please contact the City Clerk before the start of the meeting for assistance. clerk@nationalcityca.gov

American Disabilities Act Title II: In compliance with the American Disabilities Act of 1990, persons with a disability may request an agenda in appropriate alternative formats as required by Title II. Any person with a disability who requires a modification or accommodation to participate in a meeting should direct such request to the City Clerk's Office (619) 336-4228 at least 24 hours in advance of the meeting.



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Gracias por participar en las reuniones del gobierno local y del Consejo de la Ciudad de National City.

Reuniones: Las reuniones regulares del Consejo Municipal se llevan a cabo el primer y tercer martes del mes a las 6:00 p.m. La reunión especial de sesión privada y los talleres pueden ser el mismo día, la hora de inicio se basa en las necesidades. Consulte las agendas especiales para conocer los horarios.

Ubicación: Las reuniones regulares del Concejo Municipal se llevan a cabo en la Cámara del Consejo ubicada en el Ayuntamiento, 1243 National City Boulevard, National City, CA 91950, las reuniones están abiertas al público.

Agendas y Material: Las Agendas y el Paquete de Agenda para los temas enumerados están disponibles en el sitio web de la Ciudad y se distribuyen al Concejo Municipal no menos de 72 horas antes de la Reunión del Concejo Municipal. Regístrese para recibir notificaciones electrónicas cuando se publiquen artículos.

Participación pública: Se fomenta de varias maneras como se describe a continuación. Los miembros del público pueden asistir a la Reunión del Concejo Municipal en persona, ver la Reunión del Concejo Municipal a través de la transmisión web en vivo o participar de forma remota a través de Zoom. Las grabaciones de las reuniones están archivadas y disponibles para su visualización en el sitio web de la Ciudad.

Para escuchar la transmisión en Español, registration por Zoom es requerido antes del comienzo de la sesión.

Todo registro para la transmisión por Zoom debe completarse **dos (2)** horas antes de la Reunión del Concejo Municipal.

Comentario Público: Las personas que deseen dirigirse al Concejo Municipal sobre asuntos que no están en la agenda pueden hacerlo bajo Comentarios públicos. Quienes deseen hacer uso de la palabra sobre los temas del programa podrán hacerlo cuando se esté examinando el tema. Por favor, envíe una solicitud del orador al Secretario de la Ciudad antes de la reunión o inmediatamente después del anuncio del artículo. Todos los comentarios estarán limitados a tres (3) minutos. El Presidente tendrá la autoridad para reducir el tiempo asignado para dar cabida a un gran número de oradores. (Política del Concejo Municipal 104)

Si desea enviar comentarios por escrito, envíe un correo electrónico a la Oficina del Secretario de la Ciudad al menos 1 hora antes de la Reunión del Consejo Municipal para dar tiempo a la distribución al Consejo Municipal.

Todos comentarios deben estar sometidos a más tardar **cuatro (4)** horas antes del comienzo de la sesión.

A PARTIR DEL 1 DE ENERO DE 2023

Todas las contribuciones a los candidatos y funcionarios electos actuales deben autoinformar una Declaración de contribución de campaña a un concejal de más de \$ 250 en el último año (a partir del 1 de enero de 2023). Este informe puede incluirse en el Recibo del orador de comentarios públicos que se completará antes de la reunión del Concejo Municipal

Servicios de interpretación en español: Los servicios de interpretación en español están disponibles, comuníquese con el Secretario de la Ciudad antes del inicio de la reunión para obtener ayuda.

Título II de la Ley de Discapacidades Americanas: En cumplimiento con la Ley de Discapacidades Americanas de 1990, las personas con discapacidad pueden solicitar una agenda en formatos alternativos apropiados según lo requerido por el Título II. Cualquier persona con una discapacidad que requiera un modificación o adaptación para participar en una reunión debe dirigir dicha solicitud a la Oficina del Secretario de la Ciudad (619) 336-4228 al menos 24 horas antes de la reunión.

State of California)
)ss.
County of San Diego)

AFFIDAVIT OF POSTING

I, Shelley Chapel, MMC, City Clerk of the City of National City, hereby declare under penalty of perjury that this notice of a Special Meeting was called by the City Council of the City of National City was posted and provided on Thursday, April 9, 2026, at 6:00 p.m. Said meeting to be held Tuesday, April 14, 2026, at 4:00 p.m. in the City Hall, City Council Chambers, 1243 National City Blvd., in the City of National City, California. Said notice was posted on the Bulletin Boards in front of City Hall and the Library.

Shelley Chapel

Shelley Chapel, MMC, City Clerk



AGENDA

Consolidated Special Meeting

Tuesday, April 14, 2026, 4:00 p.m.
City Council Chamber - 1243 National City Boulevard
National City, CA

Pages

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE TO THE FLAG
4. PUBLIC COMMENT (Comment will be specific to Agenda Item) Speakers will have up to three (3) minutes.
5. CONSENT CALENDAR
 - 5.1 Caltrans Clean CA Grant for the National City Revitalization & Employment Pathway Program. 3

Recommendation:
Adopt a Resolution Entitled "Resolution of the City Council of the City of National City, California, Authorizing the City Manager or His Designee to Accept Grants Funds in the Amount of \$600,000, Execute Grant Agreements, and Authorize the Implementation of the Clean CA Community Cleanup and Employment Pathway ("CCEP") Grant Program and Establish Appropriations for Related Expenses."
6. STAFF REPORT
 - 6.1 Presentation of Business License Tax (Gross Receipts Tax) Study and Direction on Potential Tax Model and Next Steps. 27

Recommendation:
Receive the presentation from HdL Companies regarding the Business License Tax (Gross Receipts Tax) study and provide direction to staff on a preferred tax model, including potential public outreach, polling, and ballot measure

development.

7. ADJOURNMENT



AGENDA REPORT

Department: Community Development
Prepared by: Angelita Palma, Community Development Manager
Meeting Date: Tuesday, April 14, 2026
Approved by: Alejandro Hernandez, Acting City Manager

SUBJECT:

Caltrans Clean CA Grant for the National City Revitalization & Employment Pathway Program.

RECOMMENDATION:

Adopt a Resolution Entitled "Resolution of the City Council of the City of National City, California, Authorizing the City Manager or His Designee to Accept Grants Funds in the Amount of \$600,000, Execute Grant Agreements, and Authorize the Implementation of the Clean CA Community Cleanup and Employment Pathway ("CCEP") Grant Program and Establish Appropriations for Related Expenses."

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

BACKGROUND

On September 8, 2025, Caltrans announced the Community Cleanup and Employment Pathway ("CCEP") Grant funding opportunity. California Streets and Highways Code Section 91.41 provides the legislative authority for the CCEP Program to advance the following intent and objectives:

- a. **Reduce Waste and Beautify Public Spaces:** The primary goal of the program is to allocate grants to local and regional public agencies, transit agencies, and tribal governments to reduce waste and debris within public rights-of-way, tribal lands, parks, pathways, transit centers, and other public spaces. The program aims to enhance, rehabilitate, restore, or install measures to beautify and improve these public spaces.
- b. **Improve Public Health and Community Placemaking:** The program seeks to enhance public health, cultural connection, and community placemaking by improving public spaces for walking and recreation. By investing in the improvement of these spaces, it aims to create a positive and welcoming environment for the community.
- c. **Promote Equity for Underserved Communities:** The program places a strong emphasis on advancing equity for underserved communities.

- d. **Support Sustainable Practices:** The program encourages the implementation of sustainable practices in the beautification and enhancement of public spaces. This includes greening efforts, such as providing shade and reducing the urban heat island effect, as well as using native, low-water plants.
- e. **Engage Local Communities:** The program promotes community engagement by requiring project proposals to reflect community priorities. It encourages the involvement of local communities in the development and selection of projects to ensure they meet the needs and preferences of the affected population.
- f. **Prohibit Displacement of Persons Experiencing Homelessness:** The program prohibits grants from funding projects that displace persons experiencing homelessness. This reflects the intention to address public space improvements without negatively impacting vulnerable populations.
- g. **Transparent and Efficient Grant Allocation:** The program requires the program to issue a call for projects and announce grant awards. The guidelines for allocating grants must include project selection criteria and program evaluation metrics.

The Clean National City Revitalization & Employment Pathway Program will address litter, illegal dumping, and neighborhood blight, all visible concerns that affect public spaces and residents' quality of life in National City.

- Vacant lots, deteriorating structures, and graffiti contribute to the sense of neglect, potentially fostering crime and discouraging investment.
- National City has 5.6% higher unemployment rates than the County of San Diego and the State of California – these averages are common in low-income and minority communities, such as National City, and limit economic mobility and strain local resources.

The above interconnected problems create a cycle of disinvestment: blight reduces property values and tax revenue, further exacerbating environmental and economic decline. Addressing these issues requires a holistic strategy - where residents, businesses, and stakeholders come together to remedy the problem.

The Clean National City Revitalization & Employment Pathway Project ("Project") is one solution – Together We Can!

TOGETHER WE CAN

Community-led cleanup projects and beautification efforts paired with employment training programs offer a powerful recovery solution. This combined initiative will directly tackle blight by removing illegal dumping, cleaning public spaces, rehabilitating vacant lots and homes, and adding public art. As a result, improvements will be made to the neighborhood's aesthetics and public health, signaling a commitment to community well-being and fostering pride and ownership among residents and businesses alike.

Crucially, integrating a workforce development component transforms cleanup from a temporary fix into a long-term investment. The Clean National City Revitalization & Employment Pathway Program will be a long-term investment into the future of an individual who has been living on the street by providing an employment opportunity, a first job for someone with a mental health

condition, or a second chance to a formerly incarcerated individual, which is crucial for reducing recidivism. By hiring and training local unemployed or underemployed residents from National City, this program will provide immediate jobs.

The efforts listed above will have a significant impact on our National City family and business community by providing stability and a paycheck to those who need it most during these difficult economic times. This approach will strengthen the local economy, build social capital, and lay the foundation for sustained community revitalization and resilience.

CLEAN NATIONAL CITY REVITALIZATION & EMPLOYMENT PATHWAY PROGRAM

- Litter abatement in high-traffic areas such as commercial corridors
- District cleanups
- Improvements and cleanups at local trails
- Directly hire unemployed or underemployed residents, justice-involved individuals, and youth
- Collaboration and input with local organizations, nonprofits, and businesses.
- Community-guided site selection for projects.
- Facilitate the beautification and stewardship of the areas throughout the community
- Installation of murals and artistic enhancements
- New planting and maintenance of native vegetation.
- Workforce and volunteer opportunities that connect residents
- Public education on litter prevention and stewardship.
- Capacity-building programs and training to ensure community members have the skills and knowledge needed to participate meaningfully in projects and employment pathway programs
- Work with local organizations, residents, and businesses to leverage resources and expertise, creating a cohesive approach to community needs.
- Encourage active involvement in cleanup events, art initiatives, and public meetings.
- Build community amongst the residents and businesses and establish long-term maintenance partnerships.
- Communicate project goals, schedule, and funding sources clearly to the public.

NEXT STEPS

PUBLIC ENGAGEMENT OVERVIEW

There is a Public Engagement Plan (“Plan”) to ensure that the Clean National City Revitalization & Employment Pathway Project (“Project”) remains community-driven from planning through implementation, toward a cleaner, more economically healthy, and safer community. The Plan outlines strategies to inform, involve, and empower National City residents, businesses, and community-based organizations to provide public input in the development, improvements, and the long-term success of the Project.

SCHEDULE

- Planning & Community Engagement Begins | Apr 2026-Jul 2026
- City Council Meeting | August 4, 2026 – Funding Recommendations
- Hiring/Training Program Launch | Aug 2026-Oct 2026
- Cleanup Activities Begin | Sep 2026- Feb 2027
- Project Completion | (By April 1, 2027) Mar 2027-Mar 2027
- Project Close-out | (By October 31, 2027) May 2027-May 2027

PROGRAM PARTNERS

Caltrans District 11, City of National City, National City Elementary School District, National City Chamber of Commerce, Mundo Gardens, San Diego Rescue Mission, Sierra Service Project, LLC., EDCO, and Southwestern College Higher Education Center National City

FINANCIAL STATEMENT:

Approval of the recommendation will result in the acceptance of \$600,000 in CCEP grant funds and a commitment of \$175,000 from the City in match and in-kind contributions. Per the authorization provided in the resolution, Finance Department staff will establish accounts and make necessary budget adjustments in the Housing Authority Fund (501).

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Housing and Community Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA, and is therefore, not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBIT:

Exhibit A - Resolution

Exhibit B- Grant Agreement

RESOLUTION NO. 2026 -

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ACCEPT GRANT FUNDS IN THE AMOUNT OF \$600,000, EXECUTE GRANT AGREEMENTS, AND AUTHORIZE THE IMPLEMENTATION OF THE CLEAN CA COMMUNITY CLEANUP AND EMPLOYMENT PATHWAY (“CCEP”) GRANT PROGRAM AND ESTABLISH APPROPRIATIONS FOR RELATED EXPENSES.

WHEREAS, the Clean CA Program, through its Clean CA Local Grants Program, is authorized under California Streets and Highways Code Section 91.41 to provide funding and resources to support local projects that advance the program's goals and objectives; and

WHEREAS, in April 2026, the City of National City (“City”) was awarded a grant from the California Department of Transportation (“Caltrans”) under the Community Cleanup and Employment Pathway (“CCEP”) Grant Program; and

WHEREAS, these funds will be programmed to support litter abatement and public space beautification efforts on locally owned public right-of-way while creating workforce development opportunities for individuals facing barriers to employment; and

WHEREAS, as a condition of grant acceptance, Caltrans requires execution of a Restricted Grant Agreement that will commence on April 15, 2026 with work to be completed no later than July 30, 2027; and

WHEREAS, The Restricted Grant Agreement contains an award of \$600,000 from Caltrans and a commitment of \$175,000 from the City in match and in-kind contributions.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1: That the City Council authorizes the acceptance of Clean California Community Cleanup and Employment Pathway (“CCEP”) grant funds in the amount of \$600,000 and a commitment of \$175,000 from the City in match and in-kind contributions.

Section 2: That the City Council authorizes the City Manager or his designee to execute any and all appropriate instruments, certifications, agreements, contracts, and implementing documents related to the implementation and administration of the CCEP grant.

Section 3: That the City Council authorizes the City Manager or his designee to execute budget adjustments as necessary to administer the CCEP grant and related expenses.

Section 4: The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolution.

PASSED and ADOPTED this 14th day of April, 2026.

Ron Morrison, Mayor

ATTEST:

Shelley Chapel, City Clerk

APPROVED AS TO FORM:

Heidi Skinner, Interim City Attorney

Clean California Local Grant Program (State)
Restricted Grant Agreement

This Restricted Grant Agreement (RGA), between the State of California acting by and through its Department of Transportation, referred to herein as **CALTRANS**, and the CITY OF NATIONAL CITY, hereinafter referred to as **AGENCY**, will commence on **April 15, 2026**, or upon approval by **CALTRANS**, whichever occurs later. This RGA is of no effect unless approved by **CALTRANS**. **AGENCY** shall not receive payment for work performed prior to approval of this RGA and before receipt of Notice to Proceed from **CALTRANS**. This RGA shall expire on **November 30, 2027**.

Recitals

1. Under this RGA, **CALTRANS** intends to convey State restricted grant funds to **AGENCY**, pursuant to Budget Act Line Item 2660-130-0001, who will implement the project pursuant to the attached Approved Grant Application and Amendment(s) to Grant Application, Attachment III under the terms, covenants, and conditions of this RGA.
2. **CALTRANS** and **AGENCY** intend that only funds that are authorized as restricted grants will be subject to this RGA, and that no funds that should be the subject of a Joint Powers Agreement, Interagency Agreement, or other non-grant agreement shall be subject to this RGA.
3. WHEREAS, the Clean CA Program, through its Clean CA Local Grants Program, is authorized under California Streets and Highways Code Section 91.41 to provide funding and resources to support local projects that advance the program's goals and objectives;
4. WHEREAS, California Streets and Highways Code Section 91.41 provides the legislative authority for the Clean CA Program to advance the following intent and objectives:
 - a. **Reduce Waste and Beautify Public Spaces:** The primary goal of the program is to allocate grants to local and regional public agencies, transit agencies, and tribal governments to reduce waste and debris within public rights-of-way, tribal lands, parks, pathways, transit centers, and other public spaces. The program aims to enhance, rehabilitate, restore, or install measures to beautify and improve these public spaces.
 - b. **Improve Public Health and Community Placemaking:** The program seeks to enhance public health, cultural connection, and community placemaking by improving public spaces for walking and recreation. By investing in the improvement of these spaces, it aims to create a positive and welcoming environment for the community.
 - c. **Promote Equity for Underserved Communities:** The program places a strong emphasis on advancing equity for underserved communities.
 - d. **Support Sustainable Practices:** The program encourages the implementation of sustainable practices in the beautification and enhancement of public spaces. This includes greening efforts, such as providing shade and reducing the urban heat island effect, as well as using native, low-water plants.
 - e. **Engage Local Communities:** The program promotes community engagement by requiring project proposals to reflect community priorities. It encourages the involvement of local communities in the development and selection of projects to ensure they meet the needs and preferences of the affected population.
 - f. **Prohibit Displacement of Persons Experiencing Homelessness:** The program prohibits

grants from funding projects that displace persons experiencing homelessness. This reflects the intention to address public space improvements without negatively impacting vulnerable populations.

- g. Transparent and Efficient Grant Allocation: The program requires the program to issue a call for projects and announce grant awards. The guidelines for allocating grants must include project selection criteria and program evaluation metrics.
5. WHEREAS, the purpose of this RGA is to authorize Caltrans districts to enter into agreements with local agencies to support the development, implementation, and funding of local agencies partnership projects that align with the goals and priorities of the Clean CA Program and comply with California Streets and Highways Code Section 91.41;
6. WHEREAS, this RGA establishes a framework for Caltrans districts to provide financial contributions and other assistance to local agencies, fostering effective collaboration and coordination to deliver successful transit partnership projects;
7. WHEREAS, this RGA emphasizes transparency, objective evaluation, and fair allocation of resources, ensuring that projects scoring higher based on established criteria receive prioritization for funding and implementation;
8. WHEREAS, the Clean CA Program facilitates collaboration between Caltrans districts and local agencies to support litter abatement and public space beautification efforts on locally owned public right-of-way while creating workforce development opportunities for individuals facing barriers to employment that align with the goals and priorities of the Clean CA Program and comply with California Streets and Highways Code Section 91.41;
9. WHEREAS, the Clean CA Program, in partnership with Caltrans districts, seeks to enhance local right-of-way areas to address waste management challenges, graffiti mitigation, and public space beautification, thereby contributing to create cleaner, safer, and more equitable public spaces throughout California;
10. WHEREAS, the Clean CA Program, established by the State of California, is a transformative initiative which promotes sustainable transportation alternatives, reducing greenhouse gas emissions, and combatting climate change to improve the overall quality of life for residents and visitors of California;
11. WHEREAS, the Clean CA Program envisions a comprehensive approach to address transportation challenges, enhance transit infrastructure, and support local agencies in their efforts to create efficient, safe, and environmentally friendly transit options;
12. NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the Parties enter into this RGA to advance the purpose and intent of the Clean CA transit initiative, harnessing the legislative authority provided under California Streets and Highways Code Section 91.41, and collaborating on transit partnership projects that contribute to a sustainable, innovative, and well-connected transportation network throughout the State of California.

Now, Therefore, based upon the terms, covenants, and conditions of this RGA, the parties agree as follows:

Section I

AGENCY Agrees:

To timely and satisfactorily complete all Project work described in **Attachment III** (“Project Work”) within the project budget and in accordance with the items of this RGA.

Section II

CALTRANS Agrees:

That when conducting an audit of the costs claimed by **AGENCY** under the provisions of this RGA, to conduct the audit in accordance with applicable laws and regulations.

Section III

It Is Mutually Agreed:

1. Under this RGA, **CALTRANS** will convey State grant restricted funds to **AGENCY**, pursuant to Budget Act Line Item 2660-130-0001, and **AGENCY** will use the funds to only conduct the scope of work identified in this agreement and authorized by Streets and Highway Code section 91.41. The funds subject to this RGA must be identified as available to a public entity that is responsible for implementing the scope of work authorized under the Clean California Program in **CALTRANS**’ budget, and **AGENCY** represents and warrants that it is a public entity that is responsible for implementing the scope of work authorized under the Clean California Program.
2. Under this restricted grant, funds may be only used for the purposes set forth in this RGA, **AGENCY** Resolution (**Attachment IV**), Approved Grant Application and Amendment(s) to Grant Application (**Attachment III**), and the Grant Program Guidelines (**Attachment I**), and the funds may only be used for costs and expenses that are directly related to such purpose.
3. **AGENCY** shall perform all the duties and obligations described in National City – Clean National City Revitalization & Employment Pathway , hereinafter “Project”, subject to the terms and conditions of this RGA and Approved Grant Application and Amendment(s) to Grant Application (**Attachment III**), which are attached hereto as **Attachment III**.
4. The resolution authorizing **AGENCY** to execute this RGA pertaining to the above-described Project is attached hereto as **Attachment IV**.
5. All services performed by **AGENCY** pursuant to this RGA shall be subject to and performed in accordance with California Streets and Highways Code §91.41 including, but not limited to, Government Code Section 14460(a)(1), as well as all applicable Federal, State, and Local laws, regulations, and ordinances, all applicable **CALTRANS** policies and procedures, and all applicable **CALTRANS** published manuals, including, but not limited to, the Grant Program Guidelines (**Attachment I**).

California Government Code Section 14460(a)(1) provides: “The department [**CALTRANS**], and external entities that receive state and federal transportation funds from the department, are spending those funds efficiently, effectively, economically, and in compliance with applicable state and Federal requirements. Those external entities include, but are not limited to, private for profit and nonprofit organizations, local transportation agencies, and other local agencies that receive transportation funds either through a contract with the department or through an agreement or grant administered by the department.”

6. Project funding is as follows:

Fund Title	Fund Source	Dollar Amount
Clean California Funds	State General Fund (0001) Budget Item 2660-130-0001 State Program Code 20.30.010.900 FY 2025/26	\$600,000
	Local Match/In-Kind	\$165,000
	Total Project Costs	\$747,500

For Caltrans Use Only

I hereby Certify upon my own personal knowledge that budgeted funds are available for encumbrance.			
Accounting Officer Printed Name	Accounting Officer Signature	Date	Amount Certified

7. This RGA is exempt from the legal review and approval by the Department of General Services, pursuant to Legal Opinions of the Attorney General: 58 Ops. Cal. Atty. Gen. 586 (1975), 63 Ops. Cal. Atty. Gen. 290 (1980), 74 Ops. Cal. Atty. Gen. 10 (1991), and 88 Ops. Cal. Atty. Gen. 56.

8. Notification of Parties

- a. **AGENCY's** Project Manager for Project is Angelita Palma (619-336-4219).
- b. **CALTRANS'** District Partnership Liaison is Jose Antonio (858-518-8320). "District Partnership Liaison" as used herein includes his/her designee.
- c. All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and received by the parties at their respective addresses:

CITY OF NATIONAL CITY
 Attention: Clean National City Revitalization & Employment Pathway Project
 Phone Number: 619-336-4219
 Email: apalma@nationalcityca.gov
 140W. 12th Street, Ste. B
 National City, California 91950

California Department of Transportation, District Partnership Liaison
 (District/Clean California)
 Attention: Maintenance Manager I, D11 Maintenance Support
 Phone Number: 858-518-8320
 Email: Jose.Alcala.Jr@dot.ca.gov
 4050 Taylor Street
 San Diego, California 92110

9. Period of Performance

- a. Reimbursable work under this RGA shall begin no earlier than on **April 15, 2026**, following the written approval of CALTRANS and AGENCY's receipt of the Notice to Proceed letter of this RGA by CALTRANS. All reimbursable work shall terminate no later than **July 30, 2027**. Project closeout and final invoicing to **CALTRANS** must be submitted no later than **November 30, 2027**. Work incurred after **July 30, 2027**, will not be reimbursed. Payment shall be forfeit for any and all invoicing submitted to **CALTRANS** after **November 30, 2027**. Notwithstanding the foregoing, Caltrans will reimburse for actual close out costs incurred by **AGENCY** through **November 30, 2027** (which, in total, shall not exceed 5% of the grant award).
- b. If requested by the **CALTRANS District Partnership Liaison**, **AGENCY** will attend a kickoff meeting with **CALTRANS** to be scheduled within one (1) week from receipt of Notice to Proceed sent by **CALTRANS**.

10. Changes in Terms/Amendments

This Agreement may only be amended or modified by mutual written agreement of the parties.

11. Cost Limitation

- a. The maximum total amount granted and reimbursable to **AGENCY** pursuant to this RGA by **CALTRANS** shall not exceed **\$600,000**.
- b. It is agreed and understood that the Clean CA funds are limited to the amount granted. **CALTRANS** will only reimburse the cost of services actually incurred in accordance with the provisions of this RGA and as authorized by the **CALTRANS District Partnership Liaison** at or below that fund limitation established herein.

12. Termination

- a. **CALTRANS** reserves the right to terminate this RGA upon written notice to **AGENCY** at least 30 days in advance of the effective date of such termination in the event **CALTRANS** determines (at its sole discretion) that **AGENCY** failed to proceed with PROJECT Work in accordance with the terms of this RGA. In the event of termination for convenience, **CALTRANS** will reimburse **AGENCY** for all allowable, authorized, and non-cancelled costs up to the date of termination. **AGENCY** shall return any unused advance amounts which cannot be supported by eligible expenditure documentation.
- b. This RGA may be terminated by either party for any reason by giving written notice to the other party at least 30 days in advance of the effective date of such termination. In the event of termination for convenience, **CALTRANS** will reimburse **AGENCY** for all costs that are expressly allowable, pre-authorized in writing, and non-cancellable, up to the date of termination.
- c. **AGENCY** has 60 days after the Termination Date to submit accurate invoices to **CALTRANS** to make final allowable payments for Project costs in accordance with the terms of this RGA. Failure to submit invoices within this period of time shall result in a waiver by **AGENCY** of its right to reimbursement of expended costs. Costs that are reimbursed and later determined to be ineligible for reimbursement shall be returned by **AGENCY** to **CALTRANS**.

13. Budget Contingency Clause

- a. It is mutually agreed that if the US Congress or the State Legislature fail to appropriate or allocate funds during the current year and/or any subsequent years covered under this RGA do not appropriate sufficient funds for the program, this RGA shall be of no further force and effect. In this event, **CALTRANS** shall have no liability to pay any funds whatsoever to **AGENCY** or to furnish any other considerations under this RGA and **AGENCY** shall not be obligated to perform

any provisions of this RGA.

- b. The certification of FY 2025/26 funds will be contingent upon the passage of the FY 2023/24 Budget. Payment for any work performed that is funded by FY 2023/24 will be delayed if the FY 2023/24 Budget is not signed by June 30, 2023. Pursuant to Government Code (GC), Section 926.10, no late payment penalty shall accrue during any time period for which no Budget Act in effect. If funding for any fiscal year is reduced or deleted by US Congress or State Legislature for purposes of this program, **CALTRANS** shall have the option to either terminate this RGA with no liability occurring to **CALTRANS** or offer an RGA Amendment to **AGENCY** to reflect reduced amount.

14. Payment and Invoicing

- a. **AGENCY**, its contractors, subcontractors and sub-recipients, shall establish and maintain an accounting system and records that properly accumulate and segregate incurred Project costs and matching funds by line. The accounting system of **AGENCY**, its contractors, all subcontractors, and sub-recipients shall conform to Generally Accepted Accounting Principles (GAAP) and any standards specified by the source of funds, to enable the determination of incurred costs at interim points of completion, and to provide support for reimbursement payment vouchers or invoices.
- b. The method of payment for this RGA will be based on the actual allowable costs that are incurred in accordance with the provisions of this RGA and in the performance of the Approved Grant Application and Amendment(s) to Grant Application (**Attachment III**). **CALTRANS** will reimburse **AGENCY** for expended actual allowable direct costs, and including, but not limited to, labor costs, travel, and contracted consultant services costs incurred by **AGENCY** in performance of the Project Work. Indirect costs are reimbursable only if the **AGENCY** has identified the estimated indirect cost rate in **Attachment II** and an approved Indirect Cost Allocation Plan or an Indirect Cost Rate Proposal as set forth in **Section III–Cost Principles, Item 16d**. The total cost shall not exceed the cost reimbursement limitation set forth in **Section III–Cost Limitations, Item 11a**. Actual costs shall not exceed the estimated wage rates, labor costs, travel, and other estimated costs and fees set forth in **Attachment III** without an amendment to this RGA, as agreed between **CALTRANS** and **AGENCY**.
- c. Reimbursement of **AGENCY** expenditures will be authorized only for those allowable costs actually incurred by **AGENCY** in accordance with the provisions of this RGA and in the performance of Project Work. **AGENCY** must not only have incurred the expenditures on or after the start date and the issuance of the Notice to Proceed letter for this RGA and before the Expiration Date, but must have also paid for those costs to claim any reimbursement.
- d. The **AGENCY** indirect cost rate must be approved in writing by the California Department of Transportation Independent Office of Audits and Investigations or federal cognizant agency before any reimbursement payment is made by **CALTRANS** to **AGENCY** for such cost.
- e. Travel expenses and per diem rates are not to exceed the rate specified by the State of California Department of Human Resources for similar employees (i.e. non-represented employees) unless written verification is supplied that government hotel rates were not then commercially available to **AGENCY**, its subrecipients, contractors, and/or subcontractors, at the time and location required as specified in the California Department of Transportation's Travel Guide Exception Process at the following link: <https://travelpocketguide.dot.ca.gov/>.
Also see website for summary of travel reimbursement rules.
- f. **AGENCY** shall submit invoices to **CALTRANS** at least quarterly, but no more frequently than monthly, in arrears upon completion of project tasks, milestone and/or deliverables in

accordance with the Project Timeline in **Attachment III** to the satisfaction of **CALTRANS District Partnership Liaison**

- g. Invoices shall reference this RGA Number and shall be signed and submitted to **CALTRANS District Partnership Liaison**, as stated in **Section III–Notification of Parties, Item 8c**.
- h. Invoices shall include the following information:
 - 1) Names of the **AGENCY** personnel performing work
 - 2) Dates and times of Project Work
 - 3) Locations of Project Work
 - 4) Itemized costs as set forth in **Attachment III**, including identification of each employee, contractor or subcontractor staff who provided services during the period of the invoice, the number of hours and hourly rates for each employee, contractor, sub-recipient or subcontractor staff member, authorized travel expenses with receipts, receipts for authorized materials or supplies, and contractor, subrecipient and subcontractor invoices.
 - 5) **AGENCY** shall submit written progress reports with each set of invoices to allow **CALTRANS District Partnership Liaison** to determine if **AGENCY** is performing to expectations, is on schedule, is within funding cost limitations, to communicate interim findings, and to afford occasions for airing difficulties respecting special problems encountered so that remedies can be developed.
- i. Incomplete or inaccurate invoices shall be returned to the **AGENCY** unapproved for correction. Failure to submit invoices on a timely basis may be grounds for termination of this RGA for material breach per Section III–Termination, Item 12.
- j. **CALTRANS** will reimburse **AGENCY** for all allowable Project costs at least quarterly, but no more frequently than monthly, in arrears as promptly as **CALTRANS** fiscal procedures permit upon receipt of an itemized signed invoice.
- k. The RGA Expiration Date refers to the last date for **AGENCY** to incur valid Project costs or credits and is the date this RGA expires. **AGENCY** has until **July 30, 2027**, to make final allowable payments to Project contractors or vendors, and November 30, 2027, to submit the Project’s Final Report, as defined in Attachment I and a final invoice to **CALTRANS** for reimbursement for allowable Project costs. Any unexpended Project funds not invoiced by the 60th day will be reverted and will no longer be accessible to reimburse late Project invoices contractor.
- l. The final invoice will be paid upon submission by **AGENCY** to **CALTRANS** and acceptance by **CALTRANS** of the Final Delivery Report. Complete final delivery reports and invoices must be submitted to **CALTRANS** by **November 30, 2027**.

15. Quarterly Progress Reporting

- a. **AGENCY** shall submit written quarterly progress reports to the **CALTRANS District Partnership Liaison** to determine if **AGENCY** is performing to expectations, is on schedule, is within funding cost limitations, to communicate interim findings, and to afford occasions for airing difficulties respecting special problems encountered so that remedies can be developed.

16. Cost Principles

- a. **AGENCY** agrees to comply with Title 2, Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal

Awards.

- b. **AGENCY** agrees, and will assure that its contractors, sub-recipients, in-kind contributors, and subcontractors will be obligated to agree, that (a) Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual Project cost items and (b) and (b) all parties shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Every sub-recipient receiving Project funds as a sub-recipient, contractor, or subcontractor under this RGA shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards to the extent applicable.
- c. Any Project costs for which **AGENCY** has received payment or credit that are determined by subsequent audit to be unallowable under 2 CFR, Part 200, and/or Part 48, Chapter 1, Part 31, are subject to repayment by **AGENCY** to **CALTRANS**. Should **AGENCY** fail to reimburse moneys due **CALTRANS** within 30 days of discovery or demand, or within such other period as may be agreed in writing between the parties hereto, **CALTRANS** is authorized to intercept and withhold future payments due **AGENCY** from **CALTRANS** or any third-party source, including, but not limited to, the State Treasurer, the State Controller or any other fund source.
- d. Prior to **AGENCY** seeking reimbursement of indirect costs, **AGENCY** must have identified estimated indirect cost rate in **Attachment II**, prepare and submit annually to **CALTRANS** for review and approval an indirect cost rate proposal and a central service cost allocation plan (if any) in accordance with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 5 of the Local Assistance Procedures Manual which may be accessed at: <https://dot.ca.gov/-/media/dot-media/programs/local-assistance/documents/lapm/ch05.pdf>
- e. **AGENCY** agrees and shall require that all its agreements with consultants and subrecipients contain provisions requiring adherence to this section in its entirety **except for section c, above**.

17. Americans with Disabilities Act

By signing this Agreement, **AGENCY** assures **CALTRANS** that in the course of performing Project Work, it will fully comply with the applicable provisions of the Americans with Disabilities Act (ADA) of 1990, as amended, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA (42 USC Section 12101 et seq.).

18. Iran Contracting Act

AGENCY must complete and submit to **CALTRANS** the Iran Contracting Act Certification certifying that it is not on the most current DGS list of Entities Prohibited from Contracting with Public Entities in California per the Iran Contracting Act, 2010 (<https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/List-of-Ineligible-Businesses>), before the Agreement has been executed, unless Contractor is exempted from the certification requirement by Public Contract Code Section 2205(c) or (d). If claiming an exemption, the proposed Contractor shall provide written evidence that supports an exemption under Public Contract Code Section 2203(c) or (d) before execution of the Agreement.

19. Indemnification

- a. Neither **CALTRANS** nor any officer or employee thereof is responsible for any injury, damage,

or liability occurring by reason of anything done or omitted to be done by **AGENCY**, its officers, employees, agents, its contractors, its subrecipients, or its subcontractors under or in connection with any work, authority, or jurisdiction conferred upon **AGENCY** under this RGA. It is understood and agreed that **AGENCY** shall fully defend, indemnify, and save harmless **CALTRANS** and all of **CALTRANS'** officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, including, but not limited to, tortuous, contractual, likeness statutes under California Civil Code §§ 3344 and 3344.1, inverse condemnation, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by **AGENCY**, its officers, employees, agents, contractors, subrecipients, or subcontractors under this RGA.

- b. **AGENCY** agrees to fully defend, indemnify, and save harmless **CALTRANS** and all of its officers and employees from any and all claims, lawsuits, or legal actions, including reasonable attorneys' fees and legal costs, relating to intellectual property claims arising from or related to the Project and/or any work procured under this RGA, including but not limited to claims based on (1) U.S. federal or state trademark infringement laws, (2) patent infringement laws (3) 17 U.S.C. §§ 101-810 (the Copyright Act of 1976, as modified), (4) 17 U.S.C. § 106A(a) (the Visual Artists Rights Act of 1990, "VARA"), (5) 17 U.S.C. § 113, (6) California Civil Code § 987 (the California Art Preservation Act), California Civil Code §989, or (7) any other rights arising under U.S. federal or state laws or under the laws of any other country that conveys rights and protections of the same nature as those conveyed under 17 U.S.C. §106A(a) and California Civil Code §987, including intellectual property claims arising from or related to breach of contract, inverse condemnation, conversion, and/or taking of property.

20. Nondiscrimination Clause (2 CCR 11105 Clause b)

- a. During the performance of this RGA, the **AGENCY**, its contractors, its subrecipients, and its subcontractors shall not deny the contract's benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. **AGENCY** shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.
- b. **AGENCY** shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code Sections 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Sections 11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code Sections 11135-11139.5), and the regulations or standards adopted by **CALTRANS** to implement such article.
- c. **AGENCY** shall permit access by representatives of the Department of Fair Employment and Housing and **CALTRANS** upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or **CALTRANS** shall require to ascertain compliance with this clause.
- d. **AGENCY** and its contractors, its sub-recipients, and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

- e. **AGENCY** shall include the nondiscrimination and compliance provisions of this clause in all agreements with its sub-recipients, contractors, and subcontractors, and shall include a requirement in all agreements with all of same that each of them in turn include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts they enter into to perform work under this RGA.

21. Retention of Records/Audits

- a. **AGENCY**, its contractors, subcontractors, and sub-recipients, agree to comply with Title 2, Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- b. **AGENCY**, its contractors, subcontractors, and sub-recipients shall establish and maintain an accounting system and records that properly accumulate and segregate incurred Project costs and matching funds by line. The accounting system of **AGENCY**, its contractors, all subcontractors, and sub-recipients shall conform to Generally Accepted Accounting Principles (GAAP), enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices. All accounting records and other supporting papers of **AGENCY**, its contractors, subcontractors and sub-recipients connected with Project performance under this RGA shall be maintained for a minimum of three (3) years from the date of final payment to **AGENCY** and shall be held open to inspection, copying, and audit by representatives of **CALTRANS**, the California State Auditor, and auditors representing the federal government. Copies thereof will be furnished by **AGENCY**, its contractors, its subcontractors, and sub-recipients upon receipt of any request made by **CALTRANS** or its agents. In conducting an audit of the costs and match credits claimed under this RGA, **CALTRANS** will rely to the maximum extent possible on any prior audit of **AGENCY** pursuant to the provisions of State and **AGENCY** law. In the absence of such an audit, any acceptable audit work performed by **AGENCY's** external and internal auditors may be relied upon and used by **CALTRANS** when planning and conducting additional audits.
- c. For the purpose of determining compliance with applicable State and **AGENCY** law in connection with the performance of **AGENCY's** contracts with third parties pursuant to Government Code Section 8546.7, **AGENCY**, **AGENCY's** sub-recipients, contractors, subcontractors, and **CALTRANS**, shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire Project period and for three (3) years from the date of final payment to **AGENCY** under this RGA. **CALTRANS**, the California State Auditor, or any duly authorized representative of **CALTRANS** or the United States Department of Transportation, shall each have access to any books, records, and documents that are pertinent to a Project for audits, examinations, excerpts, and transactions, and **AGENCY** shall furnish copies thereof if requested.
- d. **AGENCY**, its subrecipients, contractors, and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by **CALTRANS**, for the purpose of any investigation to ascertain compliance with this RGA.
- e. Additionally, all grants may be subject to a pre-award audit prior to execution of this RGA to ensure **AGENCY** has an adequate financial management system in place to accumulate and segregate reasonable, allowable and allocable costs.

- f. Any contract with a contractor, subcontractor, or sub-recipient entered into as a result of this RGA shall contain all the provisions of this article.

22. Adjudication of Facts in Disputes

- a. Any dispute concerning a question of fact arising under this RGA that is not disposed of by agreement shall be decided by the **CALTRANS** Contract Officer, who may consider any written or verbal evidence submitted by **AGENCY**. The **CALTRANS** Contract Officer shall issue a written decision within 30 days of receipt of the dispute. If **AGENCY** rejects the decision of the **CALTRANS** Contract Officer, **AGENCY** can pursue any and all remedies authorized by law. Neither party waives any rights to pursue remedies authorized by law.
- b. Neither the pendency of a dispute nor its consideration by **CALTRANS** Contract Officer will excuse **AGENCY** from full and timely performance in accordance with the terms of this RGA.

23. Third-Party Contracts

- a. **AGENCY** shall perform the work contemplated with resources available within its own organization and no portion of the work shall be contracted to a third party without prior written authorization by the **CALTRANS District Partnership Liaison** unless expressly included (subrecipient identified) in **Attachment III** as Project Work.
- b. All State-government-funded procurements must be conducted using a fair and competitive procurement process. **AGENCY** may use its own procurement procedures as long as the procedures comply with the local **AGENCY's** laws, rules, and ordinances governing procurement and all applicable provisions of State law, including, without limitation, the requirement that the **AGENCY** endeavor to obtain at least three (3) competitive bids for solicitation of goods, services, and consulting services (see Part 2, Chapter 2, Articles 3 and 4 of the Public Contract Code); a qualifications-based solicitation process, for which statements of qualifications are obtained from at least three (3) qualified firms for architecture and engineering services (see Title 1, Division 5, Chapter 10 of the Government Code); and, the applicable provisions of the State Contracting Manual (SCM), Chapter 5, which are not inconsistent with this **Item 23, Third Party Contracts**. The SCM can be found and the following link: <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/State-Contracting>.
- c. Any contract entered into as a result of this RGA shall contain all the provisions stipulated in this RGA to be applicable to **AGENCY's** sub-recipients, contractors, and subcontractors. Copies of all agreements with sub-recipients, contractors, and subcontractors, must be submitted to the **CALTRANS District Partnership Liaison**.
- d. **CALTRANS** does not have a contractual relationship with the **AGENCY's** subrecipients, contractors, or subcontractors, and the **AGENCY** shall be fully responsible for all work performed by its subrecipients, contractors, or subcontractors.
- e. Prior authorization in writing by the **CALTRANS District Partnership Liaison** shall be required before **AGENCY** enters into any non-budgeted sub-agreement. **AGENCY** shall provide an evaluation of the necessity or desirability of incurring such costs. **AGENCY** shall retain all receipts for such purchases or services and shall submit them with invoices per **Section III–Payment and Invoicing, Item 14(h)(4), above**.
- f. Any contract entered into by **AGENCY** as a result of this RGA shall mandate that travel and per diem reimbursements and third-party contract reimbursements to subrecipients, contractors, and subcontractors, will be allowable as Project costs only after those costs are incurred and

paid for by the subrecipients, contractors, and subcontractors. Travel expenses and per diem rates for subcontractors shall be reimbursed pursuant to **Section III–Payment and Invoicing, Item 14c, above.**

24. Drug-Free Workplace Certification

By signing this RGA, **AGENCY** hereby certifies under penalty of perjury under the laws of California that **AGENCY** will comply with the requirements of the Drug-Free Workplace Act of 1990 (Gov. Code Sections 8350 et seq.) and will provide a Drug-Free workplace by doing all of the following:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code Section 8355(a).
- b. Establish a Drug-Free Awareness Program as required by Government Code Section 8355(a)(2) to inform employees about all of the following:
 - 1) The dangers of drug abuse in the workplace.
 - 2) The person's or organization's policy of maintaining a Drug-Free workplace.
 - 3) Any available counseling, rehabilitation, and employee assistance programs.
 - 4) Penalties that may be imposed upon employees for drug abuse violations.
- c. Provide, as required by Government Code Section 8355(a)(3), that every employee who works on the proposed contract or grant:
 - 1) Will receive a copy of the company's Drug-Free policy statement.
 - 2) Will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.
- d. Failure to comply with these requirements may result in suspension of payments under this RGA or termination of this RGA or both, and **AGENCY** may be ineligible for the award of any future state contracts if **CALTRANS** determines that any of the following has occurred: (1) **AGENCY** has made a false certification or, (2) **AGENCY** violates the certification by failing to carry out the requirements as noted above.

25. Relationship of Parties

It is expressly understood that this agreement is executed by and between two (2) independent governmental entities and is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture or association, or any other relationship whatsoever other than that of an independent party.

26. State-Owned Data

- a. **AGENCY** agrees to comply with the following requirements to ensure the preservation, security, and integrity of State-owned data on portable computing devices and portable electronic storage media:
 - 1) Encrypt all State-owned data stored on portable computing devices and portable electronic storage media using government-certified Advanced Encryption Standard (AES) cipher algorithm with a 256-bit or 128-bit encryption key to protect **CALTRANS** data stored on every sector of a hard drive, including temp files, cached data, hibernation files, and even unused disk space.
 - 2) Data encryption shall use cryptographic technology that has been tested and approved

against exacting standards, such as FIPS 140-2 Security Requirements for Cryptographic Modules.

- 3) Encrypt, as described above, all State-owned data transmitted from one computing device or storage medium to another.
 - 4) Maintain confidentiality of all State-owned data by limiting data sharing to those individuals contracted to provide services on behalf of the State, and limit use of State information assets for State purposes only.
 - 5) Install and maintain current anti-virus software, security patches, and upgrades on all computing devices used during the course of the Agreement.
 - 6) Notify the **CALTRANS District Partnership Liaison** immediately of any actual or attempted violations of security of State-owned data, including lost or stolen computing devices, files, or portable electronic storage media containing State-owned data.
 - 7) Advise the owner of the State-owned data, the **AGENCY** Information Security Officer, and the **AGENCY** Chief Information Officer of vulnerabilities that may present a threat to the security of State-owned data and of specific means of protecting that State-owned data.
- b. **AGENCY** agrees to use the State-owned data only for State purposes under this Agreement.
- c. **AGENCY** agrees to not transfer State-owned data to any computing system, mobile device, or desktop computer without first establishing the specifications for information integrity and security as established for the original data file(s) (State Administrative Manual (SAM) Section 5335.1).

27. CALTRANS' Use of "Before" and "After" Project Photographs

- a. **AGENCY** acknowledges it provided a "Before" photograph of the Project with the **AGENCY's** application for the Clean California Local Grant Program. **AGENCY** acknowledges and agrees it must provide an "After" photograph of the Project as part of the close out reporting process.
- b. **AGENCY** warrants it is the copyright owner of the "Before" and "After" Project photographs.
- c. Neither the "Before" nor "After" Project photographs shall include the faces of any individuals.
- d. **AGENCY** grants to **CALTRANS** an irrevocable, perpetual, royalty-free, sublicensable, unlimited, worldwide license to prepare derivative works, make, publish, display, and distribute two-dimensional reproductions and/or copies, digitally and in print, of the "Before" and "After" Project photographs, or derivatives thereof, for non-commercial purposes or any State government purposes. This includes, but is not limited to, reproductions used in brochures, media publicity, public outreach campaigns (including television and social media campaigns), education, and exhibition catalogues or other similar publication.
- e. When applicable, **AGENCY** shall obtain and provide to **CALTRANS** any and all documentation **CALTRANS** reasonably determines is necessary or desirable to perfect the license described in this RGA to **CALTRANS**. This documentation shall be provided to **CALTRANS** within fifteen (15) days of written notice that this documentation is required.

28. Limited Grant of Rights to **CALTRANS** for Use of Educational Programming ("educational programming") Created or Produced for Project and Visual Art Located Outside of State Right-of-Way ("**Artwork**") Created or Produced for Project

- a. Educational programming:
 - i. **AGENCY** shall obtain from any and all copyright owner(s) of educational programming a sublicensable, irrevocable, perpetual, royalty-free, unlimited, worldwide license to prepare derivative works, make, publish, display, and distribute two-dimensional reproductions and/or copies, digitally and in print, of the educational programming created or produced for Project

under this RGA, or derivatives thereof, for non-commercial purposes or any State government purposes. This includes, but is not limited to, reproductions used in brochures, media publicity, public outreach campaigns (including television and social media campaigns), education, exhibition catalogues or other similar publication. **AGENCY** shall obtain any and all other intellectual property rights necessary to make this grant to **CALTRANS** as described in this RGA.

- ii. **AGENCY** grants to **CALTRANS** an irrevocable, perpetual, royalty-free, sublicensable, unlimited, worldwide license to prepare derivative works, make, publish, display, and distribute two-dimensional reproductions and/or copies, digitally and in print, of the educational programming created or produced for Project under this RGA, or derivatives thereof, for non-commercial purposes or any State government purposes. This includes, but is not limited to, reproductions used in brochures, media publicity, public outreach campaigns (including television and social media campaigns), education, and exhibition catalogues or other similar publication.
 - iii. When applicable, **AGENCY** shall obtain and provide to **CALTRANS** any and all documentation **CALTRANS** reasonably determines is necessary or desirable to perfect the license or sublicense described in this RGA to **CALTRANS**. This documentation shall be provided to **CALTRANS** within fifteen (15) days of written notice that this documentation is required.
 - iv. To the extent any logos, including trademarks or service marks, belonging to third parties and/or the **AGENCY** are used on educational programming created or produced for Project under this RGA, **AGENCY** agrees to obtain and grant all necessary rights for **CALTRANS** to use and allow agents of **CALTRANS** to use the logos in connection with use of the educational programming for non-commercial purposes or State government purposes. This includes but is not limited to reproductions used in brochures, media publicity, public outreach campaigns (including television and social media campaigns), education and exhibition catalogues or other similar publication. This documentation shall be provided to **CALTRANS** within fifteen (15) days of written notice that this documentation is required.
- b. **Artwork:**
- i. **AGENCY** shall obtain from the artist(s), or any other copyright owner(s) of **Artwork**, a sublicensable, irrevocable, perpetual, royalty-free, unlimited, worldwide license to prepare derivative works, make, publish, display, and distribute two-dimensional reproductions and/or copies, digitally and in print, of **Artwork** created or produced for Project under this RGA, or derivatives thereof, for non-commercial purposes or any State government purposes. This includes, but is not limited to, reproductions used in brochures, media publicity, public outreach campaigns (including television and social media campaigns), education, and exhibition catalogues or other similar publication. **AGENCY** shall obtain any and all other intellectual property rights necessary to make this grant to **CALTRANS** as described in this RGA.
 - ii. **AGENCY** grants to **CALTRANS** an irrevocable, perpetual, royalty-free, sublicensable, unlimited, worldwide license to prepare derivative works, make, publish, display, and distribute two-dimensional reproductions and/or copies, digitally and in print, of **Artwork** created or produced for Project under this RGA, or derivatives thereof, for non-commercial purposes or any State government purposes. This includes, but is not limited to, reproductions used in brochures, media publicity, public outreach campaigns (including television and social media campaigns), education, and exhibition catalogues or other similar publication.

- iii. **AGENCY** shall obtain and provide to **CALTRANS** any and all documentation **CALTRANS** reasonably determines is necessary or desirable to perfect the license or sublicense described in this RGA to **CALTRANS**. This documentation shall be provided to **CALTRANS** within fifteen (15) days of written notice that this documentation is required.

29. Government Purpose Rights for Inventions

- a. Inventions are any idea, methodologies, design, concept, technique, invention, discovery, improvement or development regardless of patentability made solely by **AGENCY** or jointly with the **AGENCY's** contractor, subcontractor and/or subrecipient during the term of this RGA and in performance of any work under this RGA, provided that either the conception or reduction to practice thereof occurs during the term of this RGA and in performance of work issued under this RGA.
- b. **CALTRANS** will have Government Purpose Rights to any inventions created as a result of the Project. "Government Purpose Rights" are the unlimited, irrevocable, worldwide, perpetual, royalty-free, non-exclusive rights, and licenses to use, modify, reproduce, perform, release, display, create derivative works from, and disclose any said invention. "Government Purpose Rights" also include the right to release or disclose said invention(s) outside **CALTRANS** for any State government purpose and to authorize recipients to use, modify, reproduce, perform, release, display, create derivative works from, and disclose the invention(s) for any State government purpose. "Government Purpose Rights" do not include any rights to use, modify, reproduce, perform, release, display, create derivative works from, or disclose the invention(s) for any commercial purpose.

30. Additional Intellectual Property Provisions

- a. To the extent any intellectual property is created or produced for Project under this RGA, and not covered in other provisions of this RGA, **AGENCY** agrees to take reasonable steps to ensure that **CALTRANS** has the rights necessary to allow for use of the intellectual property in a fashion substantially similar to other rights for non-commercial uses and State government purposes described in this RGA.
- b. If additional uses are reasonably determined to be needed by **CALTRANS** for public outreach purposes, **AGENCY** will obtain rights and grant **CALTRANS** and its agents said additional rights for use of the "Before" and "After" Project photos, **Artwork** created or produced for Project under this RGA, and educational programming created or produced for Project under this RGA. The grant will be an irrevocable, non-exclusive, perpetual, royalty-free, sublicensable, unlimited, worldwide license.
- c. When requested to so do by **AGENCY**, all reproductions and/or copies by **CALTRANS** of "Before" or "After" Project photographs, educational programming, and **Artwork** shall contain a credit to the Artist/ Copyright owner(s) and a copyright notice in substantially the following form: © [Artist/Copyright owner's name, date of publication]. **AGENCY** bears sole responsibility to promptly notify **CALTRANS**, in writing, about instances where such accreditation is requested and provide the Artist/ Copyright owner's name and date of publication. **CALTRANS** will make reasonable efforts to affix the copyright notice in a timely manner.
- d. Required disclaimer language for educational programming and **Artwork** created or produced for Project under this RGA.
 - i. Educational programming: **AGENCY** must place a disclaimer statement in a conspicuous manner on the educational programming created or produced for Project under this RGA a disclaimer that states the content of the educational programming does not reflect the official views or policies of **CALTRANS**. The educational programming does not constitute

a standard, specification, or regulation.

- ii. **Artwork: AGENCY** must place a disclaimer statement in a conspicuous manner on or in close proximity to the **Artwork** created or produced for Project under this RGA a disclaimer statement that the contents of the artwork do not reflect the official views or policies of **CALTRANS**.
- e. **Avoidance of Infringement:** In performing work under this RGA, **AGENCY** and its employees agree to avoid designing or developing any items that infringe one or more patents or other intellectual property rights of any third party. If **AGENCY** or its employees becomes aware of any such possible infringement in the course of performing any work under this RGA, **AGENCY** or its employees shall immediately notify **CALTRANS** in writing.
- f. **Contractors, Subcontractors, and Subrecipients:** Through contract with its sub-recipients, contractors, and subcontractors, **AGENCY** shall affirmatively bind by contract all of its contractors, subcontractors, subrecipients, and service vendors (hereinafter "**AGENCY's Contractor/Subcontractor/Subrecipient**") providing services under this RGA to conform to the provisions of paragraphs 31-33 of this RGA. In performing services under this RGA, **AGENCY's Contractor/Subcontractor/Subrecipient** shall agree to avoid designing or developing any items that infringe one (1) or more patents or other intellectual property rights of any third party. If **AGENCY's Contractor/Subcontractor/Subrecipient** becomes aware of any such possible infringement in the course of performing any work under this RGA, **AGENCY's Contractor/Subcontractor/Subrecipient** shall immediately notify the **AGENCY** in writing, and **AGENCY** will then immediately notify **CALTRANS** in writing.

31. Visual Art Located on California State Right-of-Way

AGENCY agrees if Project involves visual art located on California State right-of-way, Project must be submitted and adhere to **CALTRANS'** most current Transportation Art Proposal process, policies, guidelines, and requirements. Information regarding **CALTRANS'** Transportation Art program can be found at <https://dot.ca.gov/programs/design/lap-landscape-architecture-and-community-livability/lap-liv-j-transportation-art>. **AGENCY** bears sole responsibility for ensuring that any Project will be timely submitted through **CALTRANS'** Transportation Art Proposal process, approved, and installed prior to any deadlines as required by this RGA.

- a. **AGENCY** acknowledges that funds provided by **CALTRANS** under this RGA shall not be used for maintenance outside of the project time limits as provided in this RGA.
- b. **AGENCY** acknowledges that the **CALTRANS'** Transportation Art Proposal process requires, among other things, **CALTRANS** ownership of any tangible visual final artwork, an unlimited, irrevocable copyright assignment to **CALTRANS** of the final artwork, and waiver of moral rights under California Civil Code § 987 (the California Art Preservation Act) and 17 U.S.C. § 106A(a) (the Visual Artists Rights Act of 1990, "VARA") of the final artwork.
- c. **AGENCY** acknowledges that any submittal to the **CALTRANS'** Transportation Art Proposal process includes restrictions on the type of work that can be located on California State right-of-way.

32. Assumption of Risk and Indemnification Regarding Exposure to Environmental Health Hazards

In addition to, and not a limitation of, **AGENCY's** indemnification obligations contained elsewhere in this Agreement, **AGENCY** hereby assumes all risks of the consequences of exposure of **AGENCY's** employees, agents, Subcontractors, Subcontractors' employees, and any other person, firm, or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, to any and all environmental health hazards, local and

otherwise, in connection with the performance of this Agreement. Such hazards include, but are not limited to, bodily injury and/or death resulting in whole or in part from exposure to infectious agents and/or pathogens of any type, kind or origin. **AGENCY** also agrees to take all appropriate safety precautions to prevent any such exposure to **AGENCY's** employees, agents, Subcontractors, Subcontractors' employees, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement. **AGENCY** also agrees to indemnify and hold harmless **CALTRANS**, the State of California, and each and all of their officers, agents and employees, from any and all claims and/or losses accruing or resulting from such exposure. Except as provided by law, **AGENCY** also agrees that the provisions of this paragraph shall apply regardless of the existence or degree of negligence or fault on the part of **CALTRANS**, the State of California, and/or any of their officers, agents and/or employees.

33. Mandatory Organic Waste Recycling

It is understood and agreed that pursuant to Public Resources Code Sections 42649.8 et seq., if **AGENCY** or its subcontractor generates two (2) cubic yards or more of organic waste or commercial solid waste per week, **AGENCY** or its subcontractor shall arrange for organic waste or commercial waste recycling services that separate/source organic waste for organic waste recycling. **AGENCY** shall provide proof of compliance, i.e. organic waste recycling services or commercial waste recycling services that separate/source organic waste recycling, upon request from **CALTRANS District Partnership Liaison**

34. Project Close Out/Closeout Report

- a. **AGENCY** will provide a final close out report to the **CALTRANS District Partnership Liaison** no later than November 30, 2027.
CALTRANS reserves the right to inspect the project location prior to approving the final invoice and closeout report.
- b. **CALTRANS** reserves the right to withhold final payment to **AGENCY** pending receipt and approval of the final closeout report by the **CALTRANS District Partnership Liaison**.
- c. Payments shall be forfeit if invoices are submitted after **November 30, 2027**.

35. ADA Compliance

All entities that provide electronic or information technology or related services that will be posted online by **CALTRANS** must be in compliance with Government Code Sections 7405 and 11135 and the Web Content Accessibility Guidelines (WCAG) 2.0 or subsequent version, published by the Web Accessibility Initiative of the World Wide Web Consortium at a minimum Level AA success. All entities will respond to and resolve any complaints/deficiencies regarding accessibility brought to their attention.

36. Prevailing Wages and Labor Code Compliance

AGENCY shall comply with any and all applicable labor and prevailing wage requirements in Labor Code Sections 1720 through 1815 and implementing regulations for any public works or maintenance contracts and subcontracts executed for the **AGENCY's** work on or for the Project.

37. In the event of any inconsistency between the provisions which constitute this RGA, the following order of precedence shall apply:

- I. This Restricted Grant Agreement (as amended);
- II. The **CALTRANS** Local Grant Program Guidelines;
- III. Approved Indirect Cost Rate (if applicable);

- IV. Approved Grant Application (as amended); and
- V. **AGENCY** Resolution.

38. Survival

AGENCY's representations, the indemnification provisions in paragraph 21, intellectual property provisions in paragraphs 30, 31, 32, and 33, and all other provisions which by their inherent character establish ongoing obligations shall remain in full force and effect, regardless of any expiration and/or termination of this RGA.

39. Sanctions

No agreements under this RGA shall be made with individuals and/or entities that are determined to be a target of sanctions by the State of California while such sanctions are in effect.

Section IV

Attachments:

The following attachments are incorporated into and are made a part of this RGA by this reference and attached hereto.

- I. Clean CA Community Cleanup and Employment Pathway (CCEP) Grant Program Guidelines
- II. Approved Indirect Cost Rate (if applicable)
- III. Approved Grant Application and Amendment(s) to Grant Application (if applicable)
- IV. **AGENCY** Resolution

In Witness Whereof, the parties hereto have executed this RGA on the day and year first herein above written:

AGENCY NAME

CITY OF NATIONAL CITY

By:

Printed Name:

ALEX HERNANDEZ

Title:

ACTING CITY MANAGER

Date:

**CALTRANS DISTRICT PARTNERSHIP LIAISON
CLEAN CALIFORNIA PROGRAM**

By:

Printed Name:

Title:

Date:

**CALIFORNIA DEPARTMENT OF TRANSPORTATION
CLEAN CALIFORNIA PROGRAM**

By:

Printed Name:

WALTER YU

Title:

CLEAN CALIFORNIA PROGRAM DIRECTOR

Date:



AGENDA REPORT

Department: City Manager's Office
Prepared by: Pedro Garcia, Community Development Specialist III
Meeting Date: Tuesday, April 14, 2026
Approved by: Alejandro Hernandez, Acting City Manager

SUBJECT:

Presentation of Business License Tax (Gross Receipts Tax) Study and Direction on Potential Tax Model and Next Steps.

RECOMMENDATION:

Receive the presentation from HdL Companies regarding the Business License Tax (Gross Receipts Tax) study and provide direction to staff on a preferred tax model, including potential public outreach, polling, and ballot measure development.

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

In December 2025, the City Council authorized a Professional Services Agreement with HdL Companies to conduct a comprehensive Revenue Modernization Study (Study). The Study focuses on evaluating the City's current business license tax structure and identifying opportunities for modernization.

The purpose of the Study is to provide the City Council with data-driven analysis and policy options to enhance equity, improve efficiency, and support long-term fiscal sustainability of the City's business tax framework.

HdL has completed its initial analysis and prepared a Business License Tax Study, which includes:

- A review of the City's existing business license structure, classifications, and historical revenue trends.
- Benchmarking against comparable jurisdictions to evaluate competitiveness and identify best practices.
- Analysis of business license registry data and revenue distribution across business types.
- Development of multiple tax model scenarios for City Council consideration.

As part of this effort, HdL has developed three primary tax model options:

- **Model 1:** A simple percentage increase to the existing structure.
- **Model 2:** A single gross receipts-based tax structure.
- **Model 3:** A tiered gross receipts tax structure based on business categories.

Each model presents varying levels of potential revenue generation, administrative complexity, and policy considerations, including impacts on different business sectors and overall equity of the tax system.

The April 14, 2026 Special Meeting is intended to provide the City Council with a comprehensive overview of these models and facilitate discussion regarding potential policy direction.

Staff is seeking preliminary direction from the City Council on a preferred tax model to support advancement into the next phase of work, which may include:

- Refinement of the selected tax model;
- Community outreach and stakeholder engagement;
- Public opinion polling; and
- Preparation of ballot language for a potential future election.

This meeting represents a key policy milestone in the City's broader effort to modernize its revenue structure and address long-term fiscal challenges.

FINANCIAL STATEMENT:

There is no direct fiscal impact associated with receiving this presentation.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Balanced Budget and Economic Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA, and is therefore, not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBIT:

Exhibit A - Presentation



CITY OF NATIONAL CITY BUSINESS LICENSE TAX Tax Study Draft

Presented By HdL[®] Companies

Tax Study Content

1. Registry Analysis – starting slide 3
2. Jurisdictions Comparisons – starting slide 9
 - a. *Basic Overview*
 - b. *Detailed Analysis*
3. Tax Models – starting slide 17
 - a. *Models*
 - b. *Models Comparisons*
4. Appendix– starting slide 29

Tax Study Purpose



Purpose of the Tax Study

1. Assess Performance of the Current Tax Structure

Evaluate how the City's existing business tax framework is performing in terms of revenue stability, fairness across business types, and long-term sustainability.

2. Benchmark Against Peer Jurisdictions

Compare the City's approach to similar jurisdictions to understand how it competes regionally and where it may be over- or under-aligned.

3. Identify Opportunities for Improvement

Explore alternative tax structures and rate methodologies to determine whether adjustments could enhance revenue reliability, improve equity, or better reflect the local business environment.

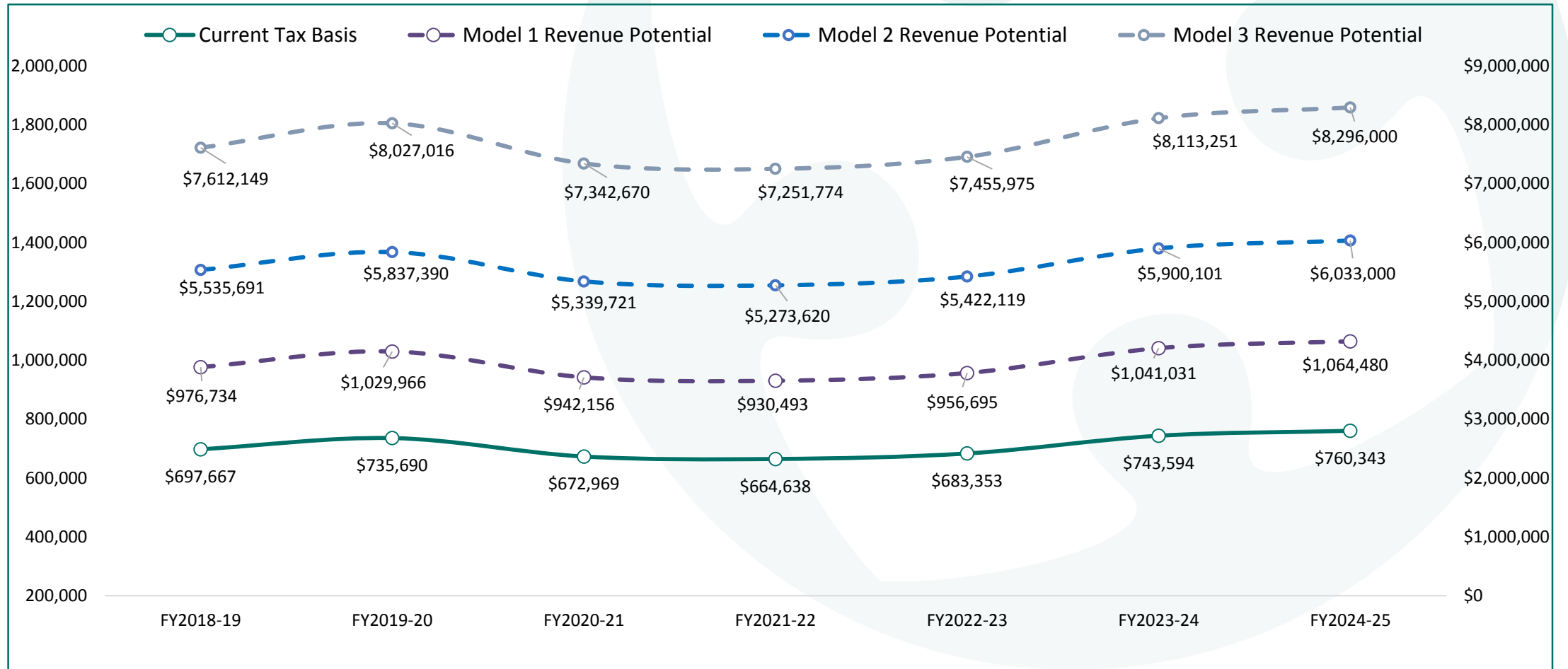
4. Provide a Clear Path Forward for Decision-Making

Present data-driven scenarios and trade-offs to help City Council confidently evaluate whether to maintain the current structure or pursue targeted changes. Ensure any potential direction is grounded in fiscal impact, community considerations, and implementation feasibility.

Business License Tax Registry Review

Business License Registry Review

Revenue Trend Based on the License Period

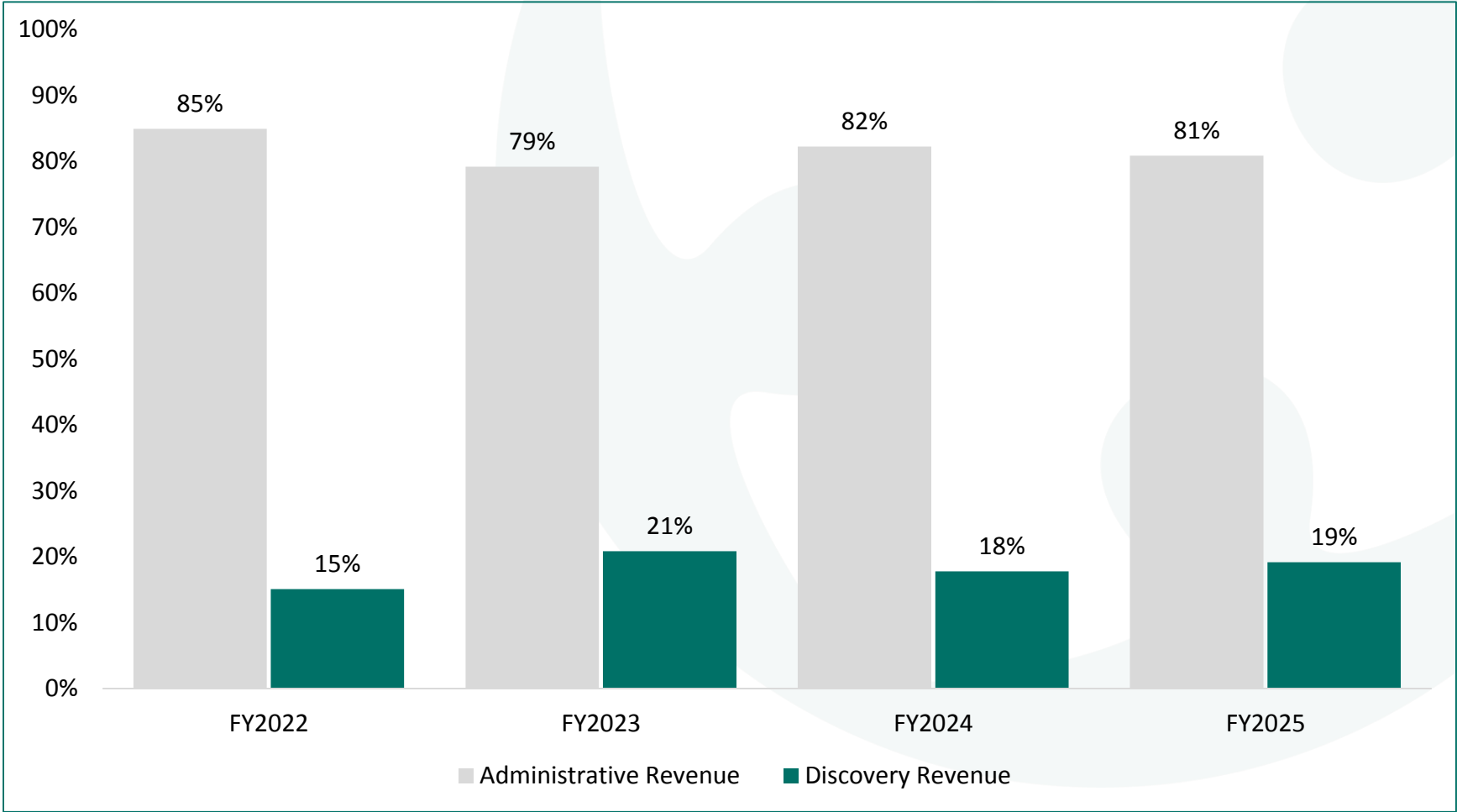


*Data is limited to what is available in the HdL Database.

**The Gross Receipts Tax Basis trend is based on modeling assumption made in Model 3 featured later in the report and based on simple percentage approximations.

Business License Registry Review

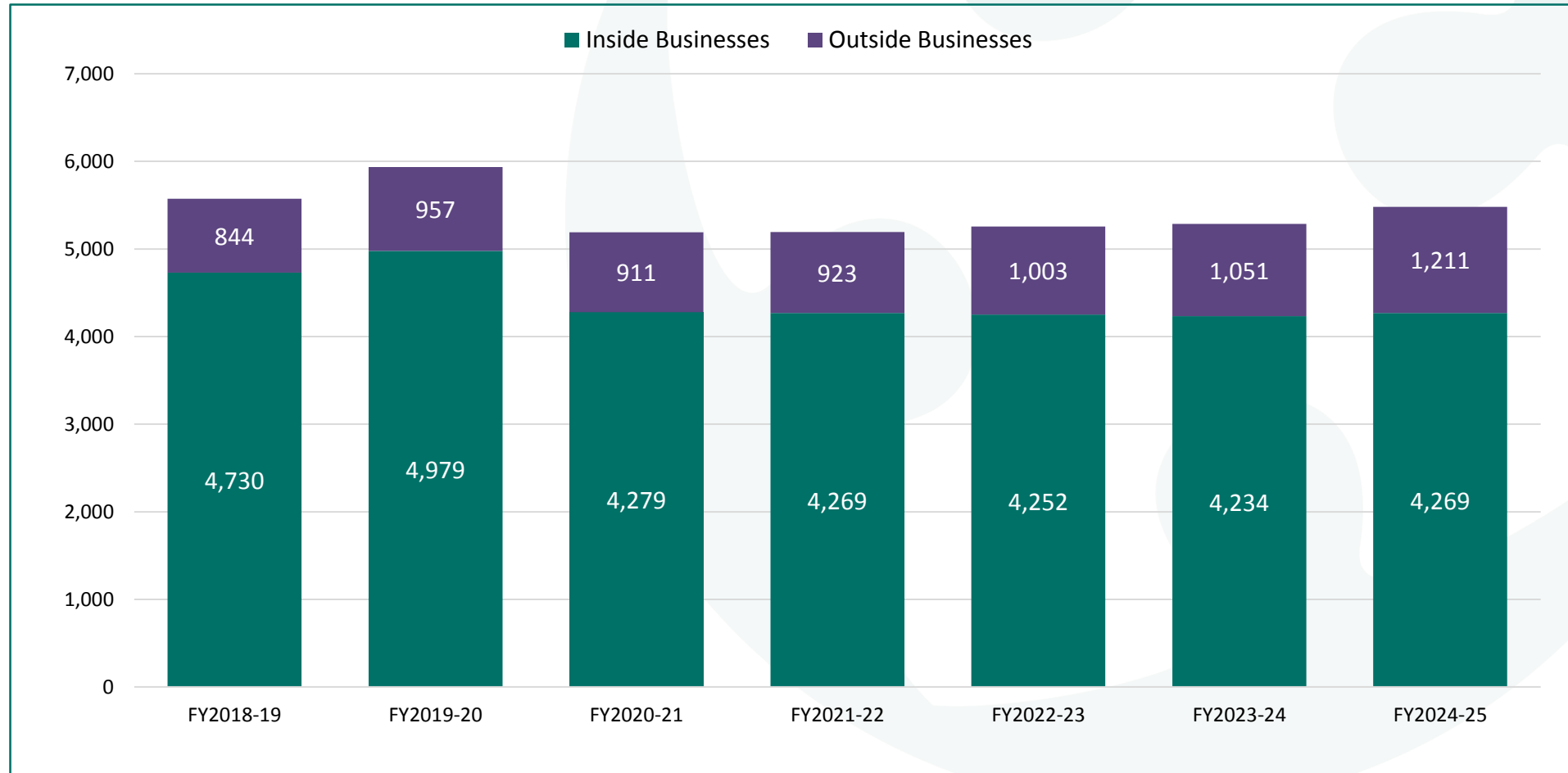
Business License Revenue – Administrative vs Discovery



*Data is limited to what is available in the HdL Database.

Business License Registry Review

Business License Counts Based on the License Period



*Data is limited to what is available in the HdL Database.

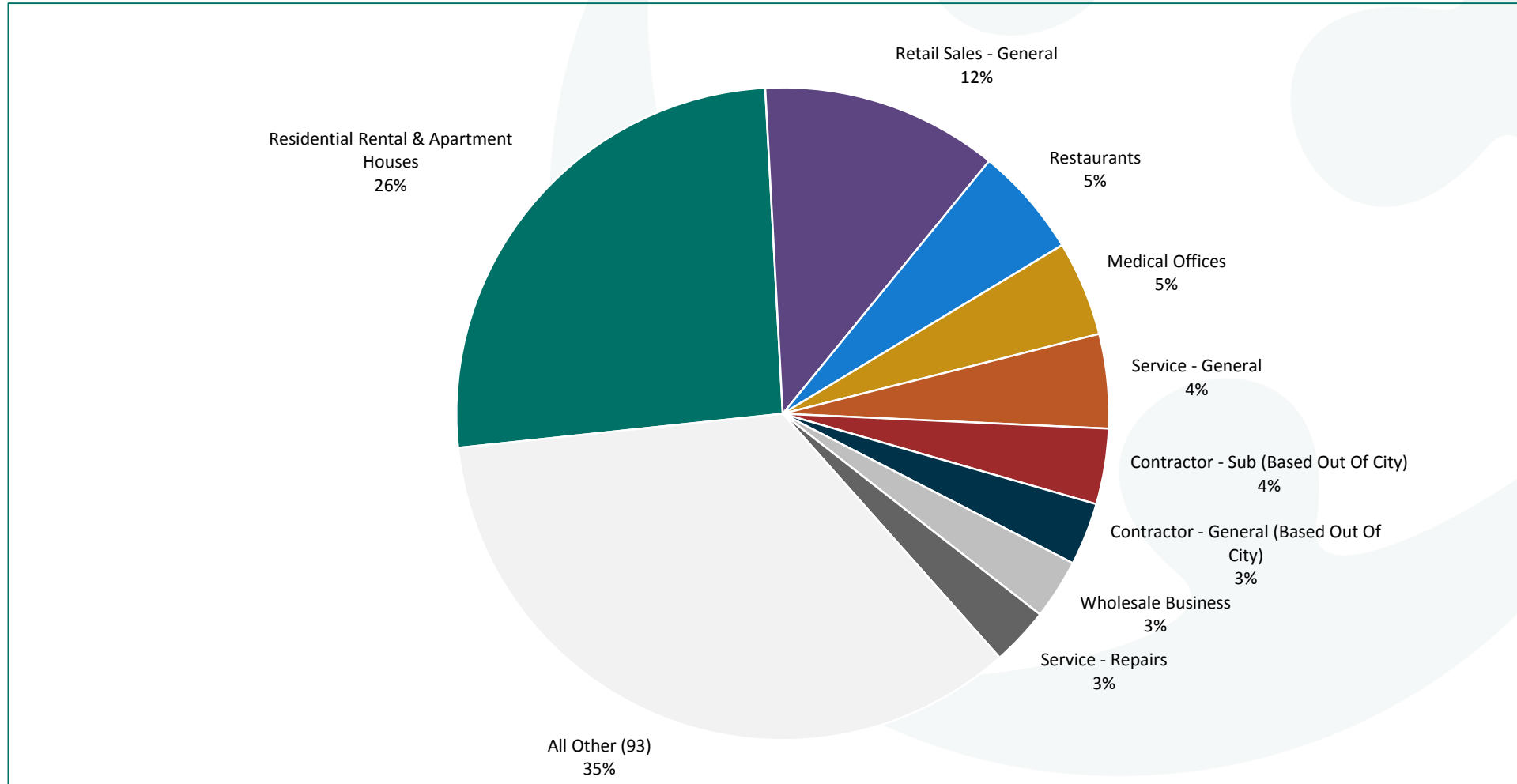
Business License Registry Review

License Rates, Counts, and Tax Basis

Rate Types	Count of Business	Primary Tax Basis
Residential Rentals 1 to 4 Units	1,551	Flat Fee
Gross Receipts Class 2	1,225	Tiered Gross Receipts
Contractor - Specialty or Subcontractor (Outside)	585	Flat Fee
Gross Receipts Class 5	338	Tiered Gross Receipts
Contractor - General (Outside)	323	Flat Fee
Gross Receipts Class 1	322	Tiered Gross Receipts
Gross Receipts Class 6	281	Tiered Gross Receipts
Residential Rentals 5 to 30 Units	174	Flat Fee
Out of Town Vendor	162	Tiered Gross Receipts
Gross Receipts Class 3	156	Tiered Gross Receipts
All Other (12)	363	Flat Fee/Tiered Gross Receipts
Total	5,480	

Business License Registry Review

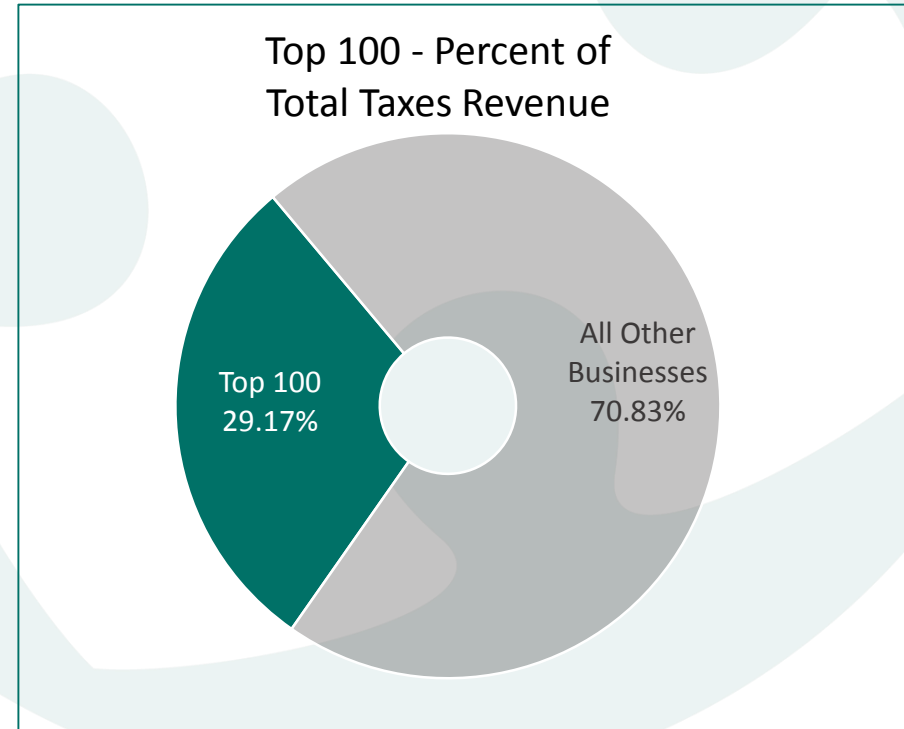
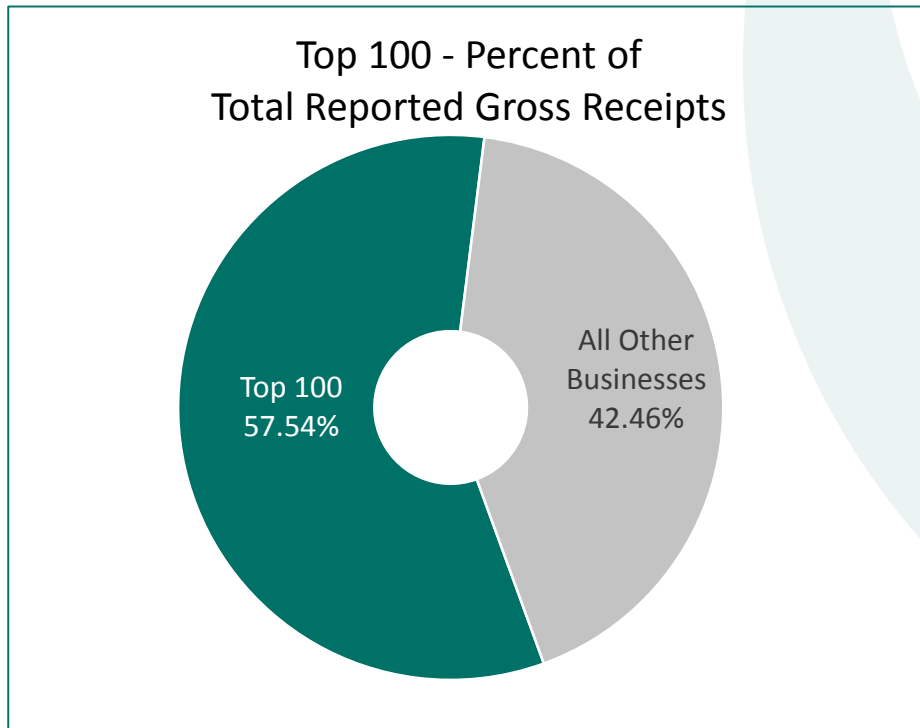
Total Share of Tax Revenue Generated by Business Type



Business License Registry Review

Top 100 Businesses Compared to all Businesses in the City

The top 100 businesses account for 57% of the reported gross receipts and 29% of the total tax assessed.





What is Gross Receipts?

In general, “Gross Receipts” means the total amount of revenue received or accrued by a business from all activities conducted within the City, whether received in cash, credit, or other form of value, without deduction for costs or expenses, and limited to the portion attributable to business activity within the City.

- Sales of goods and services
- Fees
- Rents
- Other compensation

Types of Revenue

Jurisdiction Comparison

Basic Overview

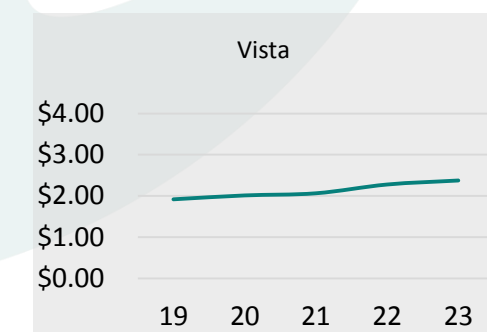
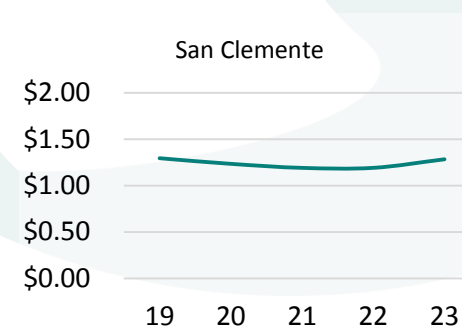
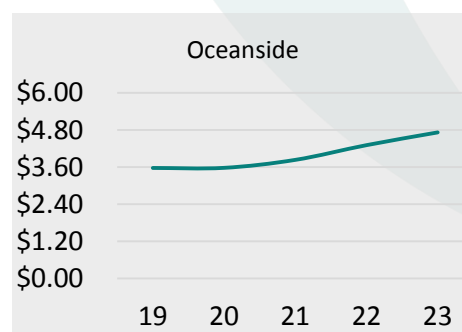
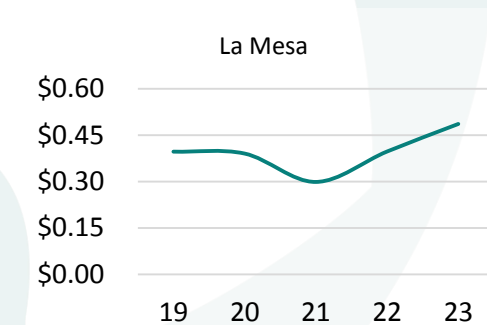
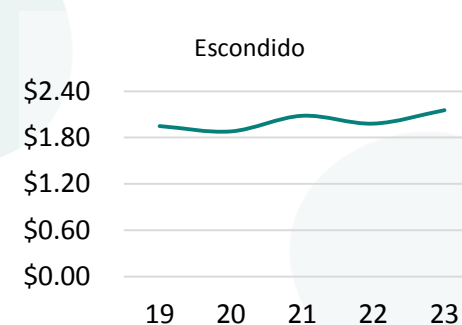
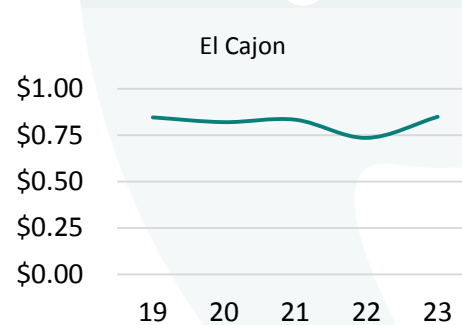
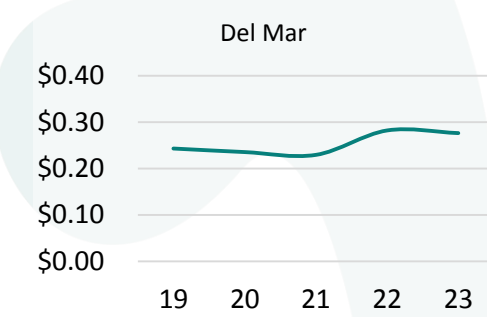
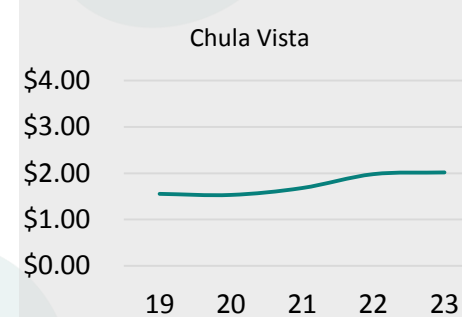
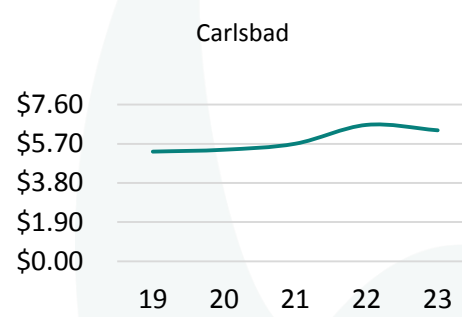
Jurisdiction Comparison

Demographic and Economic Statistics by Location

Location	Population	Business Count	Business Tax Revenue	Revenue Per Capita	Revenue Per Business	Ordinance Last Modified	Tax Basis	Cap Presence? (Y/N)
Del Mar	3,867	1,846	\$276,466	\$71.49	\$149.76	N/A	Gross Receipts	N
Carlsbad	113,495	7,136	\$6,356,809	\$56.01	\$890.81	1995	Gross Receipts	N
Oceanside	170,020	9,500	\$4,721,430	\$27.77	\$496.99	2002	Gross Receipts	N
Vista	98,344	4,555	\$2,374,284	\$24.14	\$521.25	1975	Gross Receipts	N
San Clemente	62,313	7,700	\$1,283,866	\$20.60	\$166.74	2012	Gross Receipts	N
Escondido	148,122	6,336	\$2,154,732	\$14.55	\$340.08	1995	Gross Receipts	N
National City	55,236	5,255	\$683,353	\$12.37	\$130.04	2017	Gross Receipts / Flat Fee	Y
El Cajon	102,991	5,866	\$849,581	\$8.25	\$144.83	2013	Per Employee	N
La Mesa	60,537	3,673	\$486,474	\$8.04	\$132.45	1985	Flat Fee / Per Employee	N
Chula Vista	274,333	8,700	\$2,017,470	\$7.35	\$231.89	1995	Flat Fee / Per Employee	Y

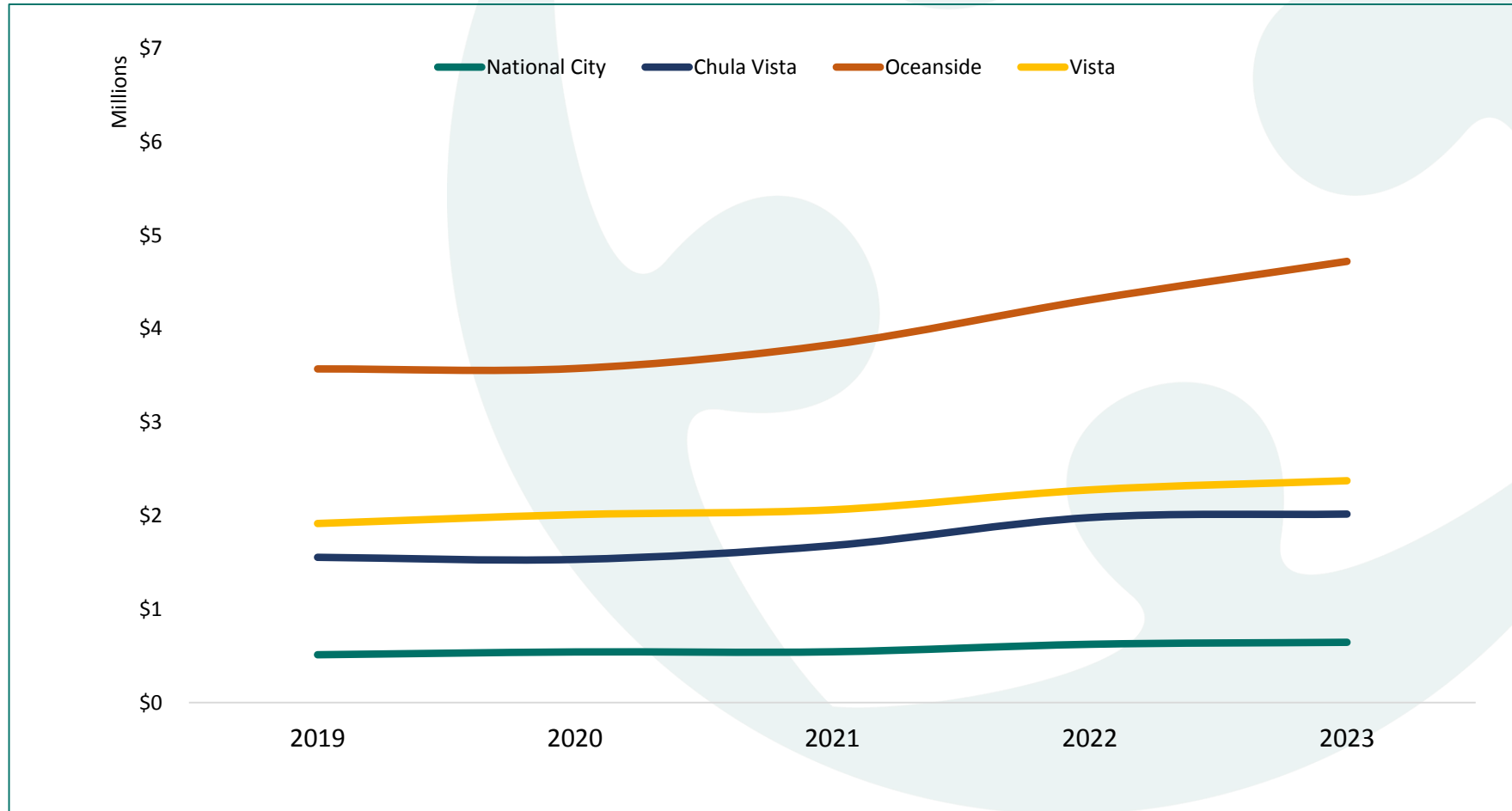
Jurisdiction Comparison

5-Year Revenue Trend (in millions)



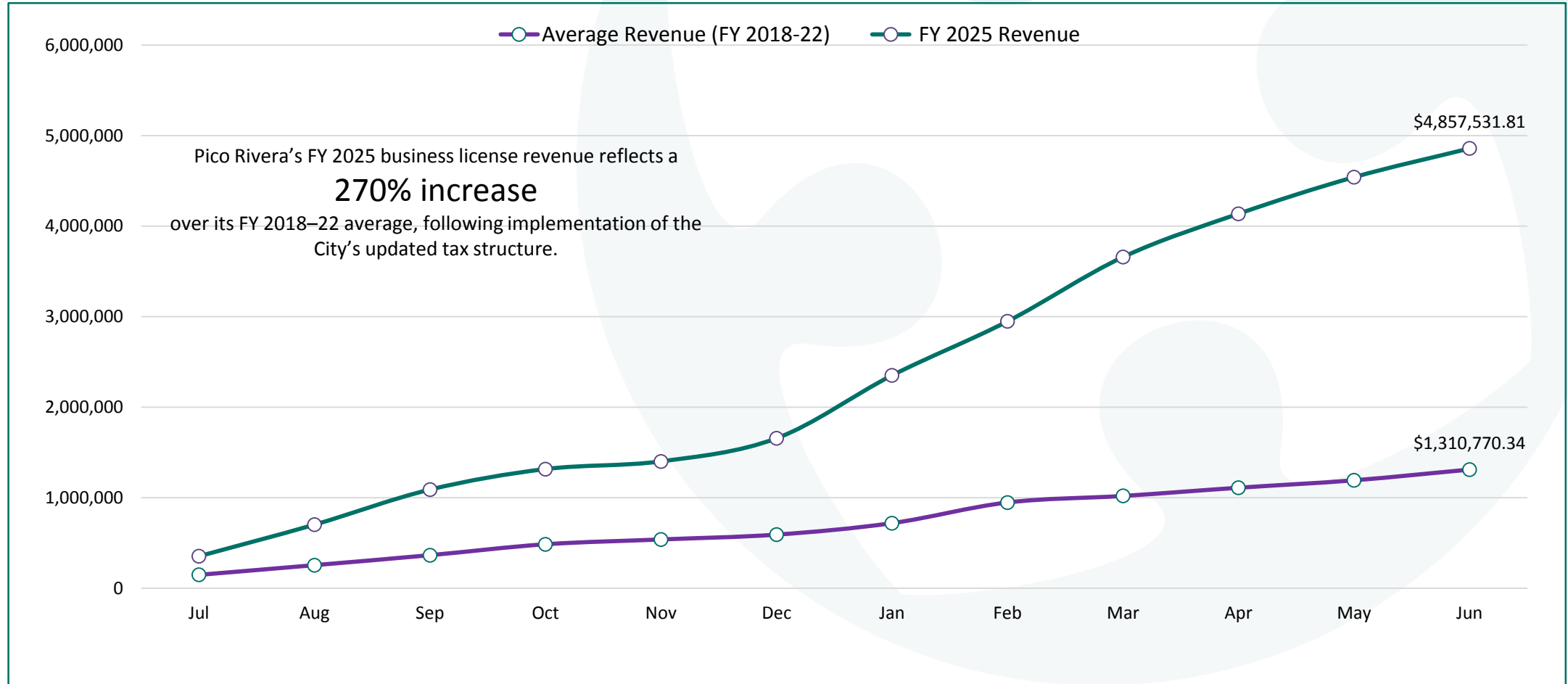
Jurisdiction Comparison

5-Year Revenue Trend (in millions)



Business License Registry Review

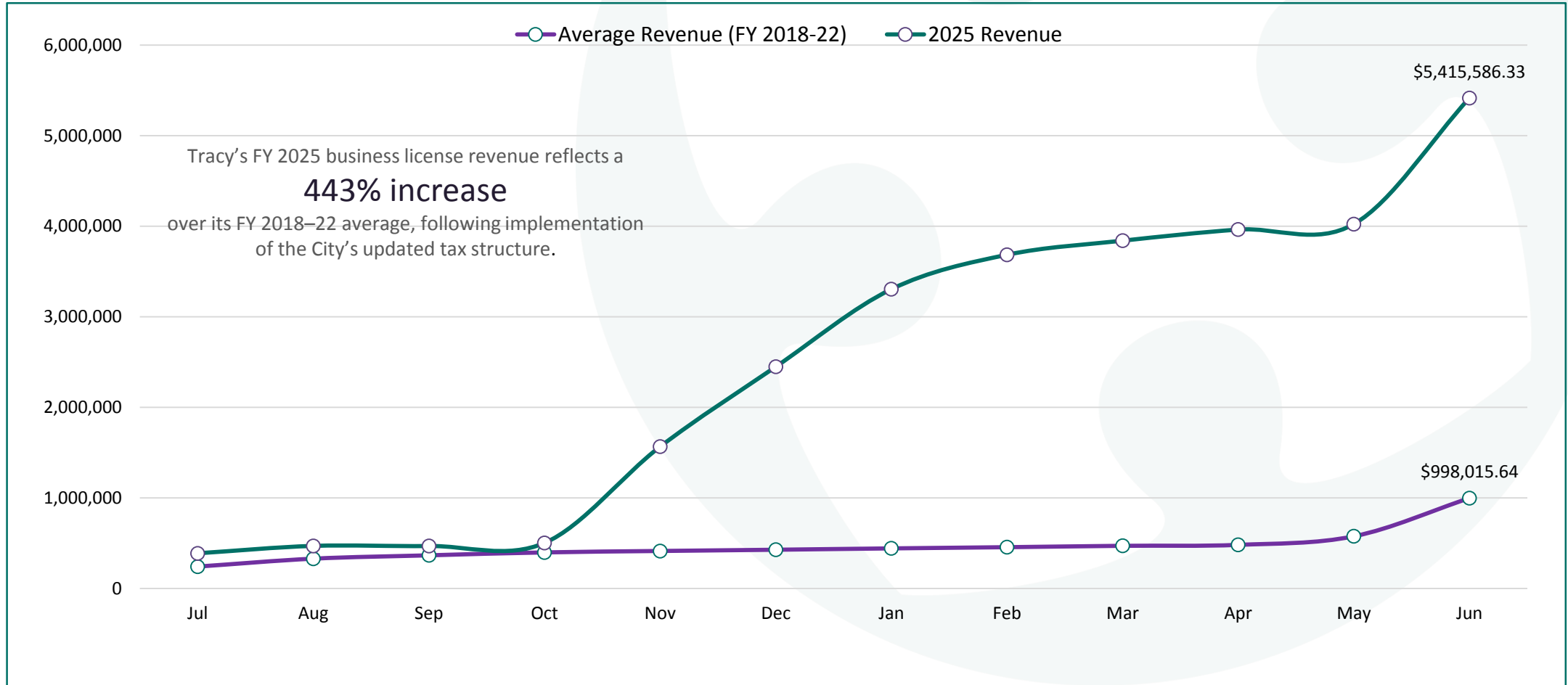
Pico Rivera Business License Revenue- Before vs New Tax Structure



*Data is limited to what is available in the HdL Database.

Business License Registry Review

Tracy Business License Revenue- Before vs New Tax Structure



A large, stylized globe in shades of teal and light blue, positioned on the right side of the slide. The globe shows continents and oceans in a simplified, abstract manner.

Jurisdiction Comparison

Detailed Analysis



Jurisdiction Selections

Jurisdictions for Detailed Analysis

- National City
- Chula Vista
- Oceanside
- Vista

Detailed Comparison Analysis

Business Scenarios – Estimated Revenue

Business Scenario	Business Type	Gross Receipts	Employees	Other Units	National City	Chula Vista (Per Employee)	Oceanside (Gross Receipts)	Vista (Gross Receipts)
Single Family Housing Construction	Contractor	\$45,000	3		\$20	\$131	\$50	\$41
Commercial Property	Property Rental	\$75,000	3	10 Units	\$20	\$20	\$50	\$64
Automotive Dealer	Retail	\$400,000	6		\$73	\$170	\$200	\$261
Laundry Service	Service	\$1,200,000	8		\$371	\$196	\$600	\$601
Dental Office	Professional	\$3,000,000	10	5 Prof.	\$938	\$1,050	\$1,500	\$1,071
Apartment Complex	Property Rental	\$5,000,000	15	200 Units	\$5,150	\$248	\$2,500	\$500
Department Store	Retail	\$20,000,000	35		\$2,126	\$547	\$10,000	\$4,471
Total					\$8,698	\$2,363	\$14,900	\$7,009

The Models

HdL[®] Companies

Model 1 Simple Percentage Increase

Model Evaluation

Features

- Simple increase by a flat percentage.
 - This model: 40% increase.

Pros:

- Easy to implement.
- Increased revenues.

Cons:

- No improvement in fairness or equity.
- Doesn't simplify the tax structure.
- Ignores new business models.

Model 1 Simple Percentage Increase *Model's Revenue Impact*

Number of Businesses	FY2025 Charges	40% Increase
5,480	\$760,000	\$1,064,000
	<i>Increased Business Tax Revenue</i>	<i>\$304,000</i>

Model 2 Single Gross Receipts Rate

Model Evaluation

Features

- One gross receipts rate for all businesses.
 - Small flat-rate tax.
- Exempt business definition remains unchanged.

Pros:

- Easy for businesses to understand.
- Boosts revenue for city services.
- Same rate for all = more equitable.
- Low base rate supports microenterprises.

Cons:

- Doesn't adjust for business type or other local tax contributions.

Model 2 Single Gross Receipts Rate

Model Structure

Tax Basis	Taxable Gross Receipts
Flat Rate	\$25 Flat Rate <i>(Up To \$25,000 Gross Receipts)</i>
Gross Receipts Tax	+ \$1.25 Per Thousand Dollars Of Gross Receipts

Model 2 Single Gross Receipts Rate *Model's Revenue Impact*

Number of Businesses	Total Taxable Gross Receipts	FY2025 Charges	Tax Amount \$1.25/thousand
5,480	\$4.84 Billion	\$760,000	\$6,033,000
		<i>Increased Business Tax Revenue</i>	<i>\$5,273,000</i>

Model 3 Variable Gross Receipts Rate

Model Evaluation

Features

- Variable gross receipts rate for businesses based on business type.
 - Small flat-rate tax.
- Model removes the special or specific categories in the current code in favor of five base categories and an exempt category.

Pros:

- Only five categories = easier to navigate.
- Boosts revenue potential.
- More equitable: accounts for varying contributions to revenue base.
- Low base rate supports microenterprises.

Cons:

- Definitions have the potential to be too broad.
- Multi-type businesses may need multiple licenses.
- Potential for perceived favoritism or penalty in rate design.

Model 3 Variable Gross Receipts Rate *Model Structure*

Categories*	Flat Rate	Rates Per Thousand
Contractor	\$25 Flat Rate <i>Up to \$25,000 Gross Receipts</i>	\$2.00
General/Retail		\$1.00
Professional		\$3.00
Property Rental		\$3.00
Services		\$2.00
Exempt	\$0.00	\$0.00

Model 3 Variable Gross Receipts Rate *Model's Revenue Impact*

Business Type	Number of Businesses	Est. Taxable Gross Receipts <i>(in millions)</i>	FY2025 Charges	Variable Gross Receipts Est. Revenue
Contractor	999	\$121	\$67,000	\$218,000
General/Retail	1,216	\$2,664	\$263,000	\$2,669,000
Professional	334	\$561	\$96,000	\$1,668,000
Property Rental	2,058	\$862	\$219,000	\$2,486,000
Service	837	\$634	\$115,000	\$1,255,000
Exempt	36	\$0	\$0	\$0
Total	5,480	\$4,842	\$760,000	\$8,296,000
			<i>Increased Business Tax Revenue</i>	<i>\$7,536,000</i>

Model Comparisons



Tax Model Comparisons

Achieving Financial Stability

Net Positive Impact

Current Revenue
\$760,000



City Staff's Preferred Model: Variable Gross Receipts
\$8,296,000

Estimated Revenue Increase

\$7,536,000

+ 900%

Modernized Tax Framework

Current Tax Basis
Tiered Gross Receipts
+ Capped



Preferred Tax Basis
Gross Receipts By Category (no cap)

Removing the gross receipts cap future proofs financial growth and keep the City's revenue closely align with economic trends.

Tax Model Comparisons

Annual Revenue, Revenue Increase, And Median Tax Assessed

	FY2025 Charges	Simple Percentage Increase (40%)	Single Gross Receipt Rate (\$1.25)	City Staff's Preferred Model: Variable Gross Receipt Rate
Projected Revenue	\$760,000	\$1,064,000	\$6,033,000	\$8,296,000
<i>Business Tax Revenue Increase</i>		<i>\$304,000</i>	<i>\$5,273,000</i>	<i>\$7,536,000</i>

	FY2025 Charges	Simple Percentage Increase (40%)	Single Gross Receipt Rate (\$1.25)	City Staff's Preferred Model: Variable Gross Receipt Rate
Median Tax Amount	\$50	\$70	\$277	\$355

Tax Model Comparisons

Business Scenarios – Estimated Revenue

Business Scenario	Business Type	Gross Receipts	Employees	Other Units	National City (Current)	Simple Percentage Increase	Single Gross Receipts	Variable Gross Receipts	Chula Vista (Per Employee)	Oceanside (Gross Receipts)	Vista (Gross Receipts)
Single Family Housing Construction	Contractor	\$45,000	3		\$20	\$28	\$50	\$65	\$131	\$50	\$41
Commercial Property	Property Rental	\$75,000	3	10 Units	\$20	\$28	\$88	\$175	\$20	\$50	\$64
Automotive Dealer	Retail	\$400,000	6		\$73	\$102	\$494	\$400	\$170	\$200	\$261
Laundry Service	Service	\$1,200,000	8		\$371	\$519	\$1,494	\$2,375	\$196	\$600	\$601
Dental Office	Professional	\$3,000,000	10	5 Prof.	\$938	\$1,313	\$3,744	\$8,950	\$1,050	\$1,500	\$1,071
Apartment Complex	Property Rental	\$5,000,000	15	200 Units	\$5,150	\$7,210	\$6,244	\$14,950	\$248	\$2,500	\$500
Department Store	Retail	\$20,000,000	35		\$2,126	\$2,976	\$24,994	\$20,000	\$547	\$10,000	\$4,471

Next Steps

HdL[®] Companies



Next Steps for the City—after a decision is made

- 1. Polling.** Conduct statistically valid polling of residents and/or businesses to gauge support for potential tax structure changes and revenue targets. Results will help refine policy direction and ensure alignment with voter tolerance before advancing to formal outreach.
- 2. Community Outreach.** Engage key stakeholders—including the business community, residents, and advisory groups—through workshops, presentations, and public meetings. This process builds transparency, addresses concerns early, and helps shape a proposal that reflects community priorities.
- 3. Drafting the Ordinance.** Develop detailed ordinance language reflecting the preferred tax structure, rate methodology, and administrative provisions. Coordinate with legal counsel to ensure compliance with state law and readiness for Council consideration and potential ballot placement.

Appendix

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Appendix A

Category Definitions

In Model 3, we use five basic business categories along with an exempt category. These are five basic structures that are common across municipalities. The definitions below are general and not meant to be the complete definitions that would appear in a municipal code.

Contractors: These are persons or firms that are carrying on the business of a contractor, subcontractor, or builder, particularly the construction or repair of any buildings. Examples include but are not limited to construction, plumbing, HVAC, etc.

General Business/Retail: These are retailers, restaurateurs, and other general businesses. All these businesses are likely to contribute to your tax base in other ways (i.e., sales tax) and often have lower profit margins.

Professional and Advanced: These businesses offer services that require rigorous training through higher education or vocational institutions that certify the complete acquisition of skills and the ability to provide such professional services. This also includes businesses that can be considered "Advanced Services," such as those in the research and development and scientific fields. Examples include, but are not limited to, a doctor's office, a law office, a consulting firm, etc.

Property Rental: Although listed separately, this category includes any business that leases, rents, or provides use of real property to another individual or entity for compensation. Examples include, but are not limited to, commercial leasing, residential rental, parcel leasing, hoteliers, etc. The city could also include language and rates for taxing short-term rentals in this category.

Services: This sector offers services that require minimal to no higher education or training. It is also the default category for any business that is not explicitly defined in one of the other five categories. Examples include, but are not limited to, hair stylists, gardeners, nail salons, etc.

Appendix B: Detailed Comparison Analysis

Business Scenarios – Tax Structure

Business Scenario	Business Type	Gross Receipts	Employees	Other Units	National City	Chula Vista (Per Employee)	Oceanside (Gross Receipts)	Vista (Gross Receipts)
Single Family Housing Construction	Contractor	\$45,000	3		Class 1 \$5k - \$99.99k \$20	General Business \$105 + \$13 each additional person	Gross Receipts \$0.50 per \$1k of GR	Gross Receipts \$15 base (≤\$15k) + marginal rates from 0.001 (15–20k) down to 0.0002 (> \$2.0M).
Commercial Property	Property Rental	\$75,000	3	10 Units	Class 1 \$5k - \$99.99k \$26	Rental \$12 + \$1.20 per each over 3	Gross Receipts \$0.50 per \$1k of GR	Gross Receipts \$15 base (≤\$15k) + marginal rates from 0.001 (15–20k) down to 0.0002 (> \$2.0M)
Automotive Dealer	Retail	\$400,000	6		Class 1 \$400k - \$499.99k \$73	General Business \$105 + \$13 each additional person	Gross Receipts \$0.50 per \$1k of GR	Gross Receipts \$15 base (≤\$15k) + marginal rates from 0.001 (15–20k) down to 0.0002 (> \$2.0M)
Laundry Service	Service	\$1,200,000	8		Class 5 \$1.2M - \$1.299M \$371	General Business \$105 + \$13 each additional person	Gross Receipts \$0.50 per \$1k of GR	Gross Receipts \$15 base (≤\$15k) + marginal rates from 0.001 (15–20k) down to 0.0002 (> \$2.0M)
Dental Office	Professional	\$3,000,000	10	5 Prof.	Class 6 \$3M - \$3.499M \$938	Professional \$210 per professional	Gross Receipts \$0.50 per \$1k of GR	Gross Receipts \$15 base (≤\$15k) + marginal rates from 0.001 (15–20k) down to 0.0002 (> \$2.0M)
Apartment Complex	Property Rental	\$5,000,000	15	200 Units	Residential Rental \$150 + \$5k for GR over \$4.5M	Rental \$12 + \$1.20 per each over 3	Gross Receipts \$0.50 per \$1k of GR	Apartment Houses \$2.50 per Unit
Department Store	Retail	\$20,000,000	35		Class 2 \$20M - \$21.99M \$2,126	General Business \$105 + \$13 each additional person	Gross Receipts \$0.50 per \$1k of GR	Gross Receipts \$15 base (≤\$15k) + marginal rates from 0.001 (15–20k) down to 0.0002 (> \$2.0M)



Appendix C: Five Key Components Of A Business License Tax

- 1. The taxable activity.** The typical taxable activity for business license tax is “any business, commercial enterprise, trade, calling, vocation, profession, or any other means of livelihood, whether or not it is carried on for gain or profit, engaged in by any person or company.”
- 2. The measure of the taxable activity.** Once we know what is taxed, we must measure how much of that taxable activity is occurring. Some cities may measure the number of employees. A more modern trend is to measure the gross receipts.
- 3. The rate.** Given a certain amount of taxable activity, a rate is applied to determine how much tax is owed.
- 4. The classification.** Cities will often group certain kinds of businesses together and apply different each group. For example, a city might want to charge restaurants a lower rate than commercial
- 5. The results.** Since we are concerned with the revenue-generating aspect of the business license, refer to the “results” of the tax, we mean the revenue generated for the City.