

San Fernando City Council Regular Meeting Notice and Agenda August 6, 2018 – 6:00 PM

CITY HALL COUNCIL CHAMBERS 117 MACNEIL STREET SAN FERNANDO, CA 91340

CALL TO ORDER/ROLL CALL

Mayor Sylvia Ballin Vice Mayor Antonio Lopez Councilmember Jaime Soto Councilmember Joel Fajardo Councilmember Robert C. Gonzales

PLEDGE OF ALLEGIANCE

Led by City Manager Alexander P. Meyerhoff

APPROVAL OF AGENDA

PRESENTATIONS

- a) CERTIFICATE OF APPRECIATION JOHNATHAN YBARRA, PRIVATE FIRST CLASS U.S. ARMY Mayor Sylvia Ballin
- b) PRESENTATION BY TREVOR M. RICHMOND, DEPUTY CHIEF BUREAU COMMANDER, LOS ANGELES FIRE DEPARTMENT OPERATIONS VALLEY BUREAU Councilmember Jaime Soto
- FOSTER CARE FUN DAY RECOGNITION OF CONTRIBUTORS, COMMITTEE MEMBERS, PARTICIPANTS AND VOLUNTEERS
 Mayor Sylvia Ballin

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DECORUM AND ORDER

The City Council, elected by the public, must be free to discuss issues confronting the City in an orderly environment. Public members attending City Council meetings shall observe the same rules of order and decorum applicable to the City Council (SF Procedural Manual). Any person making impertinent derogatory or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting, may be removed from the room if the Presiding Officer so directs the sergeant-at-arms and such person may be barred from further audience before the City Council.

PUBLIC STATEMENTS – WRITTEN/ORAL

There will be a three (3) minute limitation per each member of the audience who wishes to make comments relating to City Business. Anyone wishing to speak, please fill out the blue form located at the Council Chambers entrance and submit it to the City Clerk. When addressing the City Council please speak into the microphone and voluntarily state your name and address.

CITY COUNCIL - LIAISON UPDATES

CONSENT CALENDAR

Items on the Consent Calendar are considered routine and may be disposed of by a single motion to adopt staff recommendation. If the City Council wishes to discuss any item, it should first be removed from the Consent Calendar.

1) REQUEST TO APPROVE MINUTES OF:

- a. JUNE 18, 2018 REGULAR MEETING
- b. JULY 16, 2018 SPECIAL MEETING
- c. JULY 16, 2018 REGULAR MEETING

2) CONSIDERATION TO ADOPT A RESOLUTION APPROVING THE WARRANT REGISTER

Recommend that the City Council adopt Resolution No. 18-081 approving the Warrant Register.

3) CONSIDERATION TO APPROVE AN AGREEMENT FOR SPECIAL SERVICES WITH LIEBERT CASSIDY WHITMORE FOR FISCAL YEAR 2018-2019



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Recommend that the City Council:

- a. Approve an Agreement for Special Services (Contract No. 1892) with the law firm of Liebert Cassidy Whitmore;
- b. Authorize the City Manager to execute the Agreement; and
- c. Authorize staff to utilize the services of Olivarez Madruga Lemieux O'Neill, LLP. for additional representational, litigation, and other employment relations services.

4) CONSIDERATION TO APPROVE A SIDE LETTER OF AGREEMENT TO THE EXISTING MEMORANDUM OF UNDERSTANDING WITH THE SAN FERNANDO POLICE CIVILIANS' ASSOCIATION

Recommend that the City Council:

- a. Approve a side letter of agreement (Contract No. 1794(a)) to the existing Memorandum of Understanding with the San Fernando Police Civilians' Association; and
- b. Authorize the City Manager to make non-substantive corrections and execute all related documents.
- 5) CONSIDERATION TO APPROVE AUTHORIZATION TO WRITE-OFF BAD DEBT FOR FISCAL YEAR 2017-2018

Recommend that the City Council authorize staff to write-off bad debt(s) from uncollectible utility accounts receivable for Fiscal Year 2017-2018.

6) UPDATE LIVING WAGE ORDINANCE

Recommend that the City Council receive and file the Report.

7) CONSIDERATION TO APPROVE AN INTERIM LEASE AGREEMENT WITH SAN FERNANDO COMMUNITY HOSPITAL, DBA SAN FERNANDO COMMUNITY HEALTH CENTER, FOR THE CITY-OWNED PROPERTY AT 732 MOTT STREET

Recommend that the City Council:

- a. Approve an Interim Lease Agreement by and between the City of San Fernando and San Fernando Community Hospital, dba San Fernando Community Health Center, for the City-owned Property at 732 Mott Street (Contract No. 1894); and
- b. Authorize the City Manager to execute all related documents.



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8) CONSIDERATION TO APPROVE AN ARGUMENT IN FAVOR OF THE LOCAL TRANSACTION TAX MEASURE ON THE NOVEMBER 2018 GENERAL ELECTION

Recommend that the City Council discuss and approve the proposed argument in favor of the local Transaction Tax Measure on the November 2018 General Election.

PUBLIC HEARING

9) CONSIDERATION TO ADOPT AN URGENCY ORDINANCE AMENDING SECTION 94-103 (AMENDMENTS) OF DIVISION 3 (INDUSTRIAL FEES) OF ARTICLE II (SEWERS AND SEWAGE DISPOSAL) OF CHAPTER 94 (UTILITIES) OF THE SAN FERNANDO CODE OF ORDINANCES IN ORDER TO RECTIFY PREVIOUSLY AMENDED CODE SECTIONS

Recommend that the City Council:

- a. Conduct a Public Hearing; and
- b. Pending public testimony, waive full reading and adopt Urgency Ordinance No. 1679 by title, "An Urgency Ordinance of the City Council of the City of San Fernando, California, Amending Section 94-103 (Amendments) of Division 3 (Industrial Fees) of Article II (Sewers and Sewage Disposal) of Chapter 94 (Utilities) of the San Fernando Code of Ordinances in Order to Rectify Previously Amended Code Sections, and Declaring the Urgency thereof, in Accordance with Government Code Sections 36934 and 36937." This Ordinance is introduced pursuant to Government Code Sections 36934 and 36937 and requires a four-fifths (4/5ths) vote for adoption.

ADMINISTRATIVE REPORTS

10) DISCUSSION OF RECOMMENDATIONS FROM THE CANNABIS AD HOC COMMITTEE AND DIRECTION REGARDING DEVELOPMENT OF A COMMERCIAL CANNABIS REGULATION AND PERMITTING PROGRAM

Recommend that the City Council:

- a. Discuss the recommendations from the Cannabis Ad Hoc Committee; and
- b. Direct staff as appropriate.



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11) OVERVIEW OF LEGAL AUTHORITY AND OTHER CONSIDERATIONS RELEVANT TO THE IMPLEMENTATION OF A LOCAL MINIMUM WAGE ORDINANCE

Recommend that the City Council:

- a. Receive and file a presentation from staff on the recent state and local minimum wage laws; and
- b. Provide staff direction.

12) CONSIDERATION TO DETERMINE A CITY POSITION ON THE 2018 LEAGUE OF CALIFORNIA CITIES RESOLUTIONS

Recommend that the City Council discuss the two resolutions to be presented at the 2018 League of California Cities Annual Business Meeting and provide direction to the Voting Delegate regarding the City of San Fernando's position on each resolution.

13) DISCUSSION REGARDING CITY COUNCIL RESOLUTION NO. 7346 CANCELLING CERTAIN COUNCIL MEETINGS IN DECEMBER AND JANUARY

This item is placed on the agenda by Mayor Sylvia Ballin.

14) DISCUSSION REGARDING THE FORMATION OF AN AD HOC COMMITTEE PERTAINING TO SOCIAL MEDIA AND A SOCIAL MEDIA POLICY

This item is placed on the agenda by Mayor Sylvia Ballin.

15) CONSIDERATION TO APPOINT A PLANNING & PRESERVATION COMMISSIONER

This item is placed on the agenda by Councilmember Robert C. Gonzales.

16) DISCUSSION REGARDING THE AD HOC COMMITTEE FORMED TO ASSESS A POSSIBLE LOS ANGELES CITY FIRE STATION IN SAN FERNANDO

This item is placed on the agenda by Councilmember Jaime Soto.

STAFF COMMUNICATION INCLUDING COMMISSION UPDATES

GENERAL COUNCIL COMMENTS



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ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 72 hours prior to the meeting.

Elena G. Chávez, CMC City Clerk Signed and Posted: August 2, 2018 (4:00 p.m.)

Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the City's Internet website (www.sfcity.org). These are also available for public reviewing prior to a meeting in the City Clerk Department. Any public writings distributed by the City Council to at least a majority of the Councilmembers regarding any item on this regular meeting agenda will also be made available at the City Clerk Department at City Hall located at 117 Macneil Street, San Fernando, CA, 91340 during normal business hours. In addition, the City may also post such documents on the City's website at www.sfcity.org. In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification/accommodation to attend or participate in this meeting, including auxiliary aids or services please call the City Clerk Department at (818) 898-1204 at least 48 hours prior to the meeting.



Regular Meeting San Fernando City Council

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SAN FERNANDO CITY COUNCIL MINUTES

JUNE 18, 2018 – 6:00 P.M. REGULAR MEETING

City Hall Council Chambers 117 Macneil Street San Fernando, CA 91340

CALL TO ORDER/ROLL CALL

Mayor Sylvia Ballin called the meeting to order at 6:09 p.m.

Present:

Council: Mayor Sylvia Ballin, and Councilmembers Joel Fajardo and Robert C.

Gonzales

Staff: City Manager Alexander P. Meyerhoff, Assistant City Attorney Richard

Padilla and City Clerk Elena G. Chávez

Absent: Vice Mayor Antonio Lopez and Councilmember Jaime Soto

PLEDGE OF ALLEGIANCE

Led by Director of Recreation and Community Services Julian J. Venegas

APPROVAL OF AGENDA

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to approve the agenda. By consensus, the motion carried.

PRESENTATIONS

The following presentations were made:

- a) CERTIFICATE OF APPRECIATION VICTOR MARTINEZ (MARTINEZ INCOME TAX & ACCOUNTING)
- c) LOS ANGELES COUNTY PUBLIC LIBRARY ANNUAL REPORT

The following item from Councilmember Soto was removed from the agenda.

b) PRESENTATION BY TREVOR M. RICHMOND, DEPUTY CHIEF BUREAU COMMANDER, LOS ANGELES FIRE DEPARTMENT OPERATIONS VALLEY BUREAU

At this time, Councilmembers, staff, and audience members shared comments and personal stories regarding Planning and Preservation Commissioner Theale "Stormy" Haupt who recently passed.

DECORUM AND ORDER

Assistant City Attorney Padilla provided a brief summary of the rules.

PUBLIC STATEMENTS - WRITTEN/ORAL

Lea Gonzalez, Congressman Tony Cardenas field representative, provided information regarding several upcoming events.

The following audience members talked about Mr. Haupt, expressed their sadness, and how much he will be missed:

Dee Akemon Linda Jauron Michael Remenih Irwin Rosenberg Tom Ross Alvin Durham Dave Bernal Jesse Avila

Mayor Ballin gave Councilmember Gonzales the extra gavel pad that was made by Mr. Haupt several years ago.

CITY COUNCIL - LIAISON UPDATES

Councilmember Fajardo gave updates regarding the League of California Cities meeting that he recently attended and on the various Ad Hoc Committees that he serves.

Councilmember Gonzales also talked about the League of California Cities meeting, said that the Independent Cities Association summer seminar is approaching, and gave an update regarding the Metro Service Council.

Mayor Ballin gave an update regarding the Foster Care Fun Day picnic and she thanked the various organizations and individuals that assisted in putting together the event.

CONSENT CALENDAR

City Manager Meyerhoff pulled Item No. 11 and Mayor Ballin pulled Item No. 6 for further discussion.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to approve the remaining Consent Calendar Items:

- 1) REQUEST TO APPROVE THE MINUTES OF:
 - a) MAY 29, 2018 SPECIAL MEETING
 - b) JUNE 4, 2018 SPECIAL MEETING
 - c) JUNE 4, 2018 REGULAR MEETING
- 2) CONSIDERATION TO ADOPT A RESOLUTION APPROVING THE WARRANT REGISTER
- 3) CONSIDERATION TO ADOPT A RESOLUTION SETTING THE FISCAL YEAR 2018-2019 ARTICLE XIIIB APPROPRIATIONS (GANN) LIMIT
- 4) CONSIDERATION OF DISASTER COUNCIL APPOINTMENTS
- 5) CONSIDERATION TO ADOPT A RESOLUTION AMENDING THE SALARY PLAN FOR FISCAL YEAR 2017-2018
- 7) CONSIDERATION TO ADOPT A RESOLUTION AUTHORIZING THE DIRECTOR OF PUBLIC WORKS/CITY ENGINEER TO EXECUTE RIGHT-OF-WAY CERTIFICATIONS FOR FEDERALLY FUNDED PROJECTS
- 8) CONSIDERATION TO APPROVE AN AGREEMENT BETWEEN THE LOS ANGELES GATEWAY REGION INTEGRATED REGIONAL WATER MANAGEMENT JOINT POWERS AUTHORITY AND THE CITY OF SAN FERNANDO FOR COST SHARING FOR THE INSTALLATION OF MONITORING EQUIPMENT AND MONITORING PURSUANT TO THE HARBOR TOXIC POLLUTANTS TOTAL MAXIMUM DAILY LOAD
- 9) CONSIDERATION TO APPROVE A MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF SAN FERNANDO AND SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS REGARDING THE ADMINISTRATION AND COST SHARING FOR IMPLEMENTING THE COORDINATED INTEGRATED MONITORING PROGRAM AND ENHANCED WATERSHED MANAGEMENT PLAN FOR THE UPPER LOS ANGELES RIVER WATERSHED MANAGEMENT AREA
- 10) CONSIDERATION TO AUTHORIZE A NOTICE OF COMPLETION FOR THE ANNUAL RESURFACING PROJECT FISCAL YEAR 2016-2017 PROJECT NO. 7600, PLAN NO. P-725

12) CONSIDERATION TO APPROVE A PURCHASE ORDER WITH EDGESOFT, INC., TO UPGRADE THE CURRENT ENTERPRISE LAND MANAGEMENT SYSTEM APPLICATION AND ONLINE CITIZEN ACCESS PORTAL

By consensus, the motion carried.

Items Pulled for Further Discussion

6) CONSIDERATION TO ADOPT RESOLUTIONS APPROVING THE SALARY PLAN AND THE TABLE OF ORGANIZATION FOR FISCAL YEAR 2018-2019

Mayor Ballin said that a couple of years ago, she believed that the City Council agreed to move the Personnel Division from Administration Department to the Finance Department. With that correction and effective date of July 1st, she made a motion to approve the item.

City Manager Meyerhoff and Deputy City Manager/Finance Director Kimball replied to questions from Councilmember Fajardo regarding the ability to create employee title changes (i.e., Assistant Department Head or Deputy).

Motion by Mayor Ballin, seconded by Councilmember Fajardo, to:

- a. Adopt Resolution No. 7866 approving the Salary Plan for Fiscal Year 2018-2019;
- b. Adopt Resolution No. 7867 approving the Table of Organization for Fiscal Year 2018-2019;
- c. Authorize the City Manager to make non-substantive corrections and execute all related documents; and
- d. To move the Personnel Division from Administration Department to the Finance Department (staff to report to the Deputy City Manager/Director of Finance), effective July 1st.

By consensus, the motion carried.

11) CONSIDERATION TO APPROVE A MEMORANDUM OF UNDERSTANDING WITH THE SAN FERNANDO PUBLIC EMPLOYEES' ASSOCIATION/SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 721 FOR A TERM BEGINNING JULY 1, 2017 AND EXPIRING JUNE 30, 2022

Deputy City Manager/Director of Finance Nick Kimball stated that a phrase was omitted from the Memorandum of Understanding (MOU) preamble and that staff recommends adoption with the added language.

Councilmember Fajardo said that the MOU does not address any results of the class and comp study and his biggest concern/challenge is the fact that some individuals are getting paid more

than the area median income and others are severely underpaid. This makes it very difficult for him to personally justify approving the MOU.

Motion by Mayor Ballin, seconded by Councilmember Gonzales, to:

- a. Approve the proposed Memorandum of Understanding with the San Fernando Public Employees' Association/Service Employees International Union Local 721 (Contract No. 1887) for a term beginning July 1, 2017 and expiring June 30, 2022; and
- b. Authorize the City Manager to make non-substantive corrections and execute all related documents.

The motion carried with the following vote:

AYES: Gonzales, Ballin -2

NOES: Fajardo – 1 ABSENT: Soto, Lopez - 2

PUBLIC HEARING

13) CONSIDERATION OF FISCAL YEAR 2018-2019 LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT PUBLIC HEARING AND CONFIRMATION OF ASSESSMENT

Mayor Ballin declared the Public Hearing open

Director of Public Works/City Engineer Yazdan T. Emrani presented the staff report. He and the Republic Services representative replied to questions from Councilmembers.

Mayor Ballin called for public testimony; there were no public comments.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to close the Public Hearing. By consensus, the motion carried.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to:

- a. Adopt Resolution No. 7862 ordering the continued maintenance of the City's streetlights and confirming the annual assessment; and
- b. Adopt Resolution No. 7863 approving the Final Engineer's Report for the Fiscal Year 2018-2019 Landscaping and Lighting Assessment District.

The motion carried with the following vote:

AYES: Gonzales, Fajardo, Ballin – 3

NOES: None

ABSENT: Soto, Lopez - 2

14) CONSIDERATION TO ADOPT A RESOLUTION APPROVING THE FISCAL YEAR 2018-2019 CITY BUDGET

Mayor Ballin declared the Public Hearing open.

Deputy City Manager/Director of Finance Kimball presented the staff report. Both he and City Manager Meyerhoff replied to various questions from Councilmembers.

Councilmember Fajardo said that when each Councilmember hold their event, such as the San Fernando Beautification Project, staff costs should be covered by the specific Councilmember's Community Investment Fund. He said that the guideline is enforced when he holds his events and believes that the rules should be applied consistently.

Deputy City Manager/Director of Finance Kimball suggested developing good guidelines; he will work with the City Manager's office so that everyone is following the same rules.

Mayor Ballin called for public testimony; there were no public comments.

Motion by Mayor Ballin, seconded by Councilmember Fajardo, to close the Public Hearing. By consensus, the motion carried.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to adopt Resolution No. 7869 approving the Fiscal Year 2018-2019 Budget, and beginning July 1st, any City costs to host a beautification day will be reimbursed by the Community Investment Fund of the Councilmember that is hosting the event.

The motion carried with the following vote:

AYES: Gonzales, Fajardo, Ballin -3

NOES: None

ABSENT: Soto, Lopez - 2

ADMINISTRATIVE REPORTS

15) CONSIDERATION TO APPROVE AN AGREEMENT TO PURCHASE SINGLE SPACE SMART PARKING METERS FROM IPS GROUP, INC.

Deputy City Manager/Director of Finance Kimball presented the staff report. He, Police Chief Anthony Vairo, and IPS Representative Michael Chiodo, replied to various questions from Councilmembers.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to:

a. Appoint Councilmembers Fajardo and Gonzales to an Ad Hoc Committee;

- b. Waive formal bid requirements and piggyback on the terms and pricing offered to City of Berkeley for IPS smart parking meters through a competitive bid process;
- c. Approve an Agreement to Purchase Parking Meter Equipment and Related Services (Contract No. 1885) with IPS Group, Inc. to purchase 100 single space smart parking meters and provide the related web-based Data Management System (DMS) software;
- d. Authorize the City Manager to execute the Purchase Agreement with IPS Group, Inc.;
- e. Authorize the City Manager to execute a 36-month Lease to Purchase Agreement with ROC Leasing LLC dba Real Lease (Contract No. 1890), including changes recommended by the City Attorney, provided there are no changes to the basic terms of the agreement and the lease interest rate does not change by more than 50 basis points (0.50%);
- f. Authorize a continued minimum meter fee of \$1.00 for credit card transactions; and
- g. Direct staff to implement Phase One and install the Smart Meters throughout the Civic Center area, which includes areas surrounding the San Fernando Courthouse, City Hall, Police Department, and Public Works facility.

The motion carried with the following vote:

AYES: Gonzales, Fajardo, Ballin – 3

NOES: None

ABSENT: Soto, Lopez - 2

16) DISCUSSION REGARDING AN AUTOMATIC VOTE RECOUNT POLICY

A brief discussion ensued amongst staff and Councilmember Fajardo.

Assistant City Attorney Padilla reported that both he and City Clerk Chávez reached out to the Los Angeles County Registrar Recorder/County Clerk (RR/CC) and the California City Clerks' Association and reported that an automatic recount appears to be reserved for charter cities (i.e., only example found was the City of Long Beach). The only three avenues for an election recount for general law cities are: 1) the elections official, in this case, the RR/CC would make a determination that there is some irregularity in the vote count that merits a recount; 2) an individual, voter, or candidate can petition to have a recount (they would have to pay); and 3) by way of court order.

Discussion item only; no formal action was taken.

DEPARTMENT HEADS - COMMISSION UPDATES

City Clerk Chávez reported that \$10,000 in scholarships was awarded at last month's Education Commission Scholarship Awards Ceremony (the majority going towards honoring the memories of Elias Rodriguez and Gabriel Fernandez).

Director of Recreation and Community Services Julian Venegas reported that the California Arts Council awarded the City \$17,100 to continue the Mariachi Master Apprentice Program.

GENERAL COUNCIL COMMENTS

Councilmember Gonzales thanked staff and the Mariachi Master Apprentice Program for an event fundraiser and asked that the meeting adjourn in memory of Mr. Haupt.

Mayor Ballin said that Councilmembers (including herself) need to think about overtime and the burnout factor caused on City employees due to numerous events. She expressed concern about safety and said it is not fair to employees. She thanked Assistant City Attorney Padilla for all of his work for the City.

STAFF COMMUNICATION

None.

ADJOURNMENT (8:09 P.M.)

Councilmember Gonzales called for a moment of silence for Mr. Haupt.

Motion by Councilmember Gonzales, seconded by Mayor Ballin, to adjourn the meeting in memory of Theale "Stormy" Haupt. By consensus the motion carried.

I do hereby certify that the foregoing is a true and correct copy of the minutes of June 18, 2018, meeting as approved by the San Fernando City Council.

Elena G. Chávez, CMC City Clerk



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SAN FERNANDO CITY COUNCIL MINUTES

JULY 16, 2018 – 5:00 P.M. SPECIAL MEETING

City Hall Community Room 117 Macneil Street San Fernando, CA 91340

CALL TO ORDER/ROLL CALL

Mayor Sylvia Ballin called the meeting to order at 5:00 p.m.

Present:

Council: Mayor Sylvia Ballin, Vice Mayor Antonio Lopez, and Councilmembers

Joel Fajardo and Robert C. Gonzales

Staff: City Manager Alexander P. Meyerhoff, Assistant City Attorney Richard

Padilla and City Clerk Elena G. Chávez

Absent: Councilmember Jaime Soto

APPROVAL OF AGENDA

Motion by Vice Mayor Lopez, seconded by Councilmember Gonzales, to approve the agenda. By consensus, the motion carried.

PUBLIC STATEMENTS – WRITTEN/ORAL

None

RECESS TO CLOSED SESSION (5:01 P.M.)

By consensus, Councilmembers recessed to the following Closed Session as announced by Assistant City Attorney Padilla:

A) CONFERENCE WITH LABOR NEGOTIATOR G.C. §54957.6

Designated City Negotiators:

City Manager Alexander P. Meyerhoff

Deputy City Manager/Director of Finance Nick Kimball

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City Attorney Rick Olivarez

Assistant City Attorney Richard Padilla

Employees and Employee Bargaining Units that are the Subject of Negotiation:

San Fernando Management Group (SEIU, Local 721)

San Fernando Public Employees' Association (SEIU, Local 721)

San Fernando Police Officers Association

San Fernando Police Officers Association Police Management Unit

San Fernando Police Civilian Association

San Fernando Part-time Employees' Bargaining Unit (SEIU, Local 721)

All Unrepresented Employees

B) CONFERENCE WITH LEGAL COUNSEL TO DISCUSS AND PROVIDE UPDATES ON MULTIPLE EXISTING LITIGATION MATTERS

G.C. §54956.9(d)(1)

Jorge Bayardo v. City of San Fernando, LASC Case No. BC626481 Kevin Yoo v. City of San Fernando, LASC Case No. BC626482 Young Bin Cho v. City of San Fernando, LASC Case No. BC626478 Jeffrey Pak v. City of San Fernando, LASC Case No. BC626480 Saul Garibay v. City of San Fernando, LASC Case No. BC626479

C) CONFERENCE WITH REAL PROPERTY NEGOTIATOR

G.C. §54956.8

Property: 732 Mott Street, 700 Chatsworth Drive and 713 Chatsworth Drive,

City of San Fernando

Agency Negotiator: City Manager Alexander P. Meyerhoff, Lead Negotiator

Deputy City Manager/Director of Finance Nick Kimball

City Attorney Rick Olivarez

Assistant City Attorney Richard Padilla

Negotiating Parties: Mission Community Hospital and Deanco Healthcare, LLC

• Craig B. Garner, Garner Health Law Corporation

• James K. Theiring, Chief Executive Officer

San Fernando Community Health Center

Audrey Simons, Chief Executive Officer

Partners in Care Foundation

• June Simmons, President/Chief Executive Officer

Under Negotiation: Price and Terms of Payment as it Relates to Leasing of Real Property

D) CONFERENCE WITH LEGAL COUNSEL TO DISCUSS THE DISPOSITION OF A CLAIM RECEIVED BY THE CITY

G.C. §54956.9(d)(2) AND §54956.9(e)(3)

One (1) Matter

SAN FERNANDO CITY COUNCIL SPECIAL MEETING MINUTES – July 16, 2018 Page 3

RECONVENE / REPORT OUT FROM CLOSED SESSION (6:13 P.M.)

Assistant City Attorney Padilla reported the following:

Item A - A general update was provided by special legal counsel and by Director of Finance Nick Kimball, direction given by the City Council, but no final was action taken.

Item B – An update and presentation was provided by special legal counsel Dan Alderman, general direction given by the City Council, but no final was action taken.

Item C – Discussion of property negotiations led by Director of Community Development Tim Hou, an update was provided by the City's negotiator, feedback given by the City Council, but no final action was taken.

Item D – An update was provided by Personnel Manager Michael Okafor and representatives of Carl Warren, general direction was given by the City Council, but no final action taken

ADJOURNMENT (6:13 P.M.)

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to adjourn. By consensus, the meeting was adjourned.

I do hereby certify that the foregoing is a true and correct copy of the minutes of July 16, 2018, meeting as approved by the San Fernando City Council.

Elena G. Chávez, CMC City Clerk This Page
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SAN FERNANDO CITY COUNCIL MINUTES

JULY 16, 2018 – 6:00 P.M. REGULAR MEETING

City Hall Council Chambers 117 Macneil Street San Fernando, CA 91340

CALL TO ORDER/ROLL CALL

Mayor Sylvia Ballin called the meeting to order at 6:15 p.m.

Present:

Council: Mayor Sylvia Ballin, Vice Mayor Antonio Lopez, and Councilmembers

Joel Fajardo, Jaime Soto and Robert C. Gonzales

Staff: City Manager Alexander P. Meyerhoff, Assistant City Attorney Richard

Padilla and City Clerk Elena G. Chávez

PLEDGE OF ALLEGIANCE

Led by Personnel Manager Michael Okafor

APPROVAL OF AGENDA

Motion by Vice Mayor Lopez, seconded by Councilmember Soto, to approve the agenda. By consensus, the motion carried.

PRESENTATIONS

The following presentations were made in the following order:

- b) PRESENTATION TO FAMILY OF JULIO VARGAS
- a) PRESENTATION BY SENATOR ROBERT M. HERTZBERG

DECORUM AND ORDER

Assistant City Attorney Padilla provided a brief summary of the rules.

PUBLIC STATEMENTS – WRITTEN/ORAL

The following individuals spoke in support of Item No. 6 regarding Consideration to Adopt a Resolution and Ordinance to Place a Measure on the November Ballot to Extend the Existing Half-Cent Local Sales Tax:

Angel Granados Ruben Quintana Irwin Rosenberg (San Fernando Police Officers' Association) Charles Leone Michael Remenih David Bernal

Dee Akemon talked about the 4th of July fireworks activity and complimented the Police Department for the work and the hours they put in on that busy day.

CITY COUNCIL - LIAISON UPDATES

Councilmember Gonzales talked about the highlights and discussion topics at the recent Independent Cities Association conference.

Vice Mayor Lopez followed up with additional comments regarding the ICA conference and reported that the information will be shared with all Councilmembers.

Mayor Ballin said that she also attended the ICA conference and gave an update regarding the Metropolitan Water District Board meeting and the Waterfix vote.

CONSENT CALENDAR

Mayor Ballin requested to pull Item No. 4 for further discussion.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to approve the remaining Consent Calendar Items:

- 1) REQUEST TO APPROVE THE MINUTES OF JULY 2, 2018 SPECIAL MEETING
- 2) CONSIDERATION TO ADOPT A RESOLUTION APPROVING THE WARRANT REGISTER
- 3) CONSIDERATION TO ADOPT A RESOLUTION AMENDING THE SALARY PLAN FOR FISCAL YEAR 2018-2019

By consensus, the motion carried.

PUBLIC HEARING

5) CONSIDERATION TO ADOPT A RESOLUTION AND ORDINANCE TO PLACE A MEASURE ON THE NOVEMBER BALLOT TO EXTEND THE EXISTING HALF-CENT LOCAL SALES TAX

Mayor Ballin declared the Public Hearing open.

Deputy City Manager/Director of Finance Nick Kimball presented the staff report and replied to various questions from Councilmembers.

Discussion ensued amongst Councilmembers.

In response to Councilmember Fajardo's request, Irwin Rosenberg (speaking as a private citizen) gave background information on how the residents' Measure A committee was formed and the process, and said that if other residents (that share the same mission/focus of the group) want to join, they would be welcome.

Councilmember Fajardo expressed several concerns and said that a large number of the people in the committee have made disingenuous comments. He asked whether any of the money raised by the committee will be used on advertisements to display anyone (or quotes from those) running for office.

Mr. Rosenberg replied that Fair Political Practices Commission guidelines prohibit the committee from campaigning on behalf of any individual and that the group does not intend to include photos in their advertisements but he cannot make that absolute commitment on behalf of the entire committee.

Mayor Ballin called for public testimony and the following individuals spoke in favor of the item:

Dee Akemon Ruben Quintana Charles Leone David Bernal

Motion by Councilmember Fajardo, seconded by Vice Mayor Lopez, to close the Public Hearing. By consensus, the motion carried.

RECESS (8:10 P.M.)

Mayor Ballin called for a brief recess to allow staff to prepare copies of the various versions of the ballot question.

RECONVENE (8:17 P.M.)

Deputy City Manager/Director of Finance Kimball distributed the previously approved resolution along with the various versions of the ballot question. Assistant City Attorney Padilla read each aloud and discussion ensued amongst Councilmembers.

Motion by Councilmember Gonzales, seconded by Vice Chair Lopez, to accept the <u>title</u> of ballot question version "A" and the <u>body</u> of version "B", to read:

San Fernando Preservation and Beautification Measure

Shall the City extend the half percent (1/2%) transactions and use tax to continue to preserve funding for essential city services such as police, fire and ambulance services; street repairs, park beautification, and other public works infrastructure projects; cultural and recreational programs; economic development; staffing recruitment and retention; restoration of the City's emergency "rainy day" fund; and other unrestricted general revenue purposes until voters decide to end it?

Discussion continued and Councilmember Soto requested to include acronyms and amend the ballot question to add "... SFPD, LAFD, and SFPW;" and "... retention, and wages;".

Councilmember Gonzales accepted the amendment and Vice Chair Lopez again seconded the motion to approve the following proposed ballot question:

San Fernando Preservation and Beautification Measure

Shall the City extend the half percent (1/2%) transactions and use tax to continue to preserve funding for essential city services such as SFPD, LAFD, and SFPW; street repairs, park beautification, and other public works infrastructure projects; cultural and recreational programs; economic development; staffing recruitment, retention, and wages; restoration of the City's emergency "rainy day" fund; and other unrestricted general revenue purposes until voters decide to end it?

In addition to the modification of the ballot question, the motion is inclusive of approving Resolution No. 7872 and Ordinance No. 1678.

The motion carried with the following vote:

AYES: Gonzales, Fajardo, Soto, Lopez, Ballin – 5

NOES: None ABSENT: None

Assistant City Attorney Padilla reminded City Council that Ad Hoc Committee Members Fajardo and Gonzales were working on the Ballot Argument in Favor and suggested bringing the item back to the City Council for consensus noting that the hard deadline is August 17, 2018.

CONSENT CALENDAR (CONTINUED)

4) CONSIDERATION TO APPROVE THE GENERAL PLAN HOUSING ELEMENT ANNUAL PROGRESS REPORT FOR CALENDAR YEAR 2017

Director of Community Development Timothy T. Hou presented the staff report and replied to questions from Councilmembers.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to:

- a. Approve the General Plan Housing Element Progress Report for Calendar Year 2017; and
- b. Authorize staff to forward the 2017 Housing Element Progress Report to the California Department of Housing and Community Development and the Governor's Office of Planning and Research.

By consensus, the motion carried.

PUBLIC HEARING (CONTINUED)

6) CONSIDERATION TO ADOPT A RESOLUTION FOR THE PLACEMENT OF LIENS ON REAL PROPERTY FOR NON-PAYMENT OF RESIDENTIAL SOLID WASTE COLLECTION SERVICES BILLINGS

Mayor Ballin declared the Public Hearing open

At this time (9:18 p.m.) Councilmember Soto exited the Council Chambers.

Director of Public Works/City Engineer Yazdan T. Emrani presented the staff report. He and a representative from Republic Services replied to questions from Councilmembers.

Motion by Councilmember Gonzales, seconded by Vice Mayor Lopez, to adopt Resolution No. 7874 authorizing the placement of a lien against real property as a special assessment on property tax bills for the collection of delinquent solid waste billings. By consensus, the motion carried.

The Public Hearing was re-opened (below).

ADMINISTRATIVE REPORTS

7) AD HOC COMMITTEE UPDATE - SERVING AND CONSUMPTION OF ALCOHOLIC BEVERAGES IN CITY FACILITIES

Director of Recreation and Community Services Julian Venegas presented the staff report and replied to various questions from Councilmembers.

Motion by Vice Mayor Lopez, seconded by Councilmember Fajardo, that the Ad Hoc Committee may confer with other bodies (or come up with solutions of its own), and report back to the City Council with tangible recommendations (no sooner than first meeting in September). By consensus, the motion carried.

PUBLIC HEARING (CONTINUED)

6) CONSIDERATION TO ADOPT A RESOLUTION FOR THE PLACEMENT OF LIENS ON REAL PROPERTY FOR NON-PAYMENT OF RESIDENTIAL SOLID WASTE COLLECTION SERVICES BILLINGS

Motion by Councilmember Gonzales, seconded by Vice Mayor Lopez, to open the Public Hearing.

Mary Mendoza shared her experiences dealing with Republic Services, Inc., said their billing system is very complicated and believes there is a possibility for error on the proposed list.

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to close the Public Hearing. By consensus, the motion carried.

Motion by Councilmember Gonzales, seconded by Vice Mayor Lopez, to adopt Resolution No. 7874 authorizing the placement of a lien against real property as a special assessment on property tax bills for the collection of delinquent solid waste billings. By consensus, the motion carried.

ADMINISTRATIVE REPORTS (CONTINUED)

8) DISCUSSION REGARDING REDUCTION OF PROPERTY TAXES IN SAN FERNANDO

Deputy City Manager/Director of Finance Kimball gave a brief update and both he and Assistant City Attorney Padilla replied to questions.

Councilmember Fajardo recommended that staff report back (by August 20) with additional information regarding: the software mentioned by staff; research as to whether commercial tax can be separated from residential; scenario of a property tax reduction over a 50-year period; voter approval regarding tax (i.e., commercial, residential, aggregate the two). By consensus, Councilmembers agreed.

DEPARTMENT HEADS - COMMISSION UPDATES

City Clerk Chávez reported that the candidate nomination period opened today and will close on August 10.

Police Chief Anthony Vairo provided information regarding the upcoming Homeless Connect Day event, Neighborhood Watch meeting, and the memorial tribute for Julian Vargas.

Director of Recreation and Community Services Venegas provided updates regarding activities in his department.

Director of Community Development Hou reported that the Planning and Preservation Commission will be meeting and he gave an update on the vaccination, microchip and licensing clinic for pets.

Director of Public Works/City Engineer Emrani reported that there is potential funding from FEMA; a hazard mitigation grant for the upper reservoir has been approved and staff will submit the application. He also gave an update regarding the Esri User Conference he recently attended.

Deputy City Manager/Director of Finance Kimball reported that the City has received the Government Officers Finance Association (GFOA) award for the 27th year in a row.

City Manager Meyerhoff gave updates regarding various meetings and activities that he has participated with staff and several organizations.

GENERAL COUNCIL COMMENTS

Councilmember Gonzales thanked both Mayor Ballin and Vice Mayor Lopez for attending the ICA conference and he talked about the upcoming bike clean up event.

Councilmember Fajardo thanked Deputy City Manager/Director of Finance Kimball and Assistant City Attorney Padilla their hard work for shepherding the Measure A issue (it's great that all five voted in favor) and he talked about the promotion of campaign materials.

Vice Mayor Lopez also thanked staff and replied to Councilmember Fajardo's comments asking what is the issue and said that he will use whatever campaign material that he can legally use.

Mayor Ballin thanked staff including Senior Accountant Sonia Garcia (GFOA award) and Director of Public Works/City Engineer Emrani on the FEMA grant update.

STAFF COMMUNICATION

None.

ADJOURNMENT (10:14 P.M.)

Motion by Councilmember Fajardo, seconded by Councilmember Gonzales, to adjourn the meeting. By consensus the motion carried.

I do hereby certify that the foregoing is a true and correct copy of the minutes of July 16, 2018, meeting as approved by the San Fernando City Council.

Elena G. Chávez, CMC City Clerk This Page
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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Nick Kimball, Deputy City Manager/Director of Finance

Date: August 6, 2018

Subject: Consideration to Adopt a Resolution Approving the Warrant Register

RECOMMENDATION:

It is recommended that the City Council adopt Resolution No. 18-081 (Attachment "A") approving the Warrant Register.

BACKGROUND:

For each City Council meeting the Finance Department prepares a Warrant Register for Council approval. The Register includes all recommended payments for the City. Checks, other than special checks, generally are not released until after the Council approves the Register. The exceptions are for early releases to avoid penalties and interest, excessive delays and in all other circumstances favorable to the City to do so. Special checks are those payments required to be issued between Council meetings such as insurance premiums and tax deposits. Staff reviews requests for expenditures for budgetary approval and then prepares a Warrant Register for Council approval and or ratification. Items such as payroll withholding tax deposits do not require budget approval.

The Deputy City Manager/Director of Finance hereby certifies that all requests for expenditures have been signed by the department head, or designee, receiving the merchandise or services thereby stating that the items or services have been received and that the resulting expenditure is appropriate. The Deputy City Manager/Director of Finance hereby certifies that each warrant has been reviewed for completeness and that sufficient funds are available for payment of the warrant register.

ATTACHMENT:

A. Resolution No. 18-081

FINANCE DEPARTMENT

RESOLUTION NO. 18-081

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO ALLOWING AND APPROVING FOR PAYMENT DEMANDS PRESENTED ON DEMAND/ WARRANT REGISTER NO. 18-081

THE CITY COUNCIL OF THE CITY OF SAN FERNANDO DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:

- 1. That the demands (EXHIBIT "A") as presented, having been duly audited, for completeness, are hereby allowed and approved for payment in the amounts as shown to designated payees and charged to the appropriate funds as indicated.
- 2. That the City Clerk shall certify to the adoption of this Resolution and deliver it to the City Treasurer.

PASSED, APPROVED, AND ADOPTED this 6th day of August, 2018.

| ATTEST: | Sylvia Ballin, Mayor |
|--|---|
| Elena G. Chávez, City Clerk | |
| STATE OF CALIFORNIA COUNTY OF LOS ANGELES CITY OF SAN FERNANDO |)) ss) |
| | at the foregoing Resolution was approved and adopted at a l held on the 6 th day of August, 2018, by the following vote to |
| AYES: | |
| NOES: | |
| ABSENT: | |
| | |
| Elena G. Chávez, City Clerk | |

EXHIBIT "A"

| vchlist | | Voucher List | Page: | 1 |
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| Voucher | Date | Vendor | Invoice | PO# | Description/Account | Amoun |
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| 211114 | 8/6/2018 | 892956 AAA ASO MARIA FLORES | 070518 | <u>F0#</u> | DAMAGE CLAIM REIMBURSEMENT | Amoun |
| 211114 | 6/6/2016 | 692900 AAA ASO MARIA FLORES | 070516 | | 006-190-0000-4800 | 1.684.06 |
| | | | | | Total : | 1,684.00 |
| 211115 | 8/6/2018 | 890104 ABBA TERMITE & PEST CONTROL | 35934 | | BEE REMOVAL-654 LAZARD ST | |
| 211115 | 0/0/2010 | 090104 ABBA TERIVITE & FEST CONTROL | 33934 | | 001-310-0000-4270 | 95.00 |
| | | | | | Total: | 95.00 |
| 211116 | 8/6/2018 | 891587 ABLE MAILING INC. | 28193 | | 2017 ANNUAL WATER QUALITY REPOR | |
| 211110 | 6/6/2016 | 691367 ABLE MAILING INC. | 20193 | | 070-381-0000-4430 | 380.90 |
| | | | 28263 | | JULY-MAILING & FULFILLMENT SERVIC | 300.30 |
| | | | | 11802 | 072-360-0000-4300 | 115.17 |
| | | | | 11802 | 070-382-0000-4300 | 115.16 |
| | | | 28268 | | WATER ENV STORAGE FEE-JUNE 2018 | |
| | | | | | 070-382-0000-4300 | 12.50 |
| | | | | | 072-360-0000-4300 | 12.50 |
| | | | | | Total : | 636.23 |
| 211117 | 8/6/2018 | 888356 ADVANCED AUTO REPAIR | 1258 | | VEHICLE REPAIRS AND BODY WORK-C | |
| | | | | | 041-320-0152-4400 | 633.80 |
| | | | | | Total : | 633.80 |
| 211118 | 8/6/2018 | 891969 ADVANCED PURE WATER SOLUTIONS | 36495711-0818 | | DRINKING WATER | |
| | | | | | 001-222-0000-4300 | 101.82 |
| | | | | | Total: | 101.82 |
| 211119 | 8/6/2018 | 892947 AGUILAR, DINORA | 2000368.001 | | BASKETBALL REFUND | |
| | | | | | 017-3770-1328 | 75.00 |
| | | | | | Total : | 75.00 |
| 211120 | 8/6/2018 | 100128 ALL VALLEY HONEY & BEE | 48364 | | TREATED BEES IN CINDER BLOCK WA | |
| | | | | | 043-390-0000-4330 | 150.00 |
| | | | | | Total : | 150.00 |
| 211121 | 8/6/2018 | 100143 ALONSO, SERGIO | JUNE 2018 | | MMAP INSTRUCTOR | |
| | | | | | 001-424-0000-4260 | 350.00 |
| | | | | | | |

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| 211121 | 8/6/2018 | 100143 ALONSO, SERGIO | (Continued) | | 109-424-3678-4260 Total : | 850.00 1,200.00 |
| 211122 | 8/6/2018 | 892646 ALVARADO, GLORIA | 071918 | | SENIOR CLUB REIMB FOR ITEMS PUR 004-2380 Total : | 91.82 |
| 211123 | 8/6/2018 | 890411 ARC DOCUMENT SOLUTIONS, LLC | 9738242 | | PLAN COPIES 001-310-0000-4300 Total : | 49.97 49.97 |
| 211124 | 8/6/2018 | 892953 ARROWHEAD EVALUATION SERVICES | 256838-00001 | | MEDICAL EVALUATION SERVICES 001-106-0000-4270 Total : | 1,787.50 1,787.50 |
| 211125 | 8/6/2018 | 100222 ARROYO BUILDING MATERIALS, INC | 210991 211130 | 11685 | LOCAL HARDWARE PURCHASES 001-311-0000-4300 LOCAL HARDWARE PURCHASES 070-383-0301-4300 | 140.10 174.68 |
| | | | 211504 | 11685 | LOCAL HARDWARE PURCHASES 070-383-0000-4310 Total : | 85.26 400.04 |
| 211126 | 8/6/2018 | 102530 AT & T | 818-270-2203 | | PD NETWORK LINE-JULY'18 001-222-0000-4220 Total : | 310.58 310.58 |
| 211127 | 8/6/2018 | 889037 AT&T MOBILITY | 287277903027X0708201 | | MODEM FOR ELECTRONIC MESSAGE 001-310-0000-4220 Total : | 141.29 141.29 |
| 211128 | 8/6/2018 | 892304 BARTELASSOCIATES, LLC | 18-578 | 11786 | ACTUARIAL CONSULTING SERVICES 001-130-0000-4260 Total : | 4,990.10 4,990.10 |
| 211129 | 8/6/2018 | 892426 BEARCOM | 4709303 | 11807 | COMPUTER MAINTENANCE CONTRAC 001-135-0000-4260 | 7,173.35 |

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| 211129 | 8/6/2018 | 892426 BEARCOM | (Continued) | | | |
| | | | 4710198 | | CAMERAS FOR POLICE DEPT | |
| | | | | 11779 | 001-222-0000-4320 | 13,634.99 |
| | | | 4712696 | | 001-222-0000-4320 CAMERA ACCESSORIES | 1,363.50 |
| | | | 47 12090 | | 001-222-0000-4300 | 603.90 |
| | | | | | Total: | 22,775.74 |
| 211130 | 8/6/2018 | 891301 BERNARDEZ, RENATE Z. | 460 | | INTERPRETATION SERVICES-CC MTG | |
| 211100 | 0/0/2010 | 001001 BERGARDEZ, REIGHT Z. | 400 | | 001-101-0000-4270 | 250.00 |
| | | | 462 | | INTERPRETATION SERVICES-CC MTG | |
| | | | | | 001-101-0000-4270 | 250.00 |
| | | | | | Total: | 500.00 |
| 211131 | 8/6/2018 | 892013 BERNSTEIN, DIANA | JULY 2018 | | ALL ABILITIES ART CLASS INSTRUCTO | |
| | | | | | 017-420-1343-4260 | 200.00 |
| | | | | | Total : | 200.00 |
| 211132 | 8/6/2018 | 892824 BLACK & WHITE | 2557 | | POLICE UNIT EQUIPMENT & INSTALLAT | |
| | | | | 11763 | 041-225-0000-4500 | 17,985.85 |
| | | | | | Total : | 17,985.85 |
| 211133 | 8/6/2018 | 100405 BONANZA CONCRETE, INC. | 61991 | | CONCRETE FOR STREETS & SIDEWAL | |
| | | , | | 11671 | 001-311-0000-4300 | 1,265.00 |
| | | | | | Total : | 1,265.00 |
| 211134 | 8/6/2018 | 888800 BUSINESS CARD | 061818 | | FOSTER CARE FUN DAY-GAMES EXPE | |
| | | | | | 004-2388 | 21.15 |
| | | | 061918 | | ART CLASS SUPPLIES | |
| | | | | | 017-420-1343-4300 | 29.90 |
| | | | 062018 | | CC & STAFF DINNER-CC MTG 06/18/18 001-101-0000-4300 | 58.10 |
| | | | 062018 | | BUSINESS CARDS | 36.10 |
| | | | 002010 | | 001-152-0000-4300 | 37.07 |
| | | | | | 001-140-0000-4300 | 72.13 |
| | | | | | 001-150-0000-4300 | 72.13 |
| | | | 062018 | | CC & STAFF DINNER-CC MTG 06/18/18 | |

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001-105-0000-4300
AIRE FARE CHANGE-CONFERENCE
001-101-0111-4370
LODGING-NALEA CONFERENCE
001-101-0109-4370
LODGING-NALEA CONFERENCE
001-101-0111-4370
CHEED LINEODMS 27.92 062518 161.00 062518 403.00 062518 423.28 062618 CHEER UNIFORMS 017-420-1328-4300 70.33 PROCLAMATION FRAMES
001-101-0000-4300
TRAINING REGISTRATION-INTERNATIC 062618 98.48 062818 001-140-0000-4360 TRAINING REGISTRATION-CASP 198.00 062818 001-140-0000-4360 TRAINING REGISTRATION-PC832 CER³ 1,595.00 062918 001-152-0000-4370 EASELS 104.00 070218 001-105-0000-4300 59.98 CC & STAFF DINNER-CC MTG 07/02/18 001-101-0000-4300 070418 58.10 CC & STAFF DINNER-CC MTG 07/02/18 001-101-0000-4300 070418 35.96 CITY SEAL PIN 001-105-0000-4300 071118 1.160.70 071818 MOVIES AT THE PARK

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| 211134 | 8/6/2018 | 888800 BUSINESS CARD | (Continued) | | | |
| | | | (| | 001-424-0000-4260 | 1,219.00 |
| | | | 071818 | | SOURCEGUID REFUND | ., |
| | | | | | 001-152-0000-4300 | -81.99 |
| | | | 071818 | | TRAINING REQUIREMENT-CPR/1STAID | |
| | | | | | 001-420-0000-4360 | 900.0 |
| | | | 072018 | | AIRFARE-MMAP | |
| | | | | | 109-424-3678-4260 | 349.7 |
| | | | 072018 | | WEBINAR REGISTRATION | |
| | | | | | 001-105-0000-4370 | 25.0 |
| | | | 072418 | | CITY SEAL PIN REFUND | |
| | | | | | 001-105-0000-4300 | -136.8 |
| | | | 072518 | | REPLACEMENT SURFACE DOCKS | |
| | | | | | 001-222-0000-4300 | 148.5 |
| | | 072518 | | REPLACEMENT SURFACE DOCKS | | |
| | | | | | 001-150-0000-4300 | 148.5 |
| | | | 072518 | | REPLACEMENT SURFACE DOCKS | |
| | | | | | 001-420-0000-4300 | 148.5 |
| | | | 072518 | | REPLACEMENT SURFACE DOCKS | |
| | | | | | 001-130-0000-4300 | 148.5 |
| | | | 07252018 | | REPLACEMENT SURFACE DOCKS | |
| | | | | | 001-135-0000-4300 | 148.4 |
| | | | | | Total: | 11,013.2 |
| 211135 | 8/6/2018 | 888800 BUSINESS CARD | 070418 | | AIRFARE-SBSLI TRAINING | |
| | | | | | 001-225-0000-4370 | 235.97 |
| | | | 071918 | | SUPPLIES | 200.01 |
| | | | 0.1010 | | 001-222-0000-4300 | 478.27 |
| | | | 072018 | | LODGING-SBSLI TRAINING | |
| | | | | | 001-225-0000-4370 | 321.42 |
| | | | | | Total : | 1,035.6 |
| 211136 | 8/6/2018 | 892944 CALOES | 071118 | | CERTIFICATES-COMPLETION OF | |
| L11100 | 0/0/2010 | 032344 | 071110 | | 001-250-0000-4360 | 132.00 |
| | | | 072018 | | CERTIFICATES-COMPLETION OF | 132.0 |
| | | | 072010 | | 001-250-0000-4360 | 181.50 |
| | | | | | 001-200-0000-4000 | 101.5 |

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| 211136 | 8/6/2018 | 892944 CAL OES | (Continued) | | Total : | 313.50 |
| 211137 | 8/6/2018 | 892465 CANON SOLUTIONS AMERICA, INC. | 4026379013 | | COPIER MONTHLY RATES AND OVERA | |
| | | | | 11619 | 001-135-0000-4260 | 1,264.99 |
| | | | 4026478548 | 11015 | SRO PRINTER MAINT. & COPIES-APR-J | 304.92 |
| | | | | 11615 | 001-135-0000-4260 Total : | 304.92 1,569.91 |
| 211138 | 8/6/2018 | 103619 CARL WARREN & CO. | 1829901 | | LEGAL SERVICES | |
| | | | | | 006-190-0000-4800 | 1,000.00 |
| | | | 1832501 | | LEGAL SERVICES | ,,,,,,,,,,, |
| | | | | | 006-190-0000-4800 | 20.00 |
| | | | 1832502 | | LEGAL SERVICES | |
| | | | | | 006-190-0000-4800 | 6.50 |
| | | | 1832503 | | LEGAL SERVICES 006-190-0000-4800 | 750.00 |
| | | | 1848733 | | LEGAL SERVICES | 750.00 |
| | | | 1010100 | | 006-190-0000-4800 | 750.00 |
| | | | | | Total : | 2,526.50 |
| 211139 | 8/6/2018 | 891860 CARL WARREN & COMPANY | 10382-10392 | | REIMB. OF ITF ACCT (LIABILITY CLAIM: | |
| | | | | | 006-1037 | 23,209.90 |
| | | | PREFUND | | REIMB. OF ITF ACCT (LIABILITY CLAIMS | |
| | | | | | 006-1037 | 50,000.00 |
| | | | | | Total : | 73,209.90 |
| 211140 | 8/6/2018 | 100652 CAVANAUGH & ASSOCIATES P.A. | WE.18.023-1 | | LEVEL 1 VALIDATION REVIEW OF 2017 | |
| | | | | 11769 | 070-381-0000-4270 | 2,500.00 |
| | | | | | Total : | 2,500.00 |
| 211141 | 8/6/2018 | 892949 CHAVEZ, DULCE | 2000374.001 | | DAY CAMP REFUND | |
| | | | | | 017-3770-1399 | 15.00 |
| | | | | | Total : | 15.00 |
| 211142 | 8/6/2018 | 103816 CHAVEZ, ELENA | REIMB. | | FY2017-2018 WELLNESS BENEFIT REII | |
| | | | | | 001-115-0000-4140 | 285.00 |
| | | | REIMB. | | FY2018-2019 WELLNESS BENEFIT REI | |
| | | | | | 001-115-0000-4140 | 36.00 |

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| 211142 | 8/6/2018 | 103816 | (Continued) | | Total : | 321.00 |
| 211143 | 8/6/2018 | 887917 CHIASSON, COURTNEY JAMES | REIMB. | | TRANSPORTATION-POST SBSLI CLASS | |
| | | | REIMB. | | 001-225-0000-4360 LODGING TAX-POST SBSLI CLASS 418 | 42.78 |
| | | | | | 001-225-0000-4360 | 36.42 |
| | | | | | Total : | 79.20 |
| 211144 | 8/6/2018 | 100713 CITY OF GLENDALE | GLN0000007781 | | ANNUAL ICS PARTICIPATION RADIO FF | |
| | | | | | 001-222-0000-4260 | 500.00 |
| | | | | | Total : | 500.00 |
| 211145 | 8/6/2018 | 100805 COOPER HARDWARE INC. | 111733 | | MISC SUPPLIES FOR PW OPERATIONS | |
| | | | | 11672 | 043-390-0000-4300 | 262.44 |
| | | | | | Total : | 262.44 |
| 211146 | 8/6/2018 | 101982 COUNTY OF LOS ANGELES | FY18-19 | | FY18-19-ALLOCATION OF LAFCO OPEF | |
| | | | | | 001-130-0000-4270 | 1,026.78 |
| | | | | | Total : | 1,026.78 |
| 211147 | 8/6/2018 | 892888 CWE | 18171 | | SAN FERNANDO REGIONAL PARK INFI | |
| | | | | 11788 | 010-310-0763-4600 | 25,561.91 |
| | | | | 11788 | 010-310-0764-4600 | 12,780.96 |
| | | | | 11788 | 070-385-0763-4600 Total : | 12,780.95 51,123.82 |
| | | | | | | 51,123.02 |
| 211148 | 8/6/2018 | 103868 DAVID EVANS & ASSOCIATES, INC | 422719 | | DESIGN SERVICES FOR SRTS CYCLE | |
| | | | | 11727 | 012-311-0552-4600 | 11,675.00 |
| | | | 422720 | 11728 | DESIGN SERVICES FOR SRTS CYCLE: 012-311-0553-4600 | 11,918.50 |
| | | | | 11/20 | Total : | 23,593.50 |
| | | | | | | 20,000.00 |
| 211149 | 8/6/2018 | 887121 DELL MARKETING L.P. | 10231177108 | | TONER FOR JAIL PRINTER | |
| | | | | 11754 | 001-222-0000-4300 | 421.74 |
| | | | 10236874158 | | 001-222-0000-4300 COMPUTER TOWERS AND SOFTWARE | 42.17 |
| | | | 10230074130 | 11764 | 017-420-1399-4300 | 267.07 |
| | | | | 11764 | 001-422-0000-4300 | 267.07 |

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| 211149 | 8/6/2018 | 887121 DELL MARKETING L.P. | (Continued) | | | |
| | | | 10244036707 | 11764 | 001-423-0000-4300 DOCKING STATIONS FOR CODE ENFO | 267.07 |
| | | | 10245627488 | 11776 | 001-152-0000-4300 COMPUTER TOWERS AND SOFTWARE | 325.58 |
| | | | | 11764 | 017-420-1399-4300 | 737.18 |
| | | | 10247290945 | 11764 | 001-422-0000-4300 TWO 22' DELL MONITORS | 737.17 |
| | | | 10252213460 | 11787 | 001-150-0000-4300 DELL LATITUDE 7212 LAPTOP | 395.82 |
| | | | 10253449764 | 11794 | 070-384-0000-4310 NEW DELL LAPTOP FOR CODE ENFOR | 2,587.41 |
| | | | | 11801 | 001-152-0000-4300 | 1,840.29 |
| | | | | | Total : | 7,888.57 |
| 211150 | 8/6/2018 | 100930 DEPARTMENT OF CONSERVATION | APRIL-JUNE 2017 | | APRIL-JUNE STRONG MOTION FEES C | |
| | | | | | 001-2040 | 147.06 |
| | | | APRIL-JUNE 2018 | | APRIL-JUNE STRONG MOTION FEES C 001-140-0000-4270 | 192.71 |
| | | | JAN-MAR 2017 | | JAN-MAR STRONG MOTION FEES COL | |
| | | | JAN-MAR 2018 | | 001-140-0000-4270 JAN-MAR STRONG MOTION FEES COL | 34.21 |
| | | | JAN-IVIAR 2016 | | 001-2040 | 179.11 |
| | | | JULY-SEPT 2016 | | JULY-SEPT STRONG MOTION FEES CC | |
| | | | JULY-SEPT 2017 | | 001-2040 JULY-SEPT STRONG MOTION FEES CC | 318.68 |
| | | | 0021-021 1 2011 | | 001-2040 | 696.17 |
| | | | OCT-DEC 2016 | | OCT-DEC STRONG MOTION FEES COL | 00.04 |
| | | | OCT-DEC 2017 | | 001-2040 OCT-DEC STRONG MOTION FEES COL | 92.31 |
| | | | | | 001-2040 | 432.74 |
| | | | | | Total: | 2,092.99 |
| 211151 | 8/6/2018 | 891425 DIAZ, MARISOL | REIMB1 | | REIMB. OF VARIOUS SENIOR CLUB AC | |
| | | | | | 004-2382 | 115.14 |
| | | | | | 004-2383 001-420-0000-4390 | 55.00 25.07 |
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| 211151 | 8/6/2018 | 891425 DIAZ, MARISOL | (Continued) REIMB2 | | MILEAGE REIMB-WORK RELATED 001-420-0000-4390 | 10.58 205.7 9 |
| 211152 | 8/6/2018 | 100960 DIEDIKER, VIRGINIA | REIMB. | | MMAP MARIACHI SPECTACULAR GALA 004-2359 Total : | 650.00 650.0 0 |
| 211153 | 8/6/2018 | 888951 DOMINGUEZ, WALTER | REIMB. | | K-9 SUPPLIES 001-225-0000-4270 Total : | 232.78 232.7 8 |
| 211154 | 8/6/2018 | 887518 DURHAM, ALVIN | JULY 2018 JUNE 2018 | | COMMISSIONER'S REIMB 001-150-0000-4111 COMMISSIONER'S REIMB 001-150-0000-4111 | 50.00 50.00 |
| 211155 | 8/6/2018 | 890030 ELITE EQUIPMENT INC | 33437 | 11800 | Total : BORING TOOL REPLACEMENT 070-383-0000-4310 070-383-0000-4310 Total : | 3,958.50 380.84 4,339.3 1 |
| 211156 | 8/6/2018 | 891673 ESCOBAR, DIANA | 2000126.003 | | SENIOR TRIP PARTIAL REFUND 004-2383 Total : | 20.00 20.0 0 |
| 211157 | 8/6/2018 | 890879 EUROFINS EATON ANALYTICAL, INC | L0389270 | | WATER ANALYSIS-F735694 070-384-0000-4260 | 50.00 |
| | | | L0391443 | | WATER ANALYSIS-F737800 070-384-0000-4260 | 139.60 |
| | | | L0391448 L0391455 | | WATER ANALYSIS-F738474 070-384-0000-4260 WATER ANALYSIS-F738472 | 50.00 |
| | | | L0391498 | | 070-384-0000-4260 WATER ANALYSIS-F737440 | 139.60 |

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| 211157 | 8/6/2018 | 890879 EUROFINS EATON ANALYTICAL, INC | (Continued) | | | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0392077 | | WATER ANALYSIS-F739256 | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0392226 | | WATER ANALYSIS-F739149 | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0392614 | | WATER ANALYSIS-F739863 | | |
| | | | | | 070-384-0000-4260 | | 24.00 |
| | | | L0392945 | | WATER ANALYSIS-F736537 | | |
| | | | | | 070-384-0000-4260 | | 675.00 |
| | | | L0393118 | | WATER ANALYSIS-F739862 | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0393119 | | WATER ANALYSIS-F740322 | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0393883 | | WATER ANALYSIS-F740746 | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0394526 | | WATER ANALYSIS-F741560 | | 400.00 |
| | | | 10004740 | | 070-384-0000-4260 | | 139.60 |
| | | | L0394740 | | WATER ANALYSIS-F741879 | | 400.00 |
| | | | 1.0205204 | | 070-384-0000-4260 | | 139.60 |
| | | | L0395301 | | WATER ANALYSIS-F742409 070-384-0000-4260 | | 139.60 |
| | | | L0395506 | | WATER ANALYSIS-F742811 | | 139.00 |
| | | | L0393300 | | 070-384-0000-4260 | | 139.60 |
| | | | L0395598 | | WATER ANALYSIS-F741880 | | 133.00 |
| | | | 20000000 | | 070-384-0000-4260 | | 164.00 |
| | | | L0395829 | | WATER ANALYSIS-F743332 | | 104.00 |
| | | | 20000020 | | 070-384-0000-4260 | | 139.60 |
| | | | L0396476 | | WATER ANALYSIS-F744000 | | 100.00 |
| | | | 20000110 | | 070-384-0000-4260 | | 139.60 |
| | | | L0396477 | | WATER ANALYSIS-F743999 | | 100.00 |
| | | | _0000 | | 070-384-0000-4260 | | 24.00 |
| | | | L0396478 | | WATER ANALYSIS-F744432 | | |
| | | | | | 070-384-0000-4260 | | 76.60 |
| | | | L0396479 | | WATER ANALYSIS-F743331 | | |
| | | | | | 070-384-0000-4260 | | 164.00 |
| | | | L0396960 | | WATER ANALYSIS-F744483 | | |

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| 211157 | 8/6/2018 | 890879 EUROFINS EATON ANALYTICAL, INC | (Continued) | | | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0397341 | | WATER ANALYSIS-F742473 | | |
| | | | | | 070-384-0000-4260 | | 175.0 |
| | | | L0397414 | | WATER ANALYSIS-F744936 | | |
| | | | 1.0000000 | | 070-384-0000-4260 | | 139.60 |
| | | | L0398033 | | WATER ANALYSIS-F745352 070-384-0000-4260 | | 139.60 |
| | | | L0398223 | | WATER ANALYSIS-F744938 | | 133.00 |
| | | | 2000220 | | 070-384-0000-4260 | | 164.00 |
| | | | L0398298 | | WATER ANALYSIS-F746187 | | |
| | | | | | 070-384-0000-4260 | | 139.60 |
| | | | L0398493 | | WATER ANALYSIS-F745840 | | |
| | | | 10000007 | | 070-384-0000-4260 | | 139.6 |
| | | | L0399067 | | WATER ANALYSIS-F744842 070-384-0000-4260 | | 300.0 |
| | | | L0399068 | | WATER ANALYSIS-F746188 | | 300.0 |
| | | | 2000000 | | 070-384-0000-4260 | | 164.0 |
| | | | L0399936 | | WATER ANALYSIS-F747266 | | |
| | | | | | 070-384-0000-4260 | | 139.6 |
| | | | L0400808 | | WATER ANALYSIS-F745274 | | |
| | | | | | 070-384-0000-4260 | | 260.00 |
| | | | | | Total | | 5,082.60 |
| 211158 | 8/6/2018 | 891622 FARMER BROTHERS | 68070590 | | BREAK ROOM SUPPLIES | | |
| | | | | | 001-222-0000-4300 | | 145.63 |
| | | | 68070615 | | BREAK ROOM SUPPLIES | | |
| | | | | | 001-222-0000-4300 | | 135.63 |
| | | | | | Total | : | 281.26 |
| 211159 | 8/6/2018 | 101147 FEDEX | 6-236-96411 | | COURIER SERVICES | | |
| | | | | | 001-190-0000-4280 | | 65.89 |
| | | | | | Total | : | 65.89 |
| 211160 | 8/6/2018 | 892298 FIDUCIARY EXPERTS LLC | 1094 | | 457 PLAN FIDUCIARY SERVICES. | | |
| Z1110U | 0/0/2018 | 092290 FIDUCIART EXPERTS LLC | 1094 | 11813 | 457 PLAN FIDUCIARY SERVICES, 001-190-0000-4270 | | 1,250.00 |
| | | | | 11013 | 001-190-0000-4270 | | 1,200.00 |

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| 211160 | 8/6/2018 | 892298 FIDUCIARY EXPERTS LLC | (Continued) | | Total : | 1,250.0 |
| 211161 | 8/6/2018 | 892948 FLORES, MAYRA | 2000369.001 | | FACILITY RENTAL REFUND | |
| | | | | | 001-3777-0000 | 90.0 |
| | | | | | Total : | 90.0 |
| 211162 | 8/6/2018 | 101216 FRED PRYOR SEMINARS | 5085213 | | TRAINING REWARDS RENEWAL | |
| | | | | | 001-310-0000-4360 | 199.0 |
| | | | 5085214 | | TRAINING REWARDS RENEWAL | |
| | | | | | 001-310-0000-4360 | 199.0 |
| | | | | | Total : | 398.0 |
| 211163 | 8/6/2018 | 892198 FRONTIER COMMUNICATIONS | 209-150-5145-010598 | | PAC 50 TO SHERIFFS | |
| | | | | | 001-222-0000-4220 | 569.8 |
| | | | 209-150-5250-081292 | | RADIO REPEATER | |
| | | | | | 001-222-0000-4220 | 45.9 |
| | | | 209-151-4941-102990 | | POLICE PAGING | |
| | | | | | 001-222-0000-4220 | 50.8 |
| | | | 209-151-4942-041191 | | CITY YARD AUTO DIALER | |
| | | | | | 070-384-0000-4220 | 45.9 |
| | | | 209-151-4943-081292 | | RADIO REPEATER-PD 001-222-0000-4220 | 45.9 |
| | | | 818-361-2385-012309 | | MTA & CREDIT CARD PHONE LINE | 45.8 |
| | | | 818-301-2363-012309 | | 001-190-0000-4220 | 51.7 |
| | | | | | 007-440-0441-4220 | 103.4 |
| | | | 818-361-2472-031415 | | PW PHONE LINE | 100. |
| | | | | | 070-384-0000-4220 | 321.2 |
| | | | 818-361-7825-120512 | | HERITAGE PARK IRRIG SYSTEM | |
| | | | | | 001-420-0000-4220 | 51.7 |
| | | | 818-365-5097-120298 | | POLICE NARCOTICS VAULT PHONE LIN | |
| | | | | | 001-222-0000-4220 | 33.6 |
| | | | 818-831-5002-052096 | | PD SPECIAL ACTIVITIES PHONE LINE | |
| | | | | | 001-222-0000-4220 | 54.1 |
| | | | 818-837-2296-031315 | | VARIOUS CITY HALL PHONE LINES | |
| | | | | | 001-190-0000-4220 | 315.0 |
| | | | 818-898-7385-033105 | | LP PARK FAX PHONE LINE | |
| | | | | | 001-420-0000-4220 | 29.1 |

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| 211163 | 8/6/2018 | 892198 | 892198 FRONTIER COMMUNICATIONS | (| Continued) | | | Total : | | 1,718.55 |
| 211164 | 8/6/2018 | 892173 F | S CONTRACTORS, INC. | 2383 | | | SAN FERNANDO DOWNTON RE | VITALIZ | | |
| | | | | | | 11738 | 010-311-6676-4600 | | 92 | 2,673.21 |
| | | | | | | 11738 | 008-311-6676-4600 | | 12 | 2,006.79 |
| | | | | | | | 010-2037 | | -4 | 4,633.66 |
| | | | | | | | 008-2037 | | | -600.34 |
| | | | | | | | | Total: | 9 | 9,446.00 |
| | | | | | | | | | | |

8/6/2018 892945 FULCRUM CONSTRUCTION INC DEP REFUND-WTR MTR & FIRE SRV IN 211165 070-2604 070-2604 2,687.02 Total: 2,687.02 211166 8/6/2018 887249 GALLS, LLC 010238053 PD EXPLORER UNIFORM 001-226-0230-4430 CADET UNIFORM ACCESS & BOOTS 33.03 010263491 001-222-0000-4300 124.77 157.80 211167 8/6/2018 101273 GARCIA, PATTY REIMB. SUMMER CAMP FAMILY NIGHT SUPPLI 017-420-1399-4300 69.90 69.90 211168 8/6/2018 892754 GARCIA, SYLVIA 2000124.003 SENIOR TRIP PARTIAL REFUND 004-2383 40.00 Total : 40.00 211169 8/6/2018 892249 GIS PLANNING, INC. 2120539260 ZOOMPROSPECTOR ENTERPRISES GI 11797 001-135-0000-4260 8,100.00 8,100.00 211170 8/6/2018 891664 GOLDEN TOUCH CLEANING, INC 65282 JANITORIAL SERVICES CONTRACT#17 11608 043-390-0000-4260 017-420-1399-4260 13,095.50 555.00 13,650.50 Total : COMMISSIONER'S STIPEND 211171 8/6/2018 889352 GOMEZ, ADRIANA JULY 2018 001-420-0000-4111 50.00

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| 50.0 | Total : | | (Continued) | 889352 889352 GOMEZ, ADRIANA | 8/6/2018 | 211171 |
| | SUPPLIES FOR BLDG AND LANDSCAPI | | 9796630300 | 101376 GRAINGER, INC. | 8/6/2018 | 211172 |
| 146.6 | 043-390-0000-4300 | 11658 | | | | |
| | SUPPLIES FOR BLDG AND LANDSCAP! | | 9816022801 | | | |
| 365. | 070-384-0000-4320 | 11658 | | | | |
| | SUPPLIES FOR BLDG AND LANDSCAP! | | 9831743688 | | | |
| 61. | 043-390-0000-4300 | 11658 | | | | |
| | SUPPLIES FOR BLDG AND LANDSCAP! | | 9831870853 | | | |
| 455.4 | 043-390-0000-4300 | 11658 | | | | |
| | SUPPLIES FOR BLDG AND LANDSCAP! | | 9831870861 | | | |
| 79.9 | 043-390-0000-4300 | 11658 | | | | |
| | SUPPLIES FOR BLDG AND LANDSCAPI | | 9832383013 | | | |
| 587.8 | 043-390-0000-4300 | 11658 | | | | |
| | SUPPLIES FOR BLDG AND LANDSCAPI | | 9832383021 | | | |
| 16.4 | 043-390-0000-4300 | 11658 | | | | |
| 1,712. | Total: | | | | | |
| | EOC NOTIFICATION SYSTEM RENEWA | | 3672 | 892299 GREY WALL SOFTWARE, LLC | 8/6/2018 | 211173 |
| 4,525.0 | 001-135-0000-4260 | 11810 | | | | |
| 4,525.0 | Total : | | | | | |
| | BUSINESS LICENSE ADMIN SERVICES | | 0012523-IN | 888647 HDL SOFTWARE, LLC | 8/6/2018 | 211174 |
| 12,940.8 | 001-130-0000-4260 | 11634 | | | | |
| 12,940. | Total : | | | | | |
| | SUMMER JAM SESSION | | 072618 | 891952 HERNANDEZ, EVELYN LILIBETH | 8/6/2018 | 211175 |
| 250.0 | 001-424-0000-4260 | | 0.20.0 | OUTOOL TIETH WHOLE, EVELTH EILIBETT | 0/0/2010 | 211110 |
| 250.0 | Total: | | | | | |
| 200. | 1000.1 | | | | | |
| | COMMISSIONER'S STIPEND | | JULY 2018 | 890360 HERRERA, NINAMARIE JULIA | 8/6/2018 | 211176 |
| 50.0 | 001-420-0000-4111 | | | | | |
| 50.0 | Total : | | | | | |
| | TRAFFIC DELINEATION FOR WORK ZO | | 75913 | 102307 HI WAY SAFETY RENTALS, INC. | 8/6/2018 | 211177 |
| 2,854. | 070-383-0000-4310 | 11694 | .00.0 | , 110. | 3, 3, 23 10 | |
| 2,004. | Total : | 11004 | | | | |

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| 211178 | 8/6/2018 | 887740 INDUSTRIAL SHOE COMPANY | 1100-1144478 | | SAFETY WORK BOOTS 043-390-0000-4310 001-371-0000-4310 Total : | 108.90 108.90 217.8 0 |
| 211179 | 8/6/2018 | 891570 INNOVATIVE TELECOM. SYSTEMS | 2344 | | TELEPHONE EQUIPMENT MAINT-JULY' | 395.00 |
| | | | 2359 | | TELEPHONE EQUIPMENT MAINT-AUG' 001-190-0000-4260 | 395.00 |
| | | | 2360 | | INSTALLATION & PROGRAMMING OF P 001-190-0000-4260 | 230.00 |
| | | | | | 001-190-0000-4220 Total : | 382.38 1,402.3 8 |
| 211180 | 8/6/2018 | 892682 IPS GROUP, INC. | 34771 | | PARKING METER PROGRAM-JUNE 201 | |
| | | | | 11759 | 001-190-0000-4300 Total : | 274.93 274.9 3 |
| 211181 | 8/6/2018 | 887952 J. Z. LAWNMOWER SHOP | 21503 | | SMALL EQUIPMENT REPAIR | |
| | | | 21504 | 11690 | 043-390-0000-4300 SMALL EQUIPMENT REPAIR | 14.00 |
| | | | | 11690 | 001-310-0000-4300 Total : | 138.78 152.7 8 |
| 211182 | 8/6/2018 | 101768 KIMBALL-MIDWEST | 6458280 | | MISC SUPPLIES 041-1215 | 250.23 |
| | | | | | Total : | 250.23 |
| 211183 | 8/6/2018 | 101990 L.A. COUNTY METROPOLITAN | 102244 | | TAP CARDS-JUNE 2018 007-440-0441-4260 | 1,270.00 |
| | | | | | Total : | 1,270.00 |
| 211184 | 8/6/2018 | 102007 L.A. COUNTY SHERIFFS DEPT. | 184500LA | | INMATE MEAL PROGRAM | |
| | | | | | 001-225-0000-4350 Total : | 528.55 528.5 5 |
| 211185 | 8/6/2018 | 101971 L.A. MUNICIPAL SERVICES | 004-750-1000 | | ELECTRIC-13003 BORDEN 070-384-0000-4210 | 671.38 |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 211185 | 8/6/2018 | 101971 L.A. MUNICIPAL SERVICES | (Continued) | | | |
| | | | 494-750-1000 | | WATER-12900 DRONFIELD | |
| | | | | | 070-384-0000-4210 | 37.35 |
| | | | 500-750-1000 | | ELECTRIC-13655 FOOTHILL 070-384-0000-4210 | 161.05 |
| | | | 594-750-1000 | | ELECTRIC-12900 DRONFIELD | 101.00 |
| | | | | | 070-384-0000-4210 | 5,771.22 |
| | | | 657-750-1000 | | ELECTRIC-14060 SAYRE | |
| | | | | | 070-384-0000-4210 | 14,936.18 |
| | | | 757-750-1000 | | WATER-14060 SAYRE 070-384-0000-4260 | 91.95 |
| | | | | | 070-364-0000-4260 Total : | |
| | | | | | | 21,000 |
| 211186 | 8/6/2018 | 892950 LAGOS, MIRIAM | 2000121.003 | | PARTIAL REFUND-SENIOR TRIP | |
| | | | | | 004-2383 | 20.00 |
| | | | | | Total : | 20.00 |
| 211187 | 8/6/2018 | 101852 LARRY & JOE'S PLUMBING | 2059366-0001-02 | | PLUMBING SUPPLIES | |
| | | | | | 070-384-0000-4300 | 100.72 |
| | | | | | Total : | 100.72 |
| 211188 | 8/6/2018 | 101920 LIEBERT CASSIDY WHITMORE | 1460832 | | LEGAL SERVICES | |
| | | | | | 001-112-0000-4270 | 28.00 |
| | | | 1460833 | | LEGAL SERVICES | |
| | | | 1460834 | | 001-112-0000-4270 LEGAL SERVICES | 140.00 |
| | | | 1400034 | | 001-112-0000-4270 | 6.195.00 |
| | | | 1460835 | | LEGAL SERVICES | 0,100.00 |
| | | | | | 001-112-0000-4270 | 616.00 |
| | | | 1460836 | | LEGAL SERVICES | |
| | | | 1460837 | | 001-112-0000-4270 LEGAL SERVICES | 511.00 |
| | | | 1400037 | | 001-112-0000-4270 | 210.00 |
| | | | 1460838 | | LEGAL SERVICES | |
| | | | | | 001-112-0000-4270 | 3,850.00 |
| | | | | | Total : | 11,550.00 |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 211189 | 8/6/2018 | 892202 LOPEZ, ANNA M. | JULY 2018 | | COMMISSIONER'S STIPEND 001-420-0000-4111 | 50.00 50.0 0 |
| 211190 | 8/6/2018 | 101974 LOS ANGELES COUNTY | JUNE 2018 | 11597 | ANIMAL CARE & CONTROL SERVICES 001-190-0000-4260 | 8,982.19 8,982.1 9 |
| 211191 | 8/6/2018 | 890493 LOS ANGELES COUNTY | 18ME0392 | | AUTOPSY REPORT-CASE 2018-02756 001-224-0000-4270 Total : | 30.00 30.0 0 |
| 211192 | 8/6/2018 | 102041 LYNN PEAVEY COMPANY | 346764 | | EVIDENCE TAPE 001-222-0000-4300 Total : | 389.72 389.7 2 |
| 211193 | 8/6/2018 | 892952 MAGANA, AQUILES | 072418 | | MUSIC FOR AUGUST SUMMER CONCE 004-2359 Total: | 1,900.00 1,900.0 0 |
| 211194 | 8/6/2018 | 892773 MAILFINANCE | N7217578 | 11814 | QRTRLY LEASE RENTAL PYMNTS POS 001-190-0000-4280 Total : | 1,446.85 1,446.85 |
| 211195 | 8/6/2018 | 888254 MCCALLA COMPANY | 196651 | | GLOVES 001-222-0000-4300 Total : | 213.60 213.6 0 |
| 211196 | 8/6/2018 | 888242 MCI COMM SERVICE | 7DL39365 | | ALARM LINE-1100 PICO 001-420-0000-4220 Total : | 32.89 32.8 9 |
| 211197 | 8/6/2018 | 891054 MEJIA, YVONNE G | JULY 2018 JUNE 2018 | | COMMISSIONER'S REIMB 001-150-0000-4111 COMMISSIONER'S REIMB 001-150-0000-4111 | 50.00 |
| | | | | | 001-150-0000-4111 Total : | 100.00 |

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| Bank code : | bank3 | | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Aı | moun |
| 211198 | 8/6/2018 | 892140 MICHAEL BAKER | 1019422 | 11551 | CDBG ADMINISTRATIVE & LABOR COM 026-311-0159-4260 Total : | | 310.00 ,310.0 0 |
| 211199 | 8/6/2018 | 102201 MIERZYNSKI, IRMGARD | MAR-MAY 2018 | | LINE DANCE INSTRUCTOR 017-420-1339-4260 Total : | | 112.00 112.0 0 |
| 211200 | 8/6/2018 | 102226 MISSION LINEN SUPPLY | 507727813 | | LAUNDRY 001-225-0000-4350 | 1 | 103.99 |
| | | 507747641 507772092 | | LAUNDRY 001-225-0000-4350 LAUNDRY | | 114.38 | |
| | | | 507789723 | | 001-225-0000-4350 LAUNDRY 001-225-0000-4350 | | 54.30 110.73 |
| | | | 507819171 | | LAUNDRY 001-225-0000-4350 | | 110.73 |
| | | | 507849321 507876267 | | LAUNDRY 001-225-0000-4350 LAUNDRY | 1 | 120.55 |
| | | | 307070207 | | 001-225-0000-4350 Total : | | 110.59 725.1 3 |
| 211201 | 8/6/2018 | 892731 MONTES, AIDA | JULY 2018 | | COMMISSIONER'S REIMB 001-150-0000-4111 | | 50.00 |
| | | | JUNE 2018 | | COMMISSIONER'S REIMB 001-150-0000-4111 Total : | | 50.00 100.0 0 |
| 211202 | 8/6/2018 | 102260 MOORE MEDICAL LLC | 83590945 | | MEDICATIONS | | |
| | | | | | 001-225-0000-4350 Total: | | 151.36 151.3 6 |
| 211203 | 8/6/2018 | 891542 MR "B" PRINTING INC. | 38777 | | BANNERS & FLYERS 001-420-0000-4300 | 1,8 | ,811.97 |
| | | | 38924 | | CIT SUMMER CAMP T-SHIRTS | | |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 211203 | 8/6/2018 | 891542 MR "B" PRINTING INC. | (Continued) | | | |
| | | | | | 017-420-1399-4300 | 273.75 |
| | | | | | Total : | 2,085.72 |
| 211204 | 8/6/2018 | 892916 NADA BUS INC | 47790 | | BUS-SENIOR TRIP-MARIACHI USA FES | |
| | | | | | 004-2383 | 1,145.00 |
| | | | 47902 | | BUS-SENIOR TRIP-MORONGO CASINO | |
| | | | | | 004-2383 | 1,075.00 2,220.0 0 |
| | | | | | Total : | 2,220.00 |
| 211205 | 8/6/2018 | 102325 NAPA AUTO PARTS | 5478-966800 | | CORD FOR BACKPACK BLOWER | |
| | | | | | 043-390-0000-4300 | 41.71 |
| | | | | | Total : | 41.71 |
| 211206 | 8/6/2018 | 102403 NOW IMAGE PRINTING | 2018102 | | SPAY & NEUTER VOUCHERS | |
| | | | | | 001-150-0000-4300 | 52.00 |
| | | | | | Total : | 52.00 |
| 211207 | 8/6/2018 | 102423 OCCU-MED, INC. | 0618901 | | EMPLOYEE PHYSICALS | |
| | | | | | 001-106-0000-4270 | 518.00 |
| | | | 0718901 | | EMPLOYEE PHYSICALS | |
| | | | | | 001-106-0000-4270 Total : | 1,719.00 2,237.0 0 |
| | | | | | Total : | 2,237.00 |
| 211208 | 8/6/2018 | 102432 OFFICE DEPOT | 114860934001 | | HP TONER | |
| | | | | | 001-106-0000-4300 | 136.05 |
| | | | 137520671001 | | CHAIRS 001-106-0000-4300 | 396.56 |
| | | | 139893019001 | | CHAIRS RETURNED | 390.30 |
| | | | | | 001-106-0000-4300 | -336.58 |
| | | | 140080562001 | | ITEM RETURNED | |
| | | | 450044040004 | | 001-106-0000-4300 | -59.98 |
| | | | 152311646001 | | OFFICE MATS 001-150-0000-4300 | 456.69 |
| | | | 154036619001 | | COPY PAPER | 400.00 |
| | | | | | 001-420-0000-4300 | 138.17 |
| | | | 154268587002 | | CHAIRS | |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 211208 | 8/6/2018 | 102432 OFFICE DEPOT | (Continued) | | | |
| | | | 154268588001 | | 001-422-0000-4300 CHAIRS | 263.97 |
| | | | 156175388001 | | 001-422-0000-4300 OFFICE SUPPLIES 029-335-0000-4300 | 328.72 72.92 |
| | | | 156179252001 | | OFFICE SUPPLIES 029-335-0000-4300 | 66.99 |
| | | | 156179253001 | | OFFICE SUPPLIES 029-335-0000-4300 | 31.67 |
| | | | 156497130001 | | OFFICE SUPPLIES 001-150-0000-4300 | 70.38 |
| | | | 157415129001 | | CHAIR 070-381-0000-4300 | 395.99 |
| | | | 157642317001 158049982001 | | OFFICE SUPPLIES 001-420-0000-4300 ITEM RETURNED | 1,434.64 |
| | | | 158121593001 | | 070-381-0000-4300 LASER PRINTER | -44.00 |
| | | | 158121771001 | | 001-222-0000-4300 OFFICE SUPPLIES | 161.91 |
| | | | 158121771002 | | 001-222-0000-4300 OFFICE SUPPLIES | 101.77 |
| | | | 158162826001 | | 001-222-0000-4300 OFFICE SUPPLIES | 7.67 |
| | | | 158171340001 | | 001-130-0000-4300 OFFICE SUPPLIES 001-420-0000-4300 | 86.86 492.25 |
| | | | 158171341001 | | OFFICE SUPPLIES 001-420-0000-4300 | 492.23 85.10 |
| | | | 158488355001 | | OFFICE SUPPLIES 001-310-0000-4300 | 6.15 |
| | | | 158488637001 | | CHAIR 001-310-0000-4300 | 219.99 |
| | | | 158564264001 | | OFFICE SUPPLIES 001-420-0000-4300 | 28.58 |
| | | | 158564264001 | | OFFICE SUPPLIES | |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 211208 | 8/6/2018 | 102432 OFFICE DEPOT | (Continued) | | | |
| | | | | | 001-420-0000-4300 | 144.90 |
| | | | 159402016001 | | OFFICE SUPPLIES | |
| | | | | | 001-116-0000-4300 | 124.26 |
| | | | 159402400001 | | OFFICE SUPPLIES | |
| | | | | | 001-115-0000-4300 | 35.18 |
| | | | 160015933001 | | OFFICE SUPPLIES | |
| | | | | | 001-130-0000-4300 | 84.39 |
| | | | 160017147001 | | OFFICE SUPPLIES | |
| | | | | | 001-130-0000-4300 | 12.28 |
| | | | 160229238001 | | TONER | |
| | | | | | 001-130-0000-4300 | 254.47 |
| | | | 161749106001 | | OFFICE SUPPLIES | |
| | | | | | 001-130-0000-4300 | 55.42 |
| | | | 161749684001 | | OFFICE SUPPLIES | |
| | | | | | 001-130-0000-4300 | 70.84 |
| | | | 162351817001 | | OFFICE SUPPLIES | |
| | | | | | 001-106-0000-4300 | 172.33 |
| | | | 162379808001 | | OFFICE SUPPLIES | |
| | | | | | 001-106-0000-4300 | 72.26 |
| | | | 164413643001 | | OFFICE SUPPLIES | |
| | | | | | 001-222-0000-4300 | 13.13 |
| | | | 164413684001 | | OFFICE SUPPLIES | |
| | | | 101110005001 | | 001-222-0000-4300 | 13.19 |
| | | | 164413685001 | | COPPY PAPER & OFFICE SUPPLIES | 000.04 |
| | | | 465046200004 | | 001-222-0000-4300 OFFICE SUPPLIES | 293.21 |
| | | | 165946200001 | | 001-310-0000-4300 | 163.60 |
| | | | 165947183001 | | OFFICE SUPPLIES | 103.00 |
| | | | 103547 103001 | | 001-310-0000-4300 | 19.78 |
| | | | 2196256889 | | DAY CAMP SUPPLIES | 19.70 |
| | | | 2130230003 | | 017-420-1399-4300 | 210.52 |
| | | | 2202196565 | | OFFICE SUPPLIES | 210.52 |
| | | | 2202 100000 | | 001-420-0000-4300 | 137.39 |
| | | | 2202196566 | | OFFICE SUPPLIES | 101.00 |
| | | | 2202100000 | | 3 | |

001-420-0000-4300 CHAIRS

vchlist Voucher List 22 Page: 08/02/2018 8:19:37AM CITY OF SAN FERNANDO Bank code : bank3 Voucher Date Vendor Invoice PO # Description/Account Amount 8/6/2018 102432 OFFICE DEPOT 211208 (Continued) 001-422-0000-4300 321.91 2205937244 OFFICE SUPPLIES 001-422-0000-4300 37.18 2207073559 OFFICE SUPPLIES 001-310-0000-4300 21.56 Total : 7,126.13 8/6/2018 891618 OROZCO, MARGARET SENIOR TRIP PARTIAL REFUND 211209 2000123.003 20.00 004-2383 Total : 20.00 2018 RECRUITMENT FLYERS 211210 8/6/2018 892095 OSCAR SIGNS 070618 001-225-0000-4300 285.00 285.00 Total : 211211 PD PAYPHONE-AUG 2018 8/6/2018 890004 PACIFIC TELEMANAGEMENT SERVICE 996223 001-190-0000-4220 62.64 62.64 RECORDS DESTRUCTION SERVICES 211212 8/6/2018 891705 PAPER RECYCLING & SHREDDING 398403 001-150-0000-4300 21.00 001-130-0000-4300 001-310-0000-4300 56.00 8.75 001-222-0000-4260 122.50 001-420-0000-4260 29.75 001-115-0000-4300 21.00 Total · 259.00 211213 8/6/2018 888555 PEREZ, VALENTIN 072118 MUSIC-LP SENIOR CLUB DANCE-08/18. 004-2380 1,100.00 Total: 1,100.00 211214 8/6/2018 891573 PERFORMANCE TRUCK & TRAILER XA231006620:01 PARTS & ACCESS FOR PD VEHICLES 041-320-0225-4400 PARTS & ACCESS FOR PD VEHICLES 1,375.02 XA231006628:01 041-320-0225-4400 311.44

325.86

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| Bank code : | bank3 | | | | | _ |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 211214 | 8/6/2018 | 891573 PERFORMANCE TRUCK & TRAILER | (Continued) | | | |
| | | | XA231006629:01 | | PARTS & ACCESS FOR PD VEHICLES 041-320-0225-4400 | 341.26 |
| | | | XA231006630:01 | | ITEMS RETURNED | 341.20 |
| | | | | | 041-320-0225-4400 | -311.44 |
| | | | XA231006631:01 | | PARTS & ACCESS FOR PD VEHICLES | |
| | | | | | 041-320-0225-4400 | 397.58 |
| | | | XA231006632:01 | | PARTS & ACCESS FOR PD VEHICLES 041-320-0225-4400 | 284.94 |
| | | | | | Total : | |
| 211215 | 8/6/2018 | 887366 PIONEER MANUFACTURING COMPANY | 682095 | | PUMP-PAINT MACHINE FOR FIELDS | |
| 2.12.10 | 0/0/2010 | | 552555 | | 017-420-1334-4300 | 82.86 |
| | | | | | Total : | 82.86 |
| 211216 | 8/6/2018 | 102688 PROFESSIONAL PRINTING CENTERS | 34852 | | FOUND/SAFEKEEP LOGS | |
| | | | | | 001-222-0000-4300 | 83.60 |
| | | | | | Total : | 83.60 |
| 211217 | 8/6/2018 | 892131 PROHEALTH-VALLEY OCCUPATIONAL | 00254891-00 | | HEP A VACCINES | |
| | | | | | 001-106-0000-4270 | 1,870.00 |
| | | | 00255375-00 | | WC VISIT | |
| | | | 00000740 00 | | 001-106-0000-4270 DOT PHYSICAL | 304.00 |
| | | | 00263719-00 | | 001-106-0000-4270 | 80.00 |
| | | | | | Total: | |
| 211218 | 8/6/2018 | 102738 QUINTERO ESCAMILLA, VIOLETA | JULY 2018 | | SENIOR MUSIC INSTRUCTOR | |
| | | | | | 017-420-1323-4260 | 300.00 |
| | | | | | Total : | 300.00 |
| 211219 | 8/6/2018 | 887603 R. F. ERECTION COMPANY | 18-451 | | BI-ANNUAL WHEELCHAIR LIFT MAINT (| |
| | | | | | 043-390-0000-4260 Total : | 450.00 450.00 |
| | | | | | iotai: | 450.00 |

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211220

8/6/2018 891163 RADIO IP SOFTWARE INC

| Bank code : | bank3 | | | | | |
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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 211220 | 8/6/2018 | 891163 891163 RADIO IP SOF | TWARE INC (Continued) | | Total : | 1,005.3 |
| 211221 | 8/6/2018 | 889602 RESPOND SYSTEMS | 103166 | | SAFETY SUPPLIES 070-383-0000-4310 | 311.5 |
| | | | | | Total : | 311.5 |
| 211222 | 8/6/2018 | 892951 RODRIGUEZ, ELISA | 1003787.003 | | SENIOR CLUB DUES REFUND | |
| | | | | | 004-2383 Total : | 36.00 36.0 0 |
| 211223 | 8/6/2018 | 892946 RODRIGUEZ, LILLIAN | 2000375.001 | | DAY CAMP REFUND | 05.00 |
| | | | | | 017-3770-1399 Total : | 95.00 95.0 0 |
| 211224 | 8/6/2018 | 890362 RTB BUS LINE | 18394 | | BUS-DAY CAMP TRIP TO PIRATES ADV | |
| | | | 18397 | | 007-440-0443-4260 BUS-DAY CAMP FIELDTRIP TO HURRIC | 1,196.00 |
| | | | | | 007-440-0443-4260 Total : | 1,496.00 2,692.0 0 |
| 211225 | 8/6/2018 | 102932 RUBEN'S UPHOLSTERY | 2427 | | VEHICLE MAINT-PK8230 | |
| | | | | | 041-320-0390-4400 Total : | 380.00 380.0 0 |
| 211226 | 8/6/2018 | 887165 RYAN HERCO PRODUCTS | CORP 8984244 | | BALL VALVE REPAIR | |
| | | | | | 070-384-0000-4320 Total : | 514.38 514.3 8 |
| 211227 | 8/6/2018 | 892856 SALAS, JUAN | REIMB. | | ITEMS PURCHASED FOR SENIOR DAN | |
| | | | | | 004-2380 004-2391 | 453.00 267.29 |
| | | | REIMB. | | SUPPLIES PURCHASED FOR SENIOR [004-2380 | 56.36 |
| | | | REIMB. | | PRIZES PURCHASED FOR SENIOR DAI | |
| | | | | | 004-2380 Total: | 171.90 948.5 |
| 211228 | 8/6/2018 | 103057 SAN FERNANDO VALLEY S | SUN 10198 | | LEGAL PUBLICATION-LLAD | |

SERVICE CONTRACT RENEWAL FOR $\mbox{\ensuremath{\mathbb{N}}}$ 001-135-0000-4260

1,005.32

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| Bank code : | bank3 | | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amount |
| 211228 | 8/6/2018 | 103057 SAN FERNANDO VALLEY SUN | (Continued) | | | | |
| | | | 10221 | | 027-344-0000-4260 LEGAL PUBLNOTICE OF ELECTION | | 100.00 |
| | | | 10222 | | 001-116-0000-4230 LEGAL PUBLICATION-927 SEVENTH 001-2205 | | 140.63 |
| | | | 10232 | | DISPLAY AD-SUMMER NIGHTS | | 171.88 |
| | | | | | 001-420-0000-4260 Total : | | 613.38 1,025.89 |
| 211229 | 8/6/2018 | 891257 SCHWARTZ, MARIA | 2000125.003 | | SENIOR TRIP PARTIAL REFUND | | |
| | | | | | 004-2383 | | 20.00 20.00 |
| | | | | | Total : | | 20.00 |
| 211230 | 8/6/2018 | 102967 SCOTT FAZEKAS & ASSOCIATES INC | 20235 | | PLAN CHECK CONSULTANT FEES 001-2698 | | 140.06 |
| | | | | | Total: | | 140.06 |
| 211231 | 8/6/2018 | 887570 SIMPLOT PARTNERS | 205052545 | | WEED ABATEMENT SUPPLIES | | |
| | | | | | 043-390-0000-4300 Total : | | 438.00 438.00 |
| 211232 | 0/6/2010 | 103184 SMART & FINAL | 26903 | | SUPPLIES FOR SENIOR CLUB DANCE | | |
| 211232 | 0/0/2010 | 103104 SIVIACI & FINAL | 20903 | | 004-2380 | | 133.84 |
| | | | 27195 | | SNACKS-SUMMER CAMP FAMILY NIGH | | |
| | | | 33579 | | 004-2391 SUPPLIES FOR SENIOR DANCE | | 181.35 |
| | | | | | 004-2380 | | 21.96 |
| | | | 43466 | | SUPPLIES FOR SENOR CLUB TRIP 004-2383 | | 22.99 |
| | | | 43467 | | ENP SUPPLIES | | |
| | | | 45516 | | 004-2346 BREAKROOM SUPPLIES | | 34.94 |
| | | | 45000 | | 001-222-0000-4300 | | 23.96 |
| | | | 45898 | | SUPPLIES FOR SENIOR CLUB DANCE 004-2380 | | 21.96 |
| | | | 52005 | | SNACKS-SUMMER CAMP FAMILY NIGH | | |
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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 211232 | 8/6/2018 | 103184 SMART & FINAL | (Continued) | | | |
| | | | | | 004-2391 | 73.97 |
| | | | 53064 | | SUPPLIES FOR SENIOR CLUB DANCE | |
| | | | 50070 | | 004-2380 | 105.28 |
| | | | 53879 | | PARTIAL PAYMENT OWING 001-222-0000-4300 | 20.00 |
| | | | 58711 | | FOOD FOR SENIOR CLUB MONTHLY M | 20.00 |
| | | | 30711 | | 004-2380 | 116.77 |
| | | | | | Total : | 757.02 |
| | | | | | | |
| 211233 | 8/6/2018 | 103218 SOLIS, MARGARITA | 1-4 | | PETTY CASH REIMBURSEMENT | |
| | | | | | 001-150-0000-4300 001-115-0000-4360 | 18.08 50.00 |
| | | | | | 072-360-0000-4360 | 85.46 |
| | | | 87-88 | | PETTY CASH REIMBURSEMENT | 05.40 |
| | | | 0. 00 | | 017-420-1334-4300 | 26.28 |
| | | | | | 017-420-1399-4300 | 48.00 |
| | | | | | Total : | 227.82 |
| 211234 | 8/6/2018 | 103202 SOUTHERN CALIFORNIA EDISON CO. | 2-02-682-6982 | | ELECTRIC-910 FIRST | |
| 211201 | 0/0/2010 | 100202 COCTILETAT CHEM CHAIN LENGON CO. | 2 02 002 0002 | | 043-390-0000-4210 | 7,969.03 |
| | | | 2-02-682-7675 | | ELECTRIC-VARIOUS LOCATIONS | 1,000.00 |
| | | | | | 043-390-0000-4210 | 8,537.23 |
| | | | 2-21-82-3241 | | VARIOUS LOCATIONS | |
| | | | | | 027-344-0000-4210 | 15,012.72 |
| | | | | | 029-335-0000-4210 | 1,883.58 |
| | | | | | 070-384-0000-4210 | 1,182.74 |
| | | | 0.00.740.5045 | | 043-390-0000-4210 | 11,619.06 |
| | | | 2-33-746-5215 | | ELECTRIC-190 PARK 027-344-0000-4210 | 527.5 |
| | | | 2-39-084-2581 | | ELECTRIC-1117 SECOND | 527.5 |
| | | | 2-00-004-2001 | | 043-390-0000-4210 | 25.19 |
| | | | 2-39-717-6769 | | ELECTRIC-801 8TH | _0 |
| | | | | | 043-390-0000-4210 | 29.83 |
| | | | | | Total : | 46,786.89 |
| 211235 | 8/6/2018 | 103251 STANLEY PEST CONTROL | 410847 | | PEST CONTROL MONITORING @ SNAC | |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 211235 | 8/6/2018 | 103251 STANLEY PEST CONTROL | (Continued) | | | |
| | | | | | 043-390-0000-4260 | 475.0 |
| | | | 51230 | | PEST CONTROL-PD STATION | 04.0 |
| | | | 51257 | | 043-390-0000-4260 PEST CONTROL-REC PARK | 94.0 |
| | | | 31237 | | 043-390-0000-4260 | 95.0 |
| | | | | | Total : | 664.0 |
| 211236 | 8/6/2018 | 889149 STAPLES BUSINESS ADVANTAGE | 8050647427 | | OFFICE SUPPLIES | |
| | | | | | 070-381-0000-4300 | 59.3 |
| | | | | | Total : | 59.3 |
| 211237 | 8/6/2018 | 100532 STATE OF CALIFORNIA, DEPARTMENT OF | F JU! 306935 | | FINGERPRINTS-MAY 2018 | |
| | | , | | | 001-106-0000-4270 | 224.0 |
| | | | 310712 | | LIVESCAN FINGERPRINTING-JUNE 201 | |
| | | | | | 004-2386 | 3,736.0 |
| | | | 312774 | | 001-222-0000-4270 | 164.0 |
| | | | 312//4 | | FINGERPRINTS-JUNE 2018 001-106-0000-4270 | 64.0 |
| | | | | | Total: | 4,188.0 |
| 211238 | 8/6/2018 | 887239 SYLMAR LOCK & KEY & LOCKSMITH | 13944 | | KEY SERVICE | |
| 211200 | 0/0/2010 | 007200 OTEMPAR EGORGARET & EGORGANITH | 10044 | | 070-384-0000-4330 | 23.9 |
| | | | | | Total : | 23.9 |
| 211239 | 8/6/2018 | 890094 TECS ENVIRONMENTAL | SFSVRD2C | | NPDES & TMDL SERVICES | |
| 211200 | 0/0/2010 | SSSSS TESS ENVIRONMENTAL | 0.01.020 | 11559 | 072-360-0000-4270 | 10,025.0 |
| | | | SFSVRD2D | | NPDES & TMDL SERVICES | |
| | | | | 11559 | 072-360-0000-4270 | 10,615.0 |
| | | | | | Total: | 20,640.0 |
| 211240 | 8/6/2018 | 888946 TEKWERKS | 21226 | | WEBSITE HOSTING & MAINT-AUG 2018 | |
| | | | | 11804 | 001-135-0000-4260 | 800.00 |
| | | | | | Total: | 800.0 |
| 211241 | 8/6/2018 | 103205 THE GAS COMPANY | 042-320-6900-7 | | GAS-910 FIRST | |
| | | | | | 043-390-0000-4210 | 86.86 |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amo |
| 211241 | 8/6/2018 | 103205 THE GAS COMPANY | (Continued) | | | |
| | | | 084-220-03249-3 | | GAS-505 S HUNTINGTON | |
| | | | | | 043-390-0000-4210 | 35 |
| | | | 088-520-6400-8 | | GAS-117 MACNEIL | |
| | | | | | 043-390-0000-4210 | 44 |
| | | | 090-620-6400-2 | | GAS-120 MACNEIL | |
| | | | | | 070-381-0000-4210 | 8 |
| | | | | | 072-360-0000-4210 | 8 |
| | | | | | 043-390-0000-4210 | 16 |
| | | | 143-287-8131-6 | | GAS-208 PARK | |
| | | | | | 043-390-0000-4210 | 35 |
| | | | | | Total : | 234 |
| 211242 | 8/6/2018 | 101528 THE HOME DEPOT CRC, ACCT#603532202490 | 1183718 | | TOOL FOR A/C REPAIRS | |
| | | | | | 043-390-0000-4300 | 43 |
| | | | 1580123 | | GRAFITTI ABATEMENT SUPPLIES | |
| | | | | | 001-152-0000-4300 | 434 |
| | | | 2123253 | | MEASURING TAPE | |
| | | | | | 001-152-0000-4340 | 43 |
| | | | 2473723 | | MISC SUPPLIES | |
| | | | | | 001-152-0000-4340 | 60 |
| | | | 4101485 | | AIR COMPRESSOR | |
| | | | | | 041-320-0000-4310 | 232 |
| | | | 4121275 | | DIGITAL INVERTER GENERATOR | |
| | | | | | 041-320-0000-4310 | 548 |
| | | | 4123860 | | SMALL TOOLS | |
| | | | 1170100 | | 043-390-0000-4340 | 273 |
| | | | 4172483 | | PD-DISPLAY CABINET LOCKS | - |
| | | | 4233520 | | 043-390-0000-4300 SMALL TOOLS | 59 |
| | | | 4233520 | | 043-390-0000-4340 | 130 |
| | | | 4411931 | | STAPLE GUNS & GREASE | 130 |
| | | | 7711001 | | 041-320-0000-4340 | 404 |
| | | | 4594322 | | LOCK-PD DISPLAY CABINET | 404 |
| | | | 7007022 | | 043-390-0000-4300 | 12 |
| | | | 4740925 | | SOCKET ADAPTERS | 12 |
| | | | 7,70020 | | 041-320-0000-4340 | 24 |
| | | | | | 3.7-020-0000-4040 | 2- |

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| Voucher | Date | Vendor Invoice | PO # | Description/Account | Amoun |
| 211242 | 8/6/2018 | 101528 THE HOME DEPOT CRC, ACCT#603532202490 (Continued) | | | |
| | | 4747720 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 87.63 |
| | | 4777737 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 96.80 |
| | | 4830803 | | REPLACEMENT BATTERIES | |
| | | | | 041-320-0000-4310 | 108.90 |
| | | 4836724 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 21.99 |
| | | 4880796 | | CORDLESS JIG SAW TOOL & BATTERY | |
| | | | | 041-320-0000-4310 | 348.70 |
| | | 5030444 | | GRAFFITI REMOVAL SUPPLIES | |
| | | | | 070-384-0000-4310 | 86.80 |
| | | 5060206 | | CONDUIT COVERS & SUPPLIES | |
| | | | | 070-384-0000-4300 | 8.8 |
| | | 5142114 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 215.35 |
| | | 5452472 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 13.1 |
| | | 5462284 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 78.13 |
| | | 5616185 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 54.98 |
| | | 5946095 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 251.77 |
| | | 6060034 | | MAINT SUPPLIES-LAYNE PARK | |
| | | | | 043-390-0000-4300 | 223.72 |
| | | 6534856 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 2,223.34 |
| | | 6765057 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 240.24 |
| | | 6854207 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 13.37 |
| | | 7065075 | | MATL'S FOR REPAIRS-501 FIRST | |
| | | | | 043-390-0000-4300 | 108.23 |
| | | 8158107 | | SMALL TOOLS | |
| | | | | 043-390-0000-4340 | 27.48 |
| | | | | | age: 29 |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 211242 | 8/6/2018 | 101528 THE HOME DEPOT CRC, ACCT#603532. | 202490 (Continued) | | | |
| | | | 8795085 | | LADDER | |
| | | | | | 001-152-0000-4340 | 219.6 |
| | | | 8905389 | | SMALL TOOLS 043-390-0000-4340 | 69.6 |
| | | | 9011876 | | MISC SUPPLIES | 05.0 |
| | | | | | 043-390-0000-4300 | 150.40 |
| | | | | | Total : | 6,919.10 |
| 211243 | 8/6/2018 | 887322 THE NATIONAL ARBOR DAY | 88-0797-3348 | | FY18-19 MEMBERSHIP RENEWAL | |
| | | | | | 001-310-0000-4380 | 15.00 |
| | | | | | Total : | 15.0 |
| 211244 | 8/6/2018 | 890833 THOMSON REUTERS | 838457193 | | DET INVESTIGATION TOOLS-JUNE 201 | |
| | | | | | 001-135-0000-4260 | 192.12 |
| | | | | | Total : | 192.12 |
| 211245 | 8/6/2018 | 103903 TIME WARNER CABLE | 10369071018 | | CABLE-PD 07/18/18-08/17/18 | |
| | | | | | 001-222-0000-4260 | 231.50 |
| | | | 196309071318 | | INTERNET SERVICES-07/23-08/22 001-190-0000-4220 | 1,299.0 |
| | | | 28882070518 | | CABLE-LP PARK 07/13-08/12 | 1,299.0 |
| | | | | | 001-420-0000-4260 | 186.0 |
| | | | | | Total : | 1,716.5 |
| 211246 | 8/6/2018 | 887591 TOM BROHARD & ASSOCIATES | 2018-28 | | PROF TRAFFIC ENGINEERING & TRAN | |
| | | | | 11651 | 001-310-0000-4270 | 1,100.0 |
| | | | | | Total : | 1,100.0 |
| 211247 | 8/6/2018 | 888399 TORO ENTERPRISES INC. | 11421R | | ANNUAL RESURFACING PROJECT | |
| | | | | 11739 | 022-311-0560-4600 | 18,000.0 |
| | | | | 11739 | 025-311-0560-4600 | 8,825.3 |
| | | | | | 022-2037 025-2037 | -900.00 -441.2 |
| | | | 11585 | | SAN FERNANDO ROAD STREET IMPRO | -441.2 |
| | | | | 11782 | 026-311-0159-4600 | 199,416.0 |
| | | | | | 026-2037 | -9,970.8 |

| Vendor 888399 TORO ENTERPRISES INC. | Invoice (Continued) 11663 | PO# | Description/Account SAN FERNANDO ROAD STREET IMPRO | Amount |
|--|---------------------------------|------------|---|---|
| | (Continued) 11663 | | | Amount |
| 888399 TORO ENTERPRISES INC. | 11663 | 11782 | SAN FERNANDO ROAD STREET IMPRO | |
| | | 11782 | SAN FERNANDO ROAD STREET IMPRO | |
| | 11674 | 11782 | | |
| | 11674 | | 026-311-0159-4600 | 20,721.13 |
| | 110/4 | | 026-2037 SAN FERNANDO ROAD STREET IMPRO | -1,036.06 |
| | - | 11782 | 026-311-0159-4600 | 6,215.85 |
| | | 11702 | 026-2037 | -310.79 |
| | | | Total : | 240,519.46 |
| 888399 TORO ENTERPRISES INC. | RETENTION | | RETENTION RELEASED-ANNUAL STRE | |
| | | | 022-2037 | 20,809.76 |
| | | | 012-2037 | 22,319.90 |
| | | | 010-2037 | 2,218.50 |
| | | | 008-2037 | 1,794.67 |
| | | | 025-2037 | 441.27 |
| | | | Total : | 47,584.10 |
| 103413 TRANS UNION LLC | 06806429 | | CREDIT CHECKS | |
| | | | 001-222-0000-4260 | 90.74 |
| | | | Total : | 90.74 |
| 892738 TRANSIT SYSTEMS UNLIMITED, INC | 62969 | | CNG FUEL FOR CITY FLEET | |
| | | | 070-381-0000-4402 | 378.72 |
| | | | Total: | 378.72 |
| 103458 U.S. HEALTHWORKS MEDICAL GROUP | 3331563-CA | | DOT EXAM | |
| | | | 001-106-0000-4270 | 94.00 |
| | | | Total : | 94.00 |
| 103463 U.S. POSTMASTER | JULY 2018 | | POSTAGE-JULY WATER BILLS | |
| | | | 070-382-0000-4300 | 622.65 |
| | | | 072-360-0000-4300 | 622.65 |
| | | | Total : | 1,245.30 |
| 887939 ULINE SHIPPING SUPPLIES | 98915767 | | SERVICE KIT-EVIDENCE SEALER | |
| | | | 001-222-0000-4300 | 42.64 |
| | | | Total : | 42.64 |
| | | | | 98915767 070-382-0000-4300 072-360-0000-4300 Total: 87939 ULINE SHIPPING SUPPLIES 98915767 SERVICE KIT-EVIDENCE SEALER 001-222-0000-4300 |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 211254 | 8/6/2018 | 892258 UNIFORM & ACCESSORIES | 384968 | | NAME PLATE | |
| | | | | | 001-226-0230-4430 | 8.75 |
| | | | | | Total : | 8.75 |
| 211255 | 8/6/2018 | 888241 UNITED SITE SERVICES OF CA INC | 114-6961363 | | PORTABLE TOILET RENTAL-501 FIRST | |
| | | | | | 043-390-0000-4260 | 668.96 |
| | | | 114-6983852 | | PORTABLE TOILET RENTAL-LAYNE PAF | |
| | | | | | 043-390-0000-4260 | 461.69 |
| | | | 114-7012993 | | PORTABLE TOILET RENTAL-12900 DRC | 440.00 |
| | | | | | 070-384-0000-4260 Total : | 140.99 1,271.64 |
| | | | | | iotai . | 1,271.04 |
| 211256 | 8/6/2018 | 103439 UPS | 831954278 | | COURIER SERVICES | |
| | | | | | 001-190-0000-4280 | 150.32 |
| | | | | | Total : | 150.32 |
| 211257 | 8/6/2018 | 103510 V & V MANUFACTURING, INC. | 46781 | | POLICE K9 BADGES | |
| | | | | | 001-222-0000-4300 | 242.76 |
| | | | | | Total : | 242.76 |
| 211258 | 8/6/2018 | 103574 VERDIN, FRANCISCO JAVIER | APRIL-JUNE 2018 | | FOLK DANCE INSTRUCTOR | |
| | | | | | 017-420-1362-4260 | 409.50 |
| | | | | | Total : | 409.50 |
| 211259 | 8/6/2018 | 889644 VERIZON BUSINESS | 67240201 | | CITY HALL LONG DISTANCE | |
| | | | | | 001-190-0000-4220 | 49.90 |
| | | | 67240202 | | CITY YARD LONG DISTANCE | |
| | | | | | 070-384-0000-4220 | 14.97 |
| | | | 67240203 | | CITY HALL LONG DISTANCE | 04.05 |
| | | | 67240204 | | 001-190-0000-4220 POLICE LONG DISTANCE | 24.95 |
| | | | 01240204 | | 001-222-0000-4220 | 112.17 |
| | | | 67240205 | | CITY YARD LONG DISTANCE | |
| | | | | | 070-384-0000-4220 | 9.98 |
| | | | 67240206 | | PARKS LONG DISTANCE | |
| | | | | | 001-420-0000-4220 | 15.22 |
| | | | 67240745 | | CITY YARD LONG DISTANCE | |

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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amou |
| 211259 | 8/6/2018 | 889644 VERIZON BUSINESS | (Continued) | | | |
| | | | 67240756 | | 001-310-0000-4220 CITY HALL LONG DISTANCE 001-190-0000-4220 | 5.0 55.0 |
| | | | | | Total : | 287.2 |
| 211260 | 8/6/2018 | 892081 VERIZON BUSINESS SERVICES | 70863172 | | MPLS PORT ACCESS & ROUTER-PD | |
| | | | | | 001-222-0000-4220 | 1,041.6 |
| | | | | | Total : | 1,041.6 |
| 211261 | 8/6/2018 | 100101 VERIZON WIRELESS-LA | 9810614703 | | EQUIPMENT PURCHASE-PHONE UPGF | |
| | | | 9810614703 | | 001-105-0000-4220 COUNCIL CELL PHONE PLAN DISCONN | 594.9 |
| | | | 9010014703 | | 001-101-0109-4220 | -11.7 |
| | | | 9810614703 | | VARIOUS CELL PHONE PLAN | |
| | | | | | 001-101-0111-4220 | 32.1 |
| | | | | | 001-101-0107-4220 001-101-0103-4220 | 34.2 53.9 |
| | | | | | 001-105-0000-4220 | 109.3 |
| | | | | | 072-360-0000-4220 | 60.9 |
| | | | | | Total : | 873.8 |
| 211262 | 8/6/2018 | 103581 VICTOR TRANSMISSION | 28658 | | VEHICLE MAINT-PD0019 | |
| | | | | | 041-320-0225-4400 | 495.9 |
| | | | | | Total : | 495.9 |
| 211263 | 8/6/2018 | 888390 WEST COAST ARBORISTS, INC. | 137317 | | ANNUAL CITY TREE TRIMMING CONTR | |
| | | | | 11613 | 043-390-0000-4260 | 9,588.0 |
| | | | 138174 | | ANNUAL CITY TREE TRIMMING CONTR | |
| | | | | 11613 | 011-311-0000-4260 | 2,730.5 |
| | | | | | 001-310-0000-4270 Total : | 725.5 13,044. 0 |
| 211264 | 8/6/2018 | 888442 WESTERN EXTERMINATOR COMPANY | 6150284 | | PEST CONTROL-CITY HALL | |
| 211204 | 0/0/2010 | 000772 WESTERN EXTERNMENTOR COMPANY | 0100204 | | 043-390-0000-4260 | 91.5 |
| | | | 6150285 | | PEST CONTROL-REC PARK | 91.0 |
| | | | | | 043-390-0000-4260 | 84.0 |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 211264 | 8/6/2018 | 888442 WESTERN EXTERMINATOR COMPANY | (Continued) | | | |
| | | | 6150286 | | PEST CONTROL-REC PARK 043-390-0000-4260 | 73.00 |
| | | | 6150287 | | PEST CONTROL-RUDY ORTEGA PARK 043-390-0000-4260 | 56.50 |
| | | | 6180402 | | PEST CONTROL-LP PARK 043-390-0000-4260 | 58.00 |
| | | | 6180403 | | PEST CONTROL-LP PARK 043-390-0000-4260 | 172.50 |
| | | | | | Total : | 535.50 |
| 211265 | 8/6/2018 | 892886 WESTERN STATES ROOFING | 18-US-2406 | | ROOF REPAIRS AT PW OPS CTR., CITY | |
| | | | 18-US-2443 | 11785 | 043-390-0000-4500 ROOF REPAIRS AT PW OPS CTR., CITY | 25,977.00 |
| | | | 10-03-2443 | 11785 | 043-390-0000-4500 | 23,680.00 |
| | | | | | Total : | 49,657.00 |
| 211266 | 8/6/2018 | 889138 WIEDER, CAROL | 070218 | | INTERPRETATION SERVICES-CC MTG | |
| | | | 071618 | | 001-101-0000-4270 INTERPRETATION SERVICES-CC MTG | 250.00 |
| | | | 071010 | | 001-101-0000-4270 | 250.00 |
| | | | | | Total : | 500.00 |
| 211267 | 8/6/2018 | 891531 WILLDAN ENGINEERING | 003-25711 | | ON-CALL CITY ENGINEERING SERVICE | |
| | | | | 11703 | 012-311-6673-4600 | 325.00 |
| | | | | 11703 11703 | 010-320-3697-4600 029-335-3699-4600 | 130.00 162.50 |
| | | | | 11703 | 029-335-3699-4600 | 162.50 |
| | | | | 11703 | 001-310-0000-4260 | 4,355.00 |
| | | | 00325756 | 11700 | NPDES COMPLIANCE & LA EWMG | 4,000.00 |
| | | | | 11662 | 001-310-0000-4260 | 4.860.75 |
| | | | 00325985 | | NPDES COMPLIANCE & LA EWMG | |
| | | | | 11662 | 001-310-0000-4260 | 4,946.00 |
| | | | 00326402 | | NPDES COMPLIANCE & LA EWMG | |
| | | | | 11662 | 001-310-0000-4260 | 1,449.00 |
| | | | 00326495 | | NPDES COMPLIANCE & LA EWMG | |
| | | | | 11662 | 001-310-0000-4260 | 5,452.75 |

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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amour |
| 211267 | 8/6/2018 | 891531 WILLDAN ENGINEERING | (Continued) 00326877 003-26911 00616420 | 11662 11703 | NPDES COMPLIANCE & LA EWMG 001-310-0000-4260 ON-CALL CITY ENGINEERING SERVICE 001-310-0000-4260 DESIGN SERVICES FOR STREET RESL | | 5,801.7 5,850.0 |
| | | | 00616421 | 11736 11736 | 012-311-6673-4600 DESIGN SERVICES FOR STREET RESL 012-311-6673-4600 Total : | 1: | 4,653.5 3,633.7 1,782.5 |
| 211268 | 8/6/2018 | 892023 WINDSTREAM | 70329122 | | POLICE PHONE SERVICES 07/18/18-08. 001-420-0000-4220 070-384-0000-4220 001-190-0000-4220 001-222-0000-4220 Total: | | 919.44 499.36 1,814.09 658.66 3,891.4 9 |
| 211269 | 8/6/2018 | 103710 WONDRIES FLEET GROUP | F04826 | 11773 11773 | 2018 FORD FOCUS ELECTRIC HATCH 016-152-0000-4500 010-152-0000-4500 Total : | 1 | 4,176.9 0,000.0 4,176.9 |
| 211270 | 8/6/2018 | 103716 WORKBOOT WAREHOUSE | 4-29402 | | SAFETY WORK BOOTS 072-360-0000-4310 Total : | | 185.0 185.0 |
| 211271 | 8/6/2018 | 889467 YOUNGBLOOD & ASSOCIATES | 3327A | | POLYGRAPH EXAM 001-222-0000-4260 Total : | | 200.0 200.0 |
| 158 | Vouchers fo | or bank code : bank3 | | | Bank total : | 1,02 | 0,793.7 |
| 158 | Vouchers in | 1 this report | | | Total vouchers : | 1,02 | 0,793.7 |
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CITY OF SAN FERNANDO

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Description/Account

Invoice

Voucher Registers are not final until approved by Council.

08/02/2018

Bank code :

Voucher

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Date Vendor

bank3

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SPECIAL CHECKS

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| | Invoice | PO# | Description/Account | Amoun |
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| 648 CITY OF SAN FERNANDO | PR 6-1-18 | | REIMBURSEMENT FOR PAYROLL V | |
| | | | 001-1003 | 341,539.17 |
| | | | 007-1003 | 738.32 |
| | | | 008-1003 | 1,335.24 |
| | | | 017-1003 | 73.66 |
| | | | 018-1003 | 63,634.05 |
| | | | 027-1003 | 4,910.67 |
| | | | 029-1003 | 1,598.75 |
| | | | 041-1003 | 9,244.81 |
| | | | 043-1003 | 13,865.77 |
| | | | 070-1003 | 33,375.17 |
| | | | 072-1003 119-1003 | 22,530.29 1,435.43 |
| | | | 120-1003 | 3,466.99 |
| | | | Total : | 497,748.32 |
| 8 892552 A & M CATERING, INC. | 1576-DEP | | DEP-SENIOR CLUB FATHER'S DAY | |
| | | 004-2380 | 2,495.63 | |
| | | Total: | 2,495.63 | |
| 552 A & M CATERING, INC. | 1576-FINAL | | FINAL-SENIOR CLUB FATHER'S DA | |
| | | | 004-2380 | 2,495.62 |
| | | | Total : | 2,495.62 |
| 596 CALIFORNIA VISION SERVICE PLAN | DEMAND | | VISION INSURANCE BENEFITS- JU | |
| | | | 001-1160 | 2,455.06 |
| | | | Total : | 2,455.06 |
| 907 DELTA DENTAL OF CALIFORNIA | DEMAND | | DENTAL INSURANCE BENEFITS - J | |
| | | | 001-1160 | 11,863.94 |
| | | | Total : | 11,863.94 |
| 230 DELTA DENTAL INSURANCE COMPANY | DEMAND | | DENTAL INSURANCE BENEFITS - J | |
| | | | 001-1160 | 234.96 |
| | | | Total : | 234.96 |
| 230 | DELTA DENTAL INSURANCE COMPANY | DELTA DENTAL INSURANCE COMPANY DEMAND | DELTA DENTAL INSURANCE COMPANY DEMAND | DELTA DENTAL INSURANCE COMPANY DEMAND DENTAL INSURANCE BENEFITS - J 001-1160 |

| vchlist 07/10/2018 | 6:41:28P | м | Voucher List | | F | Page: 2 |
|-----------------------|-----------|-----------------------------|--------------|------|--|--|
| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 210549 | 6/7/2018 | 887627 STANDARD INSURANCE | DEMAND | | LIFE/AD&D INSURANCE BENEFITS 001-1160 Total : | 3,586.31 3,586.31 |
| 210668 | 6/14/2018 | 103648 CITY OF SAN FERNANDO | PR 6-15-18 | | REIMB FOR PAYROLL W/E 6-8-18 027-1003 029-1003 041-1003 043-1003 070-1003 072-1003 119-1003 001-1003 007-1003 007-1003 007-1003 007-1003 | 5,008.49 1,598.80 9,794.28 12,936.33 33,156.59 22,391.56 1,435.43 2,293.63 348,808.59 1,322.18 802.49 64,078.98 504,353.17 |
| 210898 | 6/28/2018 | 103648 CITY OF SAN FERNANDO | PR 6-22-18 | | REIMB FOR PAYROLL W/E 6-22-18 043-1003 070-1003 072-1003 119-1003 120-1003 001-1003 007-1003 008-1003 017-1003 018-1003 027-1003 029-1003 041-1003 | 13,907.58 36,708.35 25,631.36 1,597.75 5,754.58 348,968.34 18,865.21 67,004.73 6,029.48 1,859.00 10,644.83 539,289.28 |
| | | | | | iotai: | 559,289.28 |

9 Vouchers for bank code: bank3

Bank total: 1,564,522.29

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 Voucher List
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 Bank code: bank3

 Voucher
 Date
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 Invoice
 PO #
 Description/Account
 Amount

9 Vouchers in this report Total vouchers: 1,564,522.29

Voucher Registers are not final until approved by Council.

SPECIAL CHECKS

vchlist Voucher List 07/25/2018 10:04:26AM CITY OF SAN FERNANDO Bank code : Voucher Date Vendor Invoice PO# Description/Account Amount 7/25/2018 892771 TRAVEL DIMENSION 072118 SHUTTLE SRV-SENIOR TRIP TO HAWAI 004-2384 2,273.86 Total: 2,273.86 1 Vouchers for bank code : Bank total : 2,273.86 1 Vouchers in this report Total vouchers : 2,273.86

Voucher Registers are not final until approved by Council.

SPECIAL CHECKS

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 Voucher List
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 CITY OF SAN FERNANDO

| Bank code : | bank3 | | | | | | |
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| oucher/ | Date | Vendor | Invoice | PO # | Description/Account | | Amoun |
| 211018 | 8/1/2018 | 100286 BAKER, BEVERLY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 480.29 480.2 9 |
| 211019 | 8/1/2018 | 891015 CROOK, ROBERT | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.6 0 |
| 211020 | 8/1/2018 | 100916 DEIBEL, PAUL | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.3 0 |
| 211021 | 8/1/2018 | 891041 GARCIA, CONNIE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.3 4 |
| 211022 | 8/1/2018 | 101781 KISHITA, ROBERT | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.3 4 |
| 211023 | 8/1/2018 | 101926 LILES, RICHARD | 18-Aug | | CALPERS HEALTH REIMB 070-180-0000-4127 072-180-0000-4127 | Total : | 264.23 264.23 528.4 |
| 211024 | 8/1/2018 | 891027 LOCKETT, JOANN | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.3 0 |
| 211025 | 8/1/2018 | 891028 MANTHEY, DONALD | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.6 0 |
| 211026 | 8/1/2018 | 102126 MARTINEZ, MIGUEL | 18-Aug | | CALPERS HEALTH REIMB 070-180-0000-4127 | Total : | 1,152.40 1,152.4 0 |

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| Bank code : | bank3 | | | | | |
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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 211027 | 8/1/2018 | 102483 OROZCO, ELVIRA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 197.76 197.76 |
| 211028 | 8/1/2018 | 891031 ORTEGA, JIMMIE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 249.30 249.30 |
| 211029 | 8/1/2018 | 891032 OTREMBA, EUGENE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 631.60 631.60 |
| 211030 | 8/1/2018 | 891354 RAMIREZ, ROSALINDA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 509.70 509.70 |
| 211031 | 8/1/2018 | 102940 RUIZ, RONALD | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 480.29 480.29 |
| 211032 | 8/1/2018 | 103121 SERRANO, ARMANDO | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 480.29 480.29 |
| 211033 | 8/1/2018 | 892782 TIGHE, DONNA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 183.34 183.34 |
| 211034 | 8/1/2018 | 891046 VANAALST, LEONILDA | 18-Aug | | CALPERS HEALTH REIMB 070-180-0000-4127 Total : | 183.34 183.34 |
| 17 | Vouchers fo | or bank code : bank3 | | | Bank total : | 7,205.24 |

| vchlist 07/27/2018 | 11:17:26AM | | Voucher List CITY OF SAN FERNA | Voucher List CITY OF SAN FERNANDO | | | 3 |
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| Bank code : | bank3 | | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | A | mount |

Voucher Registers are not final until approved by Council.

SPECIAL CHECKS

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| Bank code : | bank3 | | | | | | |
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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amoun |
| 211035 | 8/1/2018 | 100042 ABDALLAH, ALBERT | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,162.21 1,162.21 |
| 211036 | 8/1/2018 | 100091 AGORICHAS, JOHN | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 212.97 212.97 |
| 211037 | 8/1/2018 | 891039 AGUILAR, JESUS | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 499.68 499.68 |
| 211038 | 8/1/2018 | 100104 ALBA, ANTHONY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.60 |
| 211039 | 8/1/2018 | 891011 APODACA-GRASS, ROBERTA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.60 |
| 211040 | 8/1/2018 | 100306 BARNARD, LARRY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,160.00 1,160.00 |
| 211041 | 8/1/2018 | 100346 BELDEN, KENNETH M. | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,407.00 1,407.00 |
| 211042 | 8/1/2018 | 892233 BUZZELL, CAROL | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 197.76 197.7 6 |
| 211043 | 8/1/2018 | 891350 CALZADA, FRANK | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 528.52 528.5 2 |
| 211044 | 8/1/2018 | 100642 CASTRO, RICO | 18-Aug | | CALPERS HEALTH REIMB | | 2_3.02 |

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| Bank code : | bank3 | | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amount |
| 211044 | 8/1/2018 | 100642 CASTRO, RICO | (Continued) | | 001-180-0000-4127 | Total : | 1,214.46 1,214.46 |
| 211045 | 8/1/2018 | 891014 CREEKMORE, CASIMIRA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.30 |
| 211046 | 8/1/2018 | 891016 DEATON, MARK | 18-Aug | | CALPERS HEALTH REIMB 070-180-0000-4127 | Total : | 528.45 528.45 |
| 211047 | 8/1/2018 | 100913 DECKER, CATHERINE | 18-Aug | | CALPERS HEALTH REIMB 070-180-0000-4127 | Total : | 631.60 631.60 |
| 211048 | 8/1/2018 | 100925 DELGADO, RALPH | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 528.52 528.52 |
| 211049 | 8/1/2018 | 892102 DOSTER, DARRELL | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.60 |
| 211050 | 8/1/2018 | 100996 DRAKE, JOYCE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.30 |
| 211051 | 8/1/2018 | 100995 DRAKE, MICHAEL | 18-Aug | | CALPERS HEALTH REIMB 070-180-0000-4127 072-180-0000-4127 | Total : | 124.65 124.65 249.30 |
| 211052 | 8/1/2018 | 100997 DRAPER, CHRISTOPHER | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,538.02 1,538.02 |
| 211053 | 8/1/2018 | 101044 ELEY, JEFFREY | 18-Aug | | CALPERS HEALTH REIMB | | |

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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amoun |
| 211053 | 8/1/2018 | 101044 ELEY, JEFFREY | (Continued) | | 001-180-0000-4127 | Total : | 1,657.00 1,657.0 0 |
| 211054 | 8/1/2018 | 891040 FISHKIN, RIVIAN | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.34 |
| 211055 | 8/1/2018 | 892103 GAJDOS, BETTY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.34 |
| 211056 | 8/1/2018 | 891351 GARCIA, DEBRA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,304.96 1,304.96 |
| 211057 | 8/1/2018 | 891067 GARCIA, NICOLAS | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,211.66 1,211.66 |
| 211058 | 8/1/2018 | 101318 GLASGOW, KEVIN | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,538.02 1,538.02 |
| 211059 | 8/1/2018 | 891020 GLASGOW, ROBERT | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 354.00 354.00 |
| 211060 | 8/1/2018 | 891021 GUIZA, JENNIE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.30 |
| 211061 | 8/1/2018 | 101415 GUTIERREZ, OSCAR | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.34 |
| 211062 | 8/1/2018 | 891352 HADEN, SUSANNA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | rotar . | 1,152.40 |

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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amoun |
| 211062 | 8/1/2018 | 891352 HADEN, SUSANNA | (Continue | i) | | Total : | 1,152.4 |
| 211063 | 8/1/2018 | 101440 HALCON, ERNEST | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,160.00 1,160.0 0 |
| 211064 | 8/1/2018 | 891918 HARTWELL, BRUCE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.6 0 |
| 211065 | 8/1/2018 | 101465 HARVEY, DAVID | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.3- 183.3 - |
| 211066 | 8/1/2018 | 101466 HARVEY, DEVERY MICHAEL | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,590.00 1,590.0 0 |
| 211067 | 8/1/2018 | 101471 HASBUN, NAZRI A. | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,093.56 1,093.5 6 |
| 211068 | 8/1/2018 | 891023 HATFIELD, JAMES | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.6i |
| 211069 | 8/1/2018 | 892104 HERNANDEZ, ALFONSO | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,586.77 1,586.7 7 |
| 211070 | 8/1/2018 | 891024 HOOKER, RAYMOND | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 540.73 540.7 3 |
| 211071 | 8/1/2018 | 101538 HOUGH, RAY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 528.53 528.5 3 |

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| Bank code : | bank3 | | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amount |
| 211072 | 8/1/2018 | 101597 IBRAHIM, SAMIR | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 499.68 499.68 |
| 211073 | 8/1/2018 | 101694 JACOBS, ROBERT | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,084.00 1,084.00 |
| 211074 | 8/1/2018 | 892105 KAHMANN, ERIC | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 499.68 499.68 |
| 211075 | 8/1/2018 | 101786 KLOTZSCHE, STEVEN | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 800.54 800.54 |
| 211076 | 8/1/2018 | 891866 KNIGHT, DONNA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.34 |
| 211077 | 8/1/2018 | 892929 LEWIS, WANDA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.30 |
| 211078 | 8/1/2018 | 891043 LIEBERMAN, LEONARD | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 167.48 167.48 |
| 211079 | 8/1/2018 | 101933 LITTLEFIELD, LESLEY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.60 |
| 211080 | 8/1/2018 | 102059 MACK, MARSHALL | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,093.58 1,093.58 |
| 211081 | 8/1/2018 | 891010 MAERTZ, ALVIN | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | | 499.68 |

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| Bank code : | bank3 | | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amoun |
| 211081 | 8/1/2018 | 891010 891010 MAERTZ, ALVIN | (Continued |) | • | Total : | 499.68 |
| 211082 | 8/1/2018 | 888037 MARTINEZ, ALVARO | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,274.92 1,274.9 2 |
| 211083 | 8/1/2018 | 102206 MILLER, WILMA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.3 0 |
| 211084 | 8/1/2018 | 102212 MIRAMONTES, MONICA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,093.58 1,093.5 8 |
| 211085 | 8/1/2018 | 102232 MIURA, HOWARD | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.3 0 |
| 211086 | 8/1/2018 | 892106 MONTAN, EDWARD | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 800.54 800.5 4 |
| 211087 | 8/1/2018 | 102365 NAVARRO, RICARDO A | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 528.52 528.5 2 |
| 211088 | 8/1/2018 | 102473 ORDELHEIDE, ROBERT | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,618.70 1,618.7 0 |
| 211089 | 8/1/2018 | 102486 ORSINI, TODD | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,461.55 |
| 211090 | 8/1/2018 | 102569 PARKS, ROBERT | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,837.00 1,837.00 |

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| 07/27/2018 | 11:37:03AM | CITY OF SAN FERNANDO | | |

| Bank code : | bank3 | | | | | | |
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| /oucher | Date | Vendor | Invoice | PO # | Description/Account | | Amount |
| 211091 | 8/1/2018 | 891353 PEAVY, JOSEPH | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.34 |
| 211092 | 8/1/2018 | 102527 PISCITELLI, ANTHONY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 528.52 528.52 |
| 211093 | 8/1/2018 | 891033 POLLOCK, CHRISTINE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 354.00 354.00 |
| 211094 | 8/1/2018 | 102735 QUINONEZ, MARIA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,152.40 1,152.40 |
| 211095 | 8/1/2018 | 891034 RAMSEY, JAMES | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 585.98 585.98 |
| 211096 | 8/1/2018 | 102864 RIVETTI, DOMINICK | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 837.00 837.00 |
| 211097 | 8/1/2018 | 102936 RUELAS, MARCO | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,586.77 1,586.77 |
| 211098 | 8/1/2018 | 891044 RUSSUM, LINDA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.34 |
| 211099 | 8/1/2018 | 890806 SALDIVAR, GEORGE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 509.70 509.70 |
| 211100 | 8/1/2018 | 892107 SHANAHAN, MARK | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | | 499.68 |

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| Bank code : | bank3 | | | | | | |
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| Voucher | Date | Vendor | Invoice | PO # | Description/Account | | Amoun |
| 211100 | 8/1/2018 | 892107 892107 SHANAHAN, MARK | (Continue | d) | | Total : | 499.6 |
| 211101 | 8/1/2018 | 891035 SHERWOOD, NINA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.3 0 |
| 211102 | 8/1/2018 | 103175 SKOBIN, ROMELIA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 923.03 923.0 3 |
| 211103 | 8/1/2018 | 103220 SOMERVILLE, MICHAEL | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 1,407.00 1,407.0 0 |
| 211104 | 8/1/2018 | 103394 TORRES, RACHEL | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 249.30 249.3 0 |
| 211105 | 8/1/2018 | 889588 UFANO, VIRGINIA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 183.34 183.3 4 |
| 211106 | 8/1/2018 | 888417 VALDIVIA, LAURA | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 540.73 540.7 3 |
| 211107 | 8/1/2018 | 103562 VASQUEZ, JOEL | 18-Aug | | CALPERS HEALTH REIMB 070-180-0000-4127 | Total : | 1,837.00 1,837.0 0 |
| 211108 | 8/1/2018 | 891038 WAITE, CURTIS | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 923.03 923.0 3 |
| 211109 | 8/1/2018 | 891036 WATT, DAVID | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 | Total : | 631.60 631.6 0 |

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| Bank code : | bank3 | | | | | |
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amount |
| 211110 | 8/1/2018 | 891037 WEBB, NANCY | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 585.98 585.98 |
| 211111 | 8/1/2018 | 103643 WEDDING, JEROME | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 631.60 631.60 |
| 211112 | 8/1/2018 | 103727 WYSBEEK, DOUDE | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 249.30 249.30 |
| 211113 | 8/1/2018 | 103737 YNIGUEZ, LEONARD | 18-Aug | | CALPERS HEALTH REIMB 001-180-0000-4127 Total : | 923.03 923.03 |
| 7: | 9 Vouchers fo | or bank code : bank3 | | | Bank total : | 58,792.65 |
| 79 | 9 Vouchers in | this report | | | Total vouchers : | 58,792.65 |

Voucher Registers are not final until approved by Council.

vchlist

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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Michael E. Okafor, Personnel Manager

Date: August 6, 2018

Subject: Consideration to Approve an Agreement for Special Services with Liebert Cassidy

Whitmore for Fiscal Year (FY) 2018-2019

RECOMMENDATION:

It is recommended that the City Council:

- a. Approve an Agreement for Special Services (Attachment "A" Contract No. 1892) with the law firm of Liebert Cassidy Whitmore (LCW);
- b. Authorize the City Manager to execute the Agreement; and
- c. Authorize staff to utilize the services of Olivarez Madruga Lemieux O'neill, LLP. for additional representational, litigation, and other employment relations services.

BACKGROUND:

- 1. On November 7, 2011, the City Council authorized the City Administrator to proceed with an RFP for Labor and Employment Legal Services for the City.
- 2. On January 9, 2012, staff conducted the bid opening, and received a total of 12 responses to the RFP for Labor and Employment Legal Services.
- 3. In March 2012, all proposals were reviewed by an in-house committee (comprised of the City Administrator, City Planner, and the Personnel Manager) to ensure that the information requested in the RFP was complete, and that the respondents satisfied the minimum qualifications. During this review, six firms were selected for further consideration.
- 4. On May 8, 2012, the remaining six proposals were reviewed by the City Council Screening Committee, and four firms were selected for further consideration.

ADMINISTRATION DEPARTMENT

REVIEW:

Consideration to Approve an Agreement for Special Services with Liebert Cassidy Whitmore for Fiscal Year (FY) 2018-2019

Page 2 of 4

- 5. On May 31, 2012 and June 7, 2012, the City Council interviewed representatives from each of the four law firms, including representatives from LCW.
- 6. On June 7, 2012, the City Council made a motion to hire Meyers Nave as the City's Labor and Employment Attorney, and directed the City Administrator to negotiate a contract for Council consideration.
- 7. On July 2, 2012, the City Council voted not to approve a contract with Meyers Nave and to reconsider other firms.
- 8. On July 18, 2012, the City voted to renew a one-year special services agreement with LCW, thus making the City a member of the San Gabriel Valley Employment Relations Consortium, which consists of over 27 cities that consult with LCW.
- 9. On February 19, 2013, the City Council approved an agreement for City Attorney services with the law firm of Olivarez Madruga, P.C.
- 10. On November 18, 2013, a Council Sub-Committee, then Interim City Manager, and the Personnel Manager met with representatives from LCW to address certain City concerns, and determined that it is in the City's best interest to continue with LCW for special labor and employment law services.
- 11. On December 2, 2013, the City Council approved an Agreement for Special Services with LCW retroactively from July 1, 2013 through June 30, 2014.
- 12. On June 16, 2014, the City Council approved the renewal of the Agreement for Special Services with LCW from July 1, 2014 through June 30, 2015.
- 13. On July 20, 2015, July 18, 2016, and June 19, 2017, the City Council approved the renewal of the Agreement for Special Services with LCW respectively, and also authorized staff to utilize the services of Olivarez Madruga Lemieux O'neill, LLP. for additional representational, litigation, and other employment relations services.

ANALYSIS:

LCW has over 30 years of extensive experience representing public agencies in California strictly in the area of employment law and labor relations. With over 70 attorneys, the firm is well respected tremendous resources, and currently serves about 74% of California cities, 90% of California counties, 90% of California's community college districts, as well as numerous special districts and schools. Over the years, through its San Gabriel Valley Employment Relations Consortium, the firm has provided relevant training on a wide variety of topics to unlimited

Consideration to Approve an Agreement for Special Services with Liebert Cassidy Whitmore for Fiscal Year (FY) 2018-2019

Page 3 of 4

number of City employees at a reasonable flat fee. In FY 2017-2018, 77 City employees participated in workshops and training provided by LCW.

If approved, the proposed special services agreement will be for one-year, from July 1, 2018 through June 30, 2019, and will include the provision of the following services:

- Five full days of group training workshops for unlimited number of City designated attendees covering the following employment relations topics: "Maximizing Supervisory Skills for the First Line Supervisor," "Public Sector Employment Law Update," "Legal Issues Regarding Hiring and Promotion," "Leaves, Leaves and More Leaves," "Introduction to the FLSA," "Navigating the Crossroads of Discipline and Disability Accommodation," "Human Resources Academy I," and "Human Resources Academy II."
- Availability of Attorneys for City to consult by telephone. Questions that the attorneys can answer with limited research or review of documents are covered by this service.
- Monthly newsletter and training materials covering employment relations developments.

LCW will provide the above services to the City for a flat fee of \$2,900, if paid on or prior to August 15, 2018. If paid after August 15, 2018, a late fee of \$100 will be added. The flat fee covers the provision of the aforementioned group training workshops and materials to unlimited number of employees, as well as yearlong telephonic consultations with attorneys.

Provision of the eight workshops listed above at this flat rate amounts to major savings for the City. Typically, a three-hour, half day group workshop session for one training topic ranges from \$3,500 to \$4,500.

This agreement does not include additional services such as representation, litigation, and other employment relations services that may require in-depth research, for which the City will be billed based on the hourly rates for attorney time. For these services, the City will utilize labor attorneys with the law firm of Olivarez Madruga Lemieux O'neill, LLP. Their hourly rate is \$200 for partners and associates, and is more competitive when compared to that of LCW, which range from \$210 to \$370, depending on the specific attorney used.

BUDGET IMPACT:

Funding is included in the Fiscal Year 2018-2019 Budget.

Consideration to Approve an Agreement for Special Services with Liebert Cassidy Whitmore for Fiscal Year (FY) 2018-2019

Page 4 of 4

CONCLUSION:

Approval of the Agreement for Special Services with LCW is necessary to enable the City take advantage of the special benefits available to all participating member cities of the San Gabriel Valley Employment Relations Consortium, including the eight scheduled workshops, training materials, consultation and related resources.

ATTACHMENT:

A. Contract No. 1892

CONTRACT NO. 1892

AGREEMENT FOR SPECIAL SERVICES

This Agreement is entered into between the City of San Fernando, A Municipal Corporation, hereinafter referred to as "Agency," and the law firm of LIEBERT CASSIDY WHITMORE, A Professional Corporation, hereinafter referred to as "Attorney."

WHEREAS Agency has the need to secure expert training and consulting services to assist Agency in its workforce management and employee relations; and

WHEREAS Agency has determined that no less than twenty-seven (27) public agencies in the San Gabriel Valley area have the same need and have agreed to enter into identical agreements with Attorney; and

WHEREAS Attorney is specially experienced and qualified to perform the special services desired by the Agency and is willing to perform such services;

NOW, THEREFORE, Agency and Attorney agree as follows:

Attorney's Services:

During the year beginning July 1, 2018, Attorney will provide the following services to Agency (and the other aforesaid public agencies):

1. Five (5) days of group training workshops covering such employment relations subjects as management rights and obligations, negotiation strategies, employment discrimination and affirmative action, employment relations from the perspective of elected officials, performance evaluation (administering evaluations), grievance and discipline administration for supervisors and managers, planning for and responding to concerted job actions, current court, administrative and legislative developments in personnel administration and employment relations, etc., with the specific subjects covered and lengths of individual workshop presentations to be determined by Agency and the other said local agencies.

It is expressly understood that the material used during these presentations, including written handouts and projected power points are provided solely for the contracted workshops. This agreement warrants there will be no future use of Liebert Cassidy Whitmore material in other trainings or formats without the expressed written permission of Liebert Cassidy Whitmore. Any such use will constitute a violation of this agreement and copyright provisions.

- 2. Availability of Attorney for Agency to consult by telephone. Consortium calls cover questions that the attorney can answer quickly with little research. They do not include the review of documents, in depth research, written responses (like an opinion letter) or advice on on-going legal matters. The caller will be informed if the question exceeds the scope of consortium calls. Should the caller request, the attorney can assist on items that fall outside the service, but these matters will be billed at the attorney's hourly rate. (See additional services section.)
- 3. Providing of a monthly newsletter covering employment relations developments.

Fee:

Attorney will provide these special services to Agency for a fee of Two Thousand Nine Hundred Dollars (\$2,900.00) payable in one payment prior to August 15, 2018. The fee, if paid after August 15, 2018 will be \$3,000.00.

Said fee will cover Attorney's time in providing said training and consultative services and the development and printing of written materials provided to attendees at the training programs.

Additional Services:

Attorney shall, as and when requested by Agency, make itself available to Agency to provide representational, litigation, and other employment relations services. The Agency will be billed for the actual time such representation services are rendered, including reasonable travel time, plus any necessary costs and expenses authorized by the Agency.

The range of hourly rates for Attorney time is from Two Hundred Ten to Three Hundred Seventy Dollars (\$210.00 - \$370.00) per hour for attorney staff, One Hundred Ninety-Five Dollars to Two Hundred Thirty Dollars (\$195.00 - \$230.00) per hour for Labor Relations/HR Consultant and from Eighty to One Hundred Seventy Dollars (\$80.00 - \$170.00) per hour for services provided by paraprofessional and litigation support staff. Attorneys, paraprofessional and litigation support staff bill their time in minimum units of one-tenth of an hour. Attorney reviews its hourly rates on an annual basis and if appropriate, adjusts them effective July 1.

Independent Contractor:

It is understood and agreed that Attorney is and shall remain an independent contractor under this Agreement.

Term:

The term of this Agreement is twelve (12) months commencing July 1, 2018. The term may be extended for additional periods of time by the written consent of the parties.

Condition Precedent:

LIFRERT CASSIDY WHITMODE

It is understood and agreed that the parties' aforesaid rights and obligations are contingent on no less than twenty-seven (27) local agency employers entering into a substantially identical Agreement with Attorney on or about July 1, 2018.

CITY OF CAN PEDALANDO

| A Professional Corporation | A Municipal Corporation |
|--|-------------------------|
| By: J. Scott Tiedemann / Managing Partner | Ву: |
| 6/24/6 | Name: |
| Date: | Title: |
| | Date: |



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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Nick Kimball, Deputy City Manager/Director of Finance

Date: August 6, 2018

Subject: Consideration to Approve a Side Letter of Agreement to the Existing

Memorandum of Understanding (MOU) with the San Fernando Police Civilians'

Association

RECOMMENDATION:

It is recommended that the City Council:

- a. Approve a side letter of agreement (Attachment "A" Contract No. 1794(a)) to the existing Memorandum of Understanding with the San Fernando Police Civilians' Association;
- b. Authorize the City Manager to make non-substantive corrections and execute all related documents.

BACKGROUND:

- 1. In August 2015, the City and the San Fernando Police Civilians' Association (SFPCA) executed a three-year Memorandum of Understanding (MOU) for the term of July 1, 2015 through June 30, 2018 (Contract No. 1794).
- Article 17.01 of the MOU includes a provision to create a higher level Desk Officer (e.g. Sr. Desk Officer) that will, in addition to regular desk officer duties, be responsible for managing the training program for new Desk Officers as well as ongoing training for existing Desk Officers. The Senior/Lead will be compensated at five percent more than a Desk Officer.

ANALYSIS:

Subsequent to approval of the MOU, it became apparent that it would be difficult to implement Article 17.01 as written. Consequently, the City has not yet implemented the Senior/Lead Desk

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Consideration to Approve a Side Letter of Agreement to the Existing Memorandum of Understanding (MOU) with the San Fernando Police Civilians' Association

Page 2 of 3

Officer. During the current negotiations for a successor MOU, SFPCA requested a status on implementing the Senior/Lead Desk Officer position as required in Article 17.01.

Article 17.01, as written, requires the City to reclassify one of the existing Desk Officer positions to a Senior Desk Officer position. The duties of this newly created position include training new Desk Officers, managing training for existing Desk Officers, and support for scheduling shifts. However, due to the 24/7 nature of the dispatch operation, there are significant operational challenges to having one Desk Officer responsible for training new employees. Trainees would have to be assigned to the same shift as the permanent Senior/Lead Desk Officer, which would result in a limited training program.

Additionally, after the initial reclassification, a permanent Senior/Lead Desk Officer position does not provide management with the flexibility to assign the Senior/Lead Desk Officer duties to the most qualified employee until the permanent position is vacated.

To address these challenges, the City proposed amending the MOU to create a Lead Desk Officer as an at-will assignment appointed by the Police Chief. In addition, a separate Training Officer assignment would be created for Desk Officers assigned to train new Desk Officers and Police Officers that may need to perform Desk Officer duties. The Training Officer assignment is temporary and only assigned by the Police Chief on an as-needed basis. Both assignments would be paid five percent applied to their base hourly rate.

The City and SFPCA have tentatively agreed to the proposed Side Letter amending the existing MOU (Attachment "A") to create a Lead Desk Officer assignment and Training Officer assignment.

BUDGET IMPACT:

Sufficient funds to cover the cost of the Lead Desk Officer assignment have been included in the Fiscal Year 2018-2019 Adopted Budget. The Training Officer pay is only assigned on an asneeded basis to train a new Desk Officer or Police Officers that may need to perform Desk Officer duties. Sufficient contingency funds are included in the Adopted Budget to cover temporary Training Officer assignments.

CONCLUSION:

Staff believes the proposed amendment to the existing MOU between the City and SFPCA provides the language clarification necessary to implement Article 17.01 of the MOU. The agreement is mutually beneficial as it provides fair compensation to employees taking on

Consideration to Approve a Side Letter of Agreement to the Existing Memorandum of Understanding (MOU) with the San Fernando Police Civilians' Association

Page 3 of 3

additional duties and responsibilities while providing management with the flexibility to ensure that the duties are assigned to the most qualified employee.

ATTACHMENT:

A. Contract No. 1794(a)



ATTACHMENT "A" CONTRACT NO. 1794(a)

SIDE LETTER AGREEMENT TO THE 2015-2018 MEMORANDUM OF UNDERSTANDING

Between the City of San Fernando and the San Fernando Police Civilian Association

This Side Letter of Agreement ("Agreement") between the City of San Fernando ("City") and the San Fernando Police Civilian Association ("SFPCA") (collectively "Parties") is entered into with respect to the following:

WHEREAS, the City employs employees who are represented by the SFPCA in the classification of Desk Officer; and

WHEREAS, the job description for the Desk Officer provides that the incumbent is responsible for communication and jail duties; and

WHEREAS, in the 2015-2018 Memorandum of Understanding between the City and SFPCA, the parties agreed in Article 17, Section 17.01 as follows:

The City shall establish a new classification, Senior Desk Officer, at a salary range equal to five percent (5%) above the Desk Officer salary range. The Senior Desk Officer duties will include, among other tasks, responsibility for the training program for new and existing Desk Officer positions.

After the Senior Desk Officer classification is established and added to the City's table of organization, the Police Department will conduct an internal recruitment. The successful employee's position will be reclassified from Desk Officer to Senior Desk Officer.

WHEREAS, the parties have agreed that the duties, tasks, and responsibilities of a Lead Desk Officer are best situated as an at-will assignment appointed by the Chief of Police.

WHEREAS, the parties agree that it is necessary to modify the 2015-2018 Memorandum of Understanding to reflect the parties' agreement:

1) Section 17.01 of Article 17 shall be modified to read as follows:

The City shall modify the Desk Officer classification to include as an available assignment, subject to appointment by the Chief of Police, an at-will assignment of Lead Desk Officer. The Lead Desk Officer's duties will include, serving as lead, providing work guidance, and

SIDE LETTER AGREEMENT TO THE 2015-2018 MEMORANDUM OF UNDERSTANDING

Between the City of San Fernando and San Fernando Police Civilian Association Page 2 of 3 $\,$

direction. While serving in the at-will assignment of Lead Desk Officer, the employee will receive five percent (5%) above base pay.

In addition to serving as Lead Desk Officer, if the employee is also responsible for training new and existing Desk Officers, or training sworn police employees with Desk Officer duties, the Lead Desk Officer shall receive an additional five percent (5%) above base pay for actual hours spent conducting the training.

Initial appointment shall be retroactive to the first day of the pay period that includes the day of approval by City Council.

2) Section 17.01 of Article 17 shall be further modified to include the following:

An employee assigned to serve as Desk Officer trainer for purposes of training new and existing Desk Officers, or training sworn police employees with Desk Officer duties, shall receive an additional five percent (5%) increase in base pay for actual hours spent conducting the training. Training hours shall be documented on the employee's timesheet and included on the department payroll summary report. Training hours will be paid on a per pay period basis.

- 3) The Lead Desk Officer assignment pay and Desk Officer Trainer pay shall be reported as special compensation to the California Public Employment Retirement System under Government Code Section 20636 and Government Code Section 7522.04(f)(3).
- 4) All other terms and conditions contained in the 2015-2018 Memorandum of Understanding between the City and SFPCA shall remain in full force and effect.

SIGNATURE PAGE TO FOLLOW

SIDE LETTER AGREEMENT TO THE 2015-2018 MEMORANDUM OF UNDERSTANDING

Between the City of San Fernando and San Fernando Police Civilian AssociationPage 3 of 3

| Dated: | | | |
|---|------|---|------|
| CITY OF SAN FERNANDO: | | SAN FERNANDO POLICE CIVILIAN ASSOCIATION (SFPCA): | |
| Alexander Meyerhoff City Manager | Date | James Vanicek President | Date |
| Nick Kimball Deputy City Manager/ Director of Finance | Date | Sylvia Ortega Vice President | Date |
| | | | Date |
| APPROVED AS TO FORM: | | | Date |
| Adriana E. Guzman | | Brian Niehaus | Date |

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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Nick Kimball, Deputy City Manager/Director of Finance

Date: August 6, 2018

Subject: Consideration to Approve Authorization to Write-Off Bad Debt for Fiscal Year

2017-2018

RECOMMENDATION:

It is recommended that the City Council authorize staff to write-off bad debt(s) from uncollectible utility accounts receivable (Attachment "A") for Fiscal Year (FY) 2017-2018.

BACKGROUND:

- 1. The City collects fees and taxes for a variety of services rendered to constituents. Most of these fees and taxes are collected prior to providing the service. However, utility accounts (i.e., water and sewer usage) are billed in arears based on actual usage in the prior billing cycle.
- 2. The City takes a number of steps to minimize loss of revenue for non-payment, including requiring utility account holders to provide a valid Driver's License, a minimum deposit, and proof that they occupy the residential or business address.
- 3. Once a utility account is delinquent ten (10) days, a shut-off notice is provided. After an account is delinquent twenty (20) days, service is discontinued. Delinquency notices are sent every thirty (30) days, three times, for a total of ninety (90) days. After ninety (90) days, the account is assigned to the City's collection agency, Sequoia Financial Services. If the debt remains uncollected after three (3) years, the statute of limitations on collecting the debt has expired it is considered uncollectible.
- 4. Per Generally Accepted Accounting Principles (GAAP), debt owed to an entity that is considered to be uncollectible should be written off of the balance sheet as Bad Debt.
- 5. In 2014, the City Council adopted a citywide General Financial Policy (Attachment "B"), which includes the following policy to write off bad debt:

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Consideration to Approve Authorization to Write-Off Bad Debt for Fiscal Year (FY) 2017-2018 Page 2 of 3

Accounts receivable management and diligent oversight of collections from all revenue sources is imperative. Sound financial management principles include the establishment of an allowance for doubtful accounts. Efforts will be made to pursue the timely collection of delinquent accounts. When such accounts are deemed uncollectible, they should be written-off from the financial statements.

- a. The Finance Director, with the approval of the City Manager, is authorized to write off uncollectible individual accounts less than or equal to \$1,000. In such cases, the Finance Director must prepare a memorandum for City Manager review and approval documenting the accounts to be written off, the age of the debt, reasons for writing off each account and evidence of collection attempts taken on the account.
- b. Past due accounts of greater than \$1,000 may be written off with approval by the City Council. To write off accounts exceeding \$1,000, the Finance Director must prepare an Agenda Report for City Council review and approval documenting the accounts to be written off, the age of the debt, reasons for writing off each account and evidence of collection attempts taken on the account.

ANALYSIS:

Per City Council Policy, the past due account(s) that are more than three (3) years delinquent, deemed uncollectible, and greater than \$1,000 are included as Attachment "A." The City has exhausted collection attempts and has been unsuccessful in recovering the delinquent amount(s) listed. In accordance with Generally Accepted Accounting Principles, the outstanding amount(s) should be written off from the City's financial statements.

BUDGET IMPACT:

Per best financial management and accounting principles, the City includes an annual allowance for uncollectible debt. The amount being requested to be written off is well below the City's allowance and will not significantly impact the City's financial position.

CONCLUSION:

Staff recommends City Council authorize staff to write-off bad debts from uncollectible utility accounts receivable.

Consideration to Approve Authorization to Write-Off Bad Debt for Fiscal Year (FY) 2017-2018 Page 3 of 3 $\,$

ATTACHMENTS:

- A. Accounts to be Written Off
- B. General Financial Policy

ATTACHMENT "A"

Write offs of Receivables Over \$1K

| | | | | | No. of Delinguent | Date Forwarded To Collection |
|------------|---------------------|------------------------|--------------|-------------|----------------------|------------------------------|
| Acct No. | Description | Prime Location Address | Acct Bal Due | Closed Date | Notices sent | Agency |
| 33-0905-07 | Unpaid Utility Bill | 707 CORONEL | \$2,356.70 | 3/3/2014 | 3 | 11/4/2014 |
| | | | \$2,356.70 | | | |

| CITY OF SA | N FERNANDO | | POLICY/PROCEDURE |
|----------------|------------|----------|--------------------------|
| NUMBER | | SUBJECT | |
| ORIGINAL ISSUE | EFFECTIVE | | CENEDAL FINANCIAL DOLLOW |
| 11/03/2014 | 11/03/2014 | | GENERAL FINANCIAL POLICY |
| CURRENT ISSUE | EFFECTIVE | CATEGORY | |
| 12/05/2016 | 12/05/2016 | | FINANCE |
| SUPERSEDES | | | • |

Section 1. Purpose.

To establish a comprehensive set of Citywide financial principles to serve as a guideline for operational and strategic decision making.

Section 2. Statement of Policy.

The City is committed to fiscal sustainability by employing long-term financial planning efforts, maintaining appropriate reserve levels and adhering to prudent practices in governance, management, budget administration and financial reporting.

The following financial principles are intended to establish a comprehensive set of guidelines for the City Council and City staff to follow when making decisions that may have a fiscal impact (collectively known as "Policy"). The goal is to maintain the City's financial stability in order to be able to continually adapt to local and regional economic changes. Such principles will allow the City to maintain and enhance a sound fiscal condition. This policy should be implemented in conjunction with associated financial policies, i.e. Budget Policy, Purchasing Policy, Investment Policy, Grant Management Policy, etc.

This Policy will be reviewed annually as part of the City's annual Adopted Budget to ensure that the principles contained herein remain current. The City's comprehensive financial policies shall be in conformance with all State and Federal laws, Generally Accepted Accounting Principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB), and the Government Finance Officers Association (GFOA).

Financial principles included in this Policy are:

<u>Chapter 1</u>: Long-term Financial Planning

Chapter 2: Auditing, Financial Reporting and Disclosure

Chapter 7: Post-employment Benefit Funding

Chapter 3: Revenue Collection Chapter 8: Grant Administration

<u>Chapter 4</u>: Investment and Cash Management <u>Chapter 9</u>: User Fees and Service Charges

Chapter 5: Capital Assets and Capital Improvement Projects Chapter 10: Cost Allocation

Chapter 6: Financial Reserves and Fund Balances Chapter 11: Debt Management

CHAPTER 1: LONG-TERM FINANCIAL PLANNING

- 1. The City shall maintain a General Fund Financial Forecast that looks forward at least five fiscal years into the future. The City shall consider immediate proactive measures when deficits between recurring revenues and recurring expenditures exist, even in outer years. The Forecast shall be updated at least bi-annually, as part of the mid-year budget review and annual budget process.
- 2. The City Council, City Manager and Executive Management will consider the effects of proposals for new or enhanced services, employee negotiations, tax/fee changes, or similar items, on the General Fund financial forecast. The City should be able to fund any such enhancements or changes in both the short-term and long-term to ensure sustainability of the enhancements.
- 3. The City shall develop and implement a financial plan to address its funding needs for issues like deferred maintenance and unfunded liabilities, which will be included in the General Fund financial forecast.
- 4. The City shall seek a balance in the overall revenue structure between more stable revenue sources (e.g. Property Tax) and economically sensitive revenue sources (e.g. Sales and Use Tax).
- 5. The City will proactively seek to protect and expand its tax base by encouraging a healthy underlying economy.
- 6. The City will work to protect and enhance the property values of all San Fernando residents and property owners.
- 7. The City will encourage the economic development of the community as a whole in order to provide stable and increasing revenue streams. It should be the City's goal to attract new businesses as well as retain successful businesses in the City. Objectives of a sound economic development strategy should also include: avoiding an over reliance on revenue from any one particular industry; recruitment and retention efforts to ensure a balance of revenue sources; ensuring compatible uses; encouraging business synergies; and promoting the growth of amenities and ancillary services to support business districts and established industries.
- 8. The City shall develop and maintain methods for the evaluation of future development and related fiscal impacts on the City budget.
- 9. Every reasonable effort will be made to establish revenue measures which will cause non-residents (i.e. transients and recreational visitors) to carry a fair portion of the expenses incurred by the City as a result of their use of public facilities.
- 10. The City will establish appropriate cost-recovery targets for its fee structure and will adjust its Master Fee Schedule annually to ensure that fees continue to meet cost recovery targets. The Finance Department may study, internally or using an outside consultant, the costs of providing such services and recommend fees to each department. (See also Chapter 10: User Fees and Service Charges)
- 11. Special services, which are characterized by an activity that is above and beyond the level of service typically provided by the City, will be supported from service fees to the maximum extent possible. Service fees shall be established in the Master Fee Schedule in compliance with applicable State law, and shall be periodically reviewed for compliance with applicable State law.
- 12. The City will oppose efforts by State and County governments to divert revenues from the City or to increase unfunded service mandate of City taxpayers.

| GEN Page | ERAL FINANCIAL POLICY e 3 |
|-------------|---|
| 13. | The City will seek additional intergovernmental funding and grants, with a priority on funding one-time capital projects. Grant-funded projects that require multi-year support will be reviewed by City Council. |
| 14. | The City will not rely on one-time revenue sources to fund operations. One-time revenues sources, whenever possible, will be used to fund one-time projects, augment reserve balances or fund unfunded liabilities. |
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CHAPTER 2: AUDITING, FINANCIAL REPORTING, AND DISCLOSURE

Preparation of Financial Statements

Accounting standards boards and regulatory agencies set the minimum standards and disclosure requirements for annual financial reports and continuing disclosure requirements for municipal securities. The City places a high value on transparency and full disclosure in all matters concerning the City's financial position and results of operations. To this end, the City endeavors to provide superior information in the City's Comprehensive Annual Financial Report (CAFR) and Continuing Disclosure filings by going above and beyond the minimum reporting requirements, including participation in certificate of achievement accreditation programs and voluntary event disclosure filings.

The City prepares its financial statements in conformance with Generally Accepted Accounting Principles (GAAP). Responsibility for the accuracy and completeness of the financial statements rests with the City. However, the City retains the services of an external accounting firm to audit the financial statements on an annual basis. The primary point of contact for the auditor is the Finance Director, but the auditors will have direct access to the City Manager, City Attorney, or City Council on any matters they deem appropriate.

The financial statement audit and compliance audits will be conducted in accordance with the United States Generally Accepted Auditing Standards (GAAS), standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States, and standards set by regulatory agencies, if applicable.

As soon as practical after the end of the fiscal year, a final audit and report shall be submitted to the City Council, City Treasurer, City Manager, Finance Director, City Clerk and City Attorney. The final audit and report shall be posted to the City's website and five copies will be placed on file in the office of the Finance Director where they shall be available for inspection by the general public as long as is required by the City's record retention policy. A digital copy will be archived and available at any time.

After audit results have been communicated to the City, the Finance Department is responsible for responding to all findings, if any, within six months. Responses shall be provided to the City Manager and any appropriate regulatory agencies.

Independent Audit Firm

The City Council shall retain, for a contract period not to exceed three years, a qualified independent certified public accounting to examine the City's financial records and procedures on an annual basis. After soliciting and receiving written proposals from qualified independent accounting firms, the Finance Director shall submit a recommendation to the City Manager and City Council. Generally, the City will request proposals for audit services every three years. It is the City's policy to require mandatory audit firm rotation after nine years of consecutive service.

CHAPTER 3: REVENUE COLLECTION AND ACCOUNTS RECEIVABLE

- 1. The City will pursue revenue collection and auditing to ensure that monies due the City are accurately received in a timely manner.
- 2. The City will seek reimbursement from the appropriate agency for State and Federal mandated costs whenever possible and cost-effective.
- 3. The City should centralize accounts receivable/collection activities wherever possible so that all receivables are handled consistently.

Write Off Bad Debt

Accounts receivable management and diligent oversight of collections from all revenue sources is imperative. Sound financial management principles include the establishment of an allowance for doubtful accounts. Efforts will be made to pursue the timely collection of delinquent accounts. When such accounts are deemed uncollectible, they should be written-off from the financial statements.

- a. The Finance Director, with the approval of the City Manager, is authorized to write off uncollectible individual accounts less than or equal to \$1,000. In such cases, the Finance Director must prepare a memorandum for City Manager review and approval documenting the accounts to be written off, the age of the debt, reasons for writing off each account and evidence of collection attempts taken on the account.
- b. Past due accounts of greater than \$1,000 may be written off with approval by the City Council. To write off accounts exceeding \$1,000, the Finance Director must prepare an Agenda Report for City Council review and approval documenting the accounts to be written off, the age of the debt, reasons for writing off each account and evidence of collection attempts taken on the account.

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CHAPTER 4: INVESTMENT AND CASH MANAGEMENT

| 1. | Cash and investment programs will be maintained in accordance with California Government Code Section | 53600 et |
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| | seq. and the City's adopted <u>Investment Policy</u> to ensure that proper controls and safeguards are maintained. | Pursuant |
| | to State law, the City, at least annually, revises, and the City Council affirms, a detailed Investment Policy. | |

| 2. | Reports on the City's investment portfolio and cash position shall be presented to the City Council by the City Treasurer |
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| | on at least a quarterly basis, in conformance with the California Government Code. |

| 3. | City | funds shall be | e managed in a | prudent and dilige | nt manner with em | phasis on safety | , liquidity, | , and yield, | in that o | order |
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CHAPTER 5: CAPITAL ASSETS AND CAPITAL IMPROVEMENT PLAN

- 1. A Capital Asset is defined as land, structures and improvements, machinery and equipment and infrastructure assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets also include additions to public domain (infrastructure) which includes certain improvements such as pavement, curb and gutter, sidewalks, traffic control devices, and right-of-way corridors within the City.
- 2. Depreciation of Capital Assets is computed using the straight-line method over the estimated useful lives of assets, which are as follows:

Buildings 50 years
Infrastructure Up to 50 years
Improvements Other than Buildings 20 years
Furniture and Equipment Up to 30 years
Vehicles and Related Equipment Up to 8 years

- 3. A Capital Improvement Project (CIP) is defined as meeting one of the following criteria:
 - a. It is construction, expansion, renovation, or replacement of a city owned facility or infrastructure. The project must have a total cost of at least \$25,000 over the life of the project. Project costs include, but are not limited to, the cost of land, engineering, architectural planning, and contract services needed to complete the project; or
 - b. It is a purchase of major equipment (assets) costing \$25,000 or more with a useful life of at least 5 years; or
 - c. It is a major maintenance or rehabilitation project for existing facilities with a cost of \$25,000 or more and an economic life of at least 5 years.
- 4. A five-year Capital Improvement Plan will be developed and updated annually. The Plan shall include a brief description of the project, estimated project costs, and anticipated funding source(s) for the project.
- 5. The Capital Improvement Plan will identify, where applicable, current operating maintenance costs and funding streams available to repair and/or replace deteriorating infrastructure and avoid significant unfunded liabilities.
- 6. The City should develop and implement a post-implementation evaluation of its infrastructures condition on a specified periodic basis, estimating the remaining useful life, and projecting replacement costs.
- 7. The City will actively pursue outside funding sources for all CIPs. Outside funding sources, such as grants, will be used to finance only those CIPs that are consistent with the five-year Capital Improvement Plan and local governmental priorities, and whose operating and maintenance costs have been included in future operating budget forecasts.
- 8. CIP lifecycle costs will be coordinated with the development of the Operating Budget. Future operating, maintenance and replacement costs associated with new capital improvements will be forecasted, matched to available revenue sources, and included in the Operating Budget. CIP contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.
- 9. Financing of CIPs will be considered if it conforms to *Chapter 11: Debt Management* section of this Policy.

CHAPTER 6: FINANCIAL (FUND) RESERVES AND FUND BALANCES

Prudent financial management dictates that some portion of the funds available to the City be reserved for future use.

As a general principle, the City Council decides whether to appropriate funds from reserve accounts. Even though a project or other expenditure qualifies as a proper use of reserves, the City Council may decide that it is more beneficial to use current year operating revenues or other available funds instead, thereby retaining the reserve funds for future use. Reserve funds will not be spent for any function other than the specific purpose of the reserve account from which they are drawn without specific direction in the annual budget; or by a separate City Council action. Information regarding annual budget adoption and administration is contained in the City's Budget Policy.

Governmental Funds and Fund Balance Defined

Governmental Funds, including the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds, have a short-term or current flow of financial resources measurement focus and basis of accounting and therefore, exclude long-term assets and long-term liabilities. The term Fund Balance, used to describe the resources that accumulate in these funds, is the difference between the fund's assets and fund's liabilities. Fund Balance is similar to the measure of net working capital that is used in private sector accounting. By definition, both Fund Balance and Net Working Capital exclude long-term assets and long-term liabilities.

Proprietary Funds and Net Working Capital Defined

Proprietary Funds, including Enterprise Funds and Internal Service Funds, have a long-term or economic resources measurement focus and basis of accounting and therefore, include long-term assets and liabilities. This basis of accounting is very similar to that used in private sector. However, instead of Retained Earnings, the term Net Position is used to describe the difference between fund assets and fund liabilities. Since Net Position includes both long-term assets and liabilities, the most comparable measure of proprietary fund financial resources to governmental Fund Balance is Net Working Capital, which is the difference between current assets and current liabilities. Net Working Capital, like Fund Balance, excludes long-term assets and long-term liabilities.

Governmental Fund Reserves (Fund Balance)

For Governmental Funds, the Governmental Accounting Standards Board (GASB) Statement No. 54 defines five specific classifications of fund balance. The five classifications are intended to identify whether the specific components of fund balance are available for appropriation and are therefore "Spendable." The classifications also are intended to identify the extent to which fund balance is constrained by special restrictions, if any. Applicable only to governmental funds, the five classifications of fund balance are as follows:

<u>CLASSIFICATIONS</u> <u>NATURE OF RESTRICTION</u>

Non-Spendable Cannot be readily converted to cash

Restricted Externally imposed restrictions

Committed City Council imposed commitment

Assigned City Manager/Finance Director assigned purpose/intent

Unassigned Residual balance not otherwise restricted

- 1. <u>Non-Spendable Fund Balance:</u> The portion of fund balance that includes amounts that are either (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. Examples of Non-spendable fund balance include:
 - a. <u>Reserve for Inventories:</u> The value of inventories purchased by the City but not yet issued to the operating Departments is reflected in this account.
 - b. <u>Reserve for Long-Term Receivables and Advances:</u> This category is used to identify and segregate the City's financial assets that are not due to be received for an extended period of time, so are not available for appropriation during the budget year.
 - c. <u>Reserve for Prepaid Assets:</u> This category includes resources that have been paid to another entity in advance of the accounting period in which the resource is deducted from fund balance. A common example is an insurance premium, which is typically payable in advance of the coverage period. Although prepaid assets have yet to be deducted from fund balance, they are no longer available for appropriation.
- 2. Restricted Fund Balance: The portion of fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments (e.g. Debt Reserve funds); or (b) imposed by law through constitutional provisions or enabling legislation. The City operates a number of special revenue funds that account for items such as gas tax revenues distributed by the State, local return portions of County-wide sales tax overrides dedicated to transportation, grants from Federal or State agencies with specific spending restrictions, and Section 8 and CDBG funds from the Federal government with very specific spending limitations, to name a few. Since these funds are established because of the specific spending limitations on them, any year-end balances are still restricted for these purposes.
- 3. <u>Committed Fund Balance</u>: That portion of fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the government's highest level of decision making authority, and remain binding unless removed in the same manner. The City considers adoption of a Resolution as a formal action for the purposes of establishing committed fund balance. The action to constrain resources must occur within the fiscal reporting period; however the amount can be determined subsequently. City Council imposed Commitments are as follows:
 - a. <u>Contingency Funds:</u> The Contingency Funds shall have a target balance of twenty percent (20%) of General Fund "Operating Budget" as originally adopted. Operating Budget for this purpose shall include current expenditure appropriations and shall exclude Capital Improvement Projects and Transfers Out. Appropriation and/or access to these funds are reserved for emergency situations only. The parameters by which the Contingency Funds could be accessed would include the following circumstances:
 - i. A catastrophic loss of critical infrastructure requiring an expenditure of greater than or equal to five percent (5%) of the General Fund, Operating Budget, as defined above.
 - ii. A State or Federally declared state of emergency where the City response or related City loss is greater than or equal to five percent (5%) of the General Fund, Operating Budget.
 - iii. Any settlement arising from a claim or judgment where the loss exceeds the City's insured policy coverage by an amount greater than or equal to five percent (5%) of the General Fund Operating Budget, and there are insufficient reserves available in the Self Insurance Fund to cover the loss.
 - iv. Deviation from budgeted revenue projections in the top three General Fund revenue categories, namely, Sales Taxes, Property Taxes and Business Taxes, in a cumulative amount greater than or equal to five percent (5%) of the General Fund Operating Budget.

- v. Any action by another government that eliminates or shifts revenues from the City amounting to greater than or equal to five percent (5%) of the General Fund, Operating Budget.
- vi. Inability of the City to meet its debt service obligations in any given year.
- vii. Any combination of factors a) i-vi amounting to greater than or equal to five percent (5%) of the General Fund Operating Budget in any one fiscal year.

Use of Contingency Funds must be approved by the City Council. Should Contingency Funds be used, the City Manager shall present a plan to City Council to replenish the funds within five years.

- 4. <u>Assigned Fund Balance:</u> That portion of a fund balance that includes amounts that are constrained by the City's intent to be used for specific purposes, but that are not restricted or committed. This policy hereby delegates the authority to the City Manager or Finance Director to modify or create new assignments of fund balance. Constraints imposed on the use of assigned amounts may be changed by the City Manager or Finance Director. Appropriations of balances are subject to the Budget Policy concerning budget adoption and administration. Examples of assigned fund balance may include, but are not limited to:
 - a. <u>Reserves for Encumbrances:</u> Purchase Orders and contracts executed by the City express intent to purchase goods or services. Generally, such documents include a cancellation clause, where the City would then only be responsible to pay for goods received or services provided. The City recognizes the obligation to pay for these goods and services as a reservation of fund balance, but because the City can ultimately free itself of this obligation if necessary, it does not meet the requirements of the more restrictive fund balance categorizations.
 - b. <u>Change in Fair Market Value of Investments</u>: As dictated by GASB 31, the City is required to record investments at their fair value (market value). This accounting practice is necessary to insure that the City's investment assets are shown at their true value as of the balance sheet. However, in a fluctuating interest rate environment, this practice records market value gains or losses which may never be actually realized. The City Manager or Finance Director may elect to reserve a portion of fund balance associated with an unrealized market value gain. However, it is impractical to assign a portion of fund balance associated with an unrealized market value loss.

When the City Manager or Finance Director authorizes a change in General Fund, Assigned Fund Balance, City Council shall be notified quarterly.

5. <u>Unassigned fund balance/Reserve</u>: The residual portion of available fund balance that is not otherwise restricted, committed or assigned. This amount is considered the City's available reserve, or budget reserve.

General Fund Surplus

At the end of each fiscal year, the difference between General Fund revenues and expenditures results in either a surplus (adding to fund balance) or deficit (subtracting from fund balance). In the case of a surplus, the policy for allocation shall follow these priorities:

- 1. Full funding of the twenty percent (20%) Contingency Fund.
- 2. If the Contingency Funds are fully satisfied, the remainder shall revert to Unassigned fund balance/reserve.

The City Manager may recommend a different allocation for approval by the City Council.

Proprietary Fund Reserves (Net Working Capital)

In the case of Proprietary Funds (Enterprise and Internal Service Funds), Generally Accepted Accounting Principles (GAAP) do not permit the reporting of reserves on the face of City financial statements. However, this does not preclude the City from setting policies to accumulate financial resources for prudent financial management of its proprietary fund operations. Since proprietary funds may include both long-term capital assets and long-term liabilities, the most comparable measure of liquid financial resources that is similar to fund balance in proprietary funds is net working capital, which is the difference between current assets and current liabilities. For all further references to reserves in Proprietary Funds, Net Working Capital is the intended meaning.

1. Water, Sewer and Refuse Funds

- a. <u>Stabilization and Contingency Funds:</u> This amount is used to provide sufficient funds to support seasonal variations in cash flows and, in more extreme conditions, to maintain operations for a reasonable period of time so the City may reorganize in an orderly manner or effectuate a rate increase to offset sustained cost increases. The intent is to provide funds to offset cost increases that are projected to be short-lived, thereby partially eliminating the volatility in annual rate adjustments. It is not intended to offset ongoing, long-term pricing structure changes. The target level of the Contingency Fund is twenty-five percent (25%) of the annual operating budget. This reserve level is intended to provide a reorganization period of three months with zero income or twelve months at a twenty-five percent (25%) loss rate. The City Council must approve the use of these funds, based on City Manager recommendation. Funds collected in excess of the Stabilization reserve target would be available to offset future rate adjustments, while extended reserve shortfalls would be recovered from future rate increases. Should catastrophic losses occur, Stabilization and Contingency Funds may be called upon to avoid disruption to service. The Stabilization and Contingency principle applies to each proprietary fund individually, not all proprietary funds collectively.
- b. <u>Infrastructure Replacement Funding:</u> This funding principle is intended to be a temporary repository for cash flows associated with the funding of infrastructure replacement projects provided by the Water Master Plan and Sewer Master Plan. The contribution rate is intended to level-amortize the cost of infrastructure replacement projects over a long period of time. The annual funding rate of the Water and Sewer Master Plans is targeted at an amount that, when combined with prior or future year contributions, is sufficient to provide for the eventual replacement of assets as scheduled in each respective Plan. This contribution principle should be updated periodically based on the most current Master Plan. There are no minimum or maximum balances contemplated by this funding principle. However, the contributions level should be reviewed periodically or as major updates to the Wastewater Master Plan occur. Annual funding is contingent on many factors and may ultimately involve a combined strategy of cash funding and debt issuance with the intent to normalize the burden on customer rates.

2. <u>Internal Service Funds</u>

Internal Service Funds are used to centrally manage and account for specific program activity in a centralized cost center. Their revenue generally comes from internal charges to departmental operating budgets rather than direct appropriations. The function of Internal Service Funds include:

- a. Normalizing departmental budgeting for programs that have life-cycles greater than one year; thereby facilitating level budgeting for expenditures that will, by their nature, be erratic from year to year. This also facilitates easier identification of long-term trends.
- b. Acting as a strategic savings plan for long-term assets and liabilities.
- c. Enabling appropriate distribution of City-wide costs to individual departments, thereby more readily establishing true costs of various operations.

Since departmental charges to Internal Service Funds duplicate the ultimate expenditure from the Internal Service Fund, they are eliminated when consolidating entity-wide totals.

The measurement criteria, cash flow patterns, funding horizon and acceptable funding levels are unique to each program being funded. Policy regarding target balance and/or contribution policy, gain/loss amortization assumption, source data, and governance for each of the City's Internal Service Funds is set forth as follows:

<u>For All Internal Service Funds</u>: The Finance Director may transfer part or all of any unencumbered fund balance between Internal Service Funds, provided that the transfer would not cause insufficient reserve levels or insufficient resources to carry out the fund's intended purpose. This action is appropriate when the decline in cash balance in any fund is precipitated by an off-trend non-recurring event (e.g. a large judgment funded by the Self Insurance Fund). The Finance Director will make such recommendations as part of the annual budget adoption or through separate City Council action.

<u>Equipment Replacement Fund Reserve:</u> The Equipment Replacement Fund receives operating money from the operating Departments to fund the regular replacement of major pieces of equipment (mostly vehicles) at their economic obsolescence.

Operating Departments are charged annual amounts sufficient to accumulate funds for the replacement of vehicles, communications equipment, technology equipment and other equipment determined appropriate by the Finance Director. The City Manager recommends annual rate adjustments as part of the budget preparation process. These adjustments are based on pricing, future replacement schedules and other variables.

The age and needs of the equipment inventory vary from year to year. Therefore the year-end fund balance will fluctuate in direct correlation to accumulated depreciation. In general, it will increase in the years preceding the scheduled replacement of relatively large percentage of the equipment, on a dollar value basis. However, rising equipment costs, dissimilar future needs, replacing equipment faster than their expected life or maintaining equipment longer than their expected life all contribute to variation from the projected schedule.

In light of the above, the target funding level is not established in terms of a flat dollar figure or even a percentage of the overall value of the equipment inventory. It is established at fifty percent (50%) of the current accumulated depreciation value of the equipment inventory, calculated on a replacement value basis. This will be reconciled annually as part of the year-end close out process by the Finance Department. If departmental replacement charges for

equipment prove to be excessive or insufficient with regard to this target funding level, new rates established during the next budget cycle will be adjusted with a view toward bringing the balance back to the target level over a three-year period.

<u>Self-Insurance Fund Reserve:</u> The Self-Insurance fund pays for insurance premiums, benefit and settlement payments, and administrative and operating expenses. It is supported by charges to other City funds for the services it provides. These annual charges for service shall reflect the five-year historical experience and shall be set to equal the annual expenses of the fund.

The Self-Insurance Fund reserve (Liability and Workers' compensation) will be maintained at a level which, together with purchased insurance policies, adequately indemnifies the City's property, liability, and health benefit risk from one-time fluctuations. A qualified actuarial firm shall be retained on an annual basis (typically through the City's insurance risk pool) in order to recommend appropriate funding levels, which will be approved by City Council. The City should maintain minimum reserves equal to sixty percent (60%) of the five-year average of total Self-Insurance Fund costs.

To lessen the impact of short-term annual rate change fluctuation, the City Manager may implement one-time fund transfers (rather than department rate increases) when funding shortfalls appear to be due to unusually sharp and non-recurring factors. Excess reserves in other areas may be transferred to the Self Insurance FUnd in these instances, but such transfers should not exceed the funding necessary to reach the reserve level defined above.

CHAPTER 7: POST-EMPLOYMENT BENEFIT FUNDING

<u>Pension Funding:</u> The City's principal Defined Benefit Pension program is provided through multiple contracts with California Public Employees Retirement System (CalPERS). The City's contributions to the plan include a fixed employer paid member contribution and an actuarially determined employer contribution that fluctuates each year based on an annual actuarial plan valuation. This variable rate employer contribution includes the normal cost of providing the contracted benefits plus or minus an amortization of plan changes and net actuarial gains and losses since the last valuation period.

It is the City's policy to make contributions to the plan equaling at least one hundred percent (100%) of the actuarially required contribution (annual pension cost). Because the City pays the entire actuarially required contribution each year, by definition, its net pension obligation at the end of each year is \$0. Any Unfunded Actuarial Liability (UAL) is amortized and paid in accordance with the actuary's funding recommendations. The City will strive to maintain its UAL within a range that is considered acceptable to actuarial standards. The City Council shall consider increasing the annual CalPERS contribution should the UAL status fall below acceptable actuarial standards.

Other Post-Employment Benefits (OPEB) Funding: The City contributes to a single-employer defined benefit plan to provide post-employment health care benefits. Subject to the terms provided in the applicable Memorandum of Understanding (MOU), the City pays 100% of all premiums charged for health insurance for qualifying retired employees, and their dependent spouses or survivors, and all active employees, and their dependent spouses or survivors, hired before July 1, 2015 that retire from the City. The City pays the minimum contribution required by the Public Employees Medical and Hospital Care Act (PEMHCA) for all employees hired after July 1, 2015 that retire from the City.

The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years. The City is currently unable to make the full ARC payment and is funding this obligation on a pay-as-you-go basis, which creates a significant unfunded liability.

It is the City's intention to develop a plan to establish or participate in a pre-funding trust and fully fund the ARC. Once a plan is developed, the City will strive to maintain a funded status that will be within a range that is considered acceptable to actuarial standards. The City Council will consider increasing the annual OPEB contribution should the funded status fall below acceptable actuarial standards. The City Council will also consider increasing the annual OPEB contribution when possible to reduce the amortization period.

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CHAPTER 8: GRANT ADMINISTRATION

Individual departments are encouraged to investigate sources of funding relevant to their respective departmental activities.

The department applying for a grant or receiving a restricted donation will generally be considered the Program Administrator of the grant. The Finance Department may assist in the financial administration and reporting of the grant, but the Program Administrator is ultimately responsible for meeting all terms and conditions of the grant, insuring that only allowable costs are charged to the grant program and adhering to City budgeting and purchasing procedures. Individual Departments and Program Administrators are not authorized to execute grant contracts. Grant contracts shall be reviewed by the City Attorney's Office and executed by the City Manager and/or City Council.

Refer to the City's **Grant Management Policy** for detailed information.

CHAPTER 9: USER FEES AND SERVICE CHARGES

The City charges user fees and charges for services which are of special benefit to easily identified individuals or groups. The City will establish appropriate cost-recovery targets for its fee structure and will annually adjust its Master Fee Schedule to ensure that the fees continue to meet cost recovery targets and account for changes in methods or levels of service delivery. The Finance Department may study, internally or using an outside consultant, the cost of providing such services and recommend fees to each department.

<u>General Concepts Regarding the User Fees and Service Charges:</u> The following general concepts will be used in developing and implementing user fees and service charges:

- 1. Revenues shall not exceed the reasonable cost of providing the service.
- 2. Cost recovery goals shall be based on the total cost of delivering the service, including direct costs, departmental administration costs, and organization-wide support costs, including, but not limited to, accounting, payroll, personnel, data processing, vehicle maintenance, and insurance.
- 3. The method of assessing and collecting fees should be as simple as possible in order to reduce the administrative cost of collection.
- 4. For rental of real property, rate structures should be sensitive to the "market" for similar services as well as to smaller, infrequent users of the service.
- 5. A unified approach should be used in determining cost recovery levels for various programs based on the factors discussed above.

<u>User Fee Cost Recovery Levels:</u> In setting user fee cost recovery levels, the following factors will be considered:

- 1. <u>Community-Wide vs. Special Benefit:</u> The level of user fee cost recovery should consider the community-wide versus special service nature of the program or activity. The use of general purpose (tax) revenues is appropriate for community-wide services, while user fees are appropriate for services which are of special benefit to easily identified individuals or groups.
- 2. <u>Service Recipient vs. Service Driver:</u> After considering community-wide versus special benefit of the service, the concept of service recipient versus service driver should also be considered. For example, it could be argued that the applicant is not the beneficiary of the City's development review efforts; the community is the primary beneficiary. However, the applicant is the driver of development review costs, and as such, cost recovery from the applicant is appropriate.
- 3. <u>Effect of Pricing on the Demand for Services:</u> The level of cost recovery and related pricing of services can significantly affect the demand and subsequent level of services provided. At full cost recovery, this has the specific advantage of ensuring that the City is providing services for which there is genuinely a market that is not overly-stimulated by artificially low prices. Conversely, high-levels of cost recovery will negatively impact the delivery of services to lower income groups. This negative feature is especially pronounced, and works against public policy, if the services are specifically targeted to low income groups.
- 4. <u>Feasibility of Collection and Recovery:</u> Although it may be determined that a high-level of cost recovery may be appropriate for specific services, it may be impractical or too costly to establish a system to identify and charge the user. Accordingly, the feasibility of assessing and collecting charges should also be considered in developing user fees, especially if significant program costs are intended to be financed from that source.

<u>Factors Which Favor Low Cost Recovery Levels:</u> Very low cost recovery levels are appropriate under the following circumstances:

- 1. There is no intended relationship between the amount paid and the benefit received. Almost all "social service" programs fall into this category as it is expected that one group will subsidize another.
- 2. Collecting fees is not cost-effective or will significantly impact the efficient delivery of the service.
- 3. There is no intent to limit the use of (or entitlement to) the service. Again, most "social service" programs fit into this category as well as many public safety emergency response services. Historically, access to neighborhood and community parks would also fit into this category.
- 4. The service is non-recurring, generally delivered on a "peak demand" or emergency basis, cannot reasonably be planned for on an individual basis, and is not readily available from a private sector source. Many public safety services also fall into this category.
- 5. Collecting fees would discourage compliance with regulatory requirements and adherence is primarily self-identified, and as such, failure to comply would not be readily detected by the City. Many small-scale licenses and permits might fall into this category.

<u>Factors Which Favor High Cost Recovery Levels:</u> The use of user fees and service charges as a major source of funding service levels is especially appropriate under the following circumstances:

- 1. The service is similar to services provided through the private sector.
- 2. Other private or public sector alternatives could or do exist for the delivery of the service.
- 3. For equity or demand management purposes, it is intended that there be a direct relationship between the amount paid and the level and cost of the service received.
- 4. The use of the service is specifically discouraged. Police responses to disturbances or false alarms might fall into this category.
- 5. The service is regulatory in nature and voluntary compliance is not expected to be the primary method of detecting failure to meet regulatory requirements. Building permit, plan checks, and subdivision review fees for large projects would fall into this category.

Enterprise Fund Fees and Rates

- 1. The City will set fees and rates at levels which fully cover the total direct and indirect costs-including operations, capital outlay, and debt service of the following enterprise programs; Water, Sewer (wastewater), and Refuse.
- 2. The City will review and adjust enterprise fees and rate structures as required to ensure that they remain appropriate and equitable.

CHAPTER 10: COST ALLOCATION PLAN

A Cost Allocation Plan allows the City to fairly and completely allocate its administrative and overhead costs to all divisions. This allows the General Fund to recover costs from Enterprise Funds, Grant Funds, and also determines the overhead costs on the hourly rates of staff providing fee based services. A cost allocation study should be prepared by the Finance Department, either internally or using an outside consultant, at least biennially (i.e., every two years).

Office of Management and Budget Circular A-87 (OMB A-87) Plan: Using actual expenditures and documented time allocations, the OMB A-87 Plan follows the guidelines outlined by the Federal government through OMB Circular A-87. This plan is used for Federal grant administrative cost recovery.

<u>Total Cost Plan:</u> When grant regulations are not an issue, a Total Cost Plan, which uses the costs that the OMB A-87 Plan disallows, is able to allocate all indirect costs like the private sector routinely does. This plan is recommended whenever the goal is to fully allocate indirect costs for interfund transfers and fee calculations.

CHAPTER 11: DEBT MANAGEMENT

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. A disciplined thoughtful approach to debt management includes policies that provide guidelines for the City to manage its debt program in-line with those resources. Therefore, the objective of this policy is to provide written guidelines and restrictions concerning the amount and type of debt issued by the City and the ongoing management of the debt portfolio.

This debt management policy is intended to improve the quality of decisions, provide justification for the structure of debt issuance, identify policy goals and demonstrate a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a debt management policy signals to rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner.

Conditions and Purposes Of Debt Issuance

<u>Acceptable Conditions for the Use of Debt:</u> Prudent amounts of debt can be an equitable and cost- effective means of financing major infrastructure and capital project needs. As such, debt will be considered to finance such projects if:

- 1. It meets the City's goal of distributing the payments for the asset over its useful life so that benefits more closely match costs for both current and future residents;
- 2. It is the most cost-effective funding means available to the City, taking into account cash flow needs and other funding alternatives; or
- 3. It is fiscally prudent and meets the guidelines of this Policy. Any consideration of debt financing shall consider financial alternatives, including pay-as-you-go funding, proceeds derived from development or redevelopment of existing land and capital assets owned by the City, and use of existing or future cash reserves, or combinations thereof.

<u>Acceptable Uses of Debt:</u> The City will consider financing for the acquisition, substantial refurbishment, replacement or expansion of physical assets, including land improvements. The primary purpose of debt is to finance one of the following:

- 1. Acquisition and or improvement of land, right-of-way or long-term easements.
- 2. Acquisition of a capital asset with a useful life of three or more years.
- 3. Construction or reconstruction of a facility.
- 4. Refunding, refinancing, or restructuring debt, subject to refunding objectives and parameters discussed in the Refunding Guidelines section of the Policy.
- 5. Although not the primary purpose of the financing effort, project reimbursables that include project planning design, engineering and other preconstruction efforts; project-associated furniture fixtures and equipment; capitalized interest, original issuer's discount, underwriter's discount and other costs of issuance.
- 6. Interim or cash flow financing, such as anticipation notes.

Prohibited Uses of Debt: Prohibited uses of debt include the following:

1. Financing of operating costs except for anticipation notes with a term of less than one year.

- 2. Debt issuance used to address budgetary deficits.
- 3. Debt issued for periods exceeding the useful life of the asset or projects to be financed.

Use of Alternative Debt Instruments

The City recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources are reviewed by management within the context of the Debt Policy and the overall portfolio to ensure that any financial product or structure is consistent with the City's objectives. Regardless of what financing structure(s) is utilized, due-diligence review must be performed for each transaction, including the quantification of potential risks and benefits, and analysis of the impact on City creditworthiness and debt affordability and capacity.

<u>Variable Rate Debt:</u> Variable Rate Debt affords the City the potential to achieve a lower cost debt depending on market conditions. However, the City will seek to limit the use of Variable Rate Debt due to the potential risks of such instruments.

The City shall consider the use of Variable Rate Debt for the purposes of:

- 1. Reducing the costs of debt issues.
- 2. Increasing flexibility for accelerating principal repayment and amortization.
- 3. Enhancing the management of assets and liabilities (matching short-term "priced debt" with the City's short-term investments).
- 4. Diversifying interest rate exposure.

<u>Considerations and Limitations on Variable Rate Debt:</u> The City may consider the use of all alternative structures and modes of Variable Rate Debt to the extent permissible under State law and will make determinations among different types of modes of Variable Rate Debt based on cost, benefit, and risk factors. The Finance Director shall consider the following factors in considering whether to utilize Variable Rate Debt:

- 1. Any Variable Rate Debt should not exceed twenty percent (20%) of total City General Fund supported debt.
- 2. Any Variable Rate Debt should be fully hedged by expected future unrestricted General Fund reserve levels.
- 3. Whether interest cost and market conditions (including the shape of the yield curves and relative value considerations) are unfavorable for issuing fixed rate debt.
- 4. The likelihood of projected debt service savings when comparing the cost of fixed rate bonds.
- 5. Costs, implementation and administration are quantified and considered.
- 6. Cost and availability of liquidity facilities (lines of credit necessary for Variable Rate Debt obligations and commercial paper in the event that the bonds are not successfully remarketed) are quantified and considered.
- 7. Ability to convert debt to another mode (daily, monthly, fixed) or redeem at par at any time is permitted.

8. The findings of a thorough risk management assessment.

<u>Risk Management – Variable Rate Debt:</u> Any issuance of Variable Rate Debt shall require a rigorous risk assessment, including, but not limited to factors discussed in this section. Variable Rate Debt subjects the City to additional financial risks (relative to fixed rate bonds), including interest rate risk, tax risk, and certain risks related to providing liquidity for certain types of Variable Rate Debt.

The City will properly manage the risks as follows:

- 1. <u>Interest Rate Risk and Tax Risk:</u> The risk that market interest rates increase on Variable Rate Debt because of market conditions, changes in taxation of municipal bond interest, or reductions in tax rates. *Mitigation* Limit total variable rate exposure per the defined limits and match the variable rate liabilities with short term assets.
- Liquidity/Remarketing Risk: The risk that holders of variable rate bonds exercise their "put" option, tender their bonds, and the bonds cannot be remarketed requiring the bond liquidity facility provider to repurchase the bonds. This will result in the City paying a higher rate of interest to the facility provider and the potential rapid amortization of the repurchased bonds. Mitigation Limit total direct variable-rate exposure. Seek liquidity facilities which allow for longer (five to ten years) amortization of any draws on the facility. Secure credit support facilities that result in bond ratings of the highest short-term ratings and long-term ratings not less than AA. If the City's bonds are downgraded below these levels as a result of the facility provider's ratings, a replacement provider shall be sought.
- 3. <u>Liquidity/Rollover Risk:</u> The risk that arises due to the shorter-term of most liquidity provider agreements (one to five years) relative to the longer-term amortization schedule of the City's variable-rate bonds. In particular, (1) the City may incur higher renewal fees when renewal agreements are negotiated; and (2) the liquidity bank market constricts such that it is difficult to secure third party liquidity at any interest rate. *Mitigation* Negotiate longer-terms on provider contracts to minimize the number of rollovers.

<u>Derivatives:</u> The use of certain derivative products to hedge Variable Rate Debt, such as interest rate swaps, may be considered to the extent the City has such debt outstanding or under consideration. The City will exercise <u>extreme caution</u> in the use of derivative instruments for hedging purposes, and will consider their utilization only when sufficient understanding of the products and sufficient expertise for their appropriate use has been developed. A comprehensive derivative policy will be adopted by the City prior to any utilization of such instruments.

Refunding Guidelines

The Finance Director shall monitor, at least annually, all outstanding City debt obligations for potential refinancing opportunities. The City will consider refinancing of outstanding debt to achieve annual savings. Absent a compelling economic reason or financial benefit to the City, any refinancing should not result in any increase to the weighted average life of the refinanced debt.

The City will generally seek to achieve debt service savings which, on a net present value basis, are at least three percent (3%) of the debt being refinanced. The net present value assessment shall factor in all costs, including issuance, escrow, and foregone interest earnings of any contributed funds on hand. Any potential refinancing shall additionally consider whether an alternative refinancing opportunity with higher savings is reasonably expected in the future.

Any potential refinancing executed more than ninety days in advance of the outstanding debt optional call date shall require a higher savings threshold. Consideration of this method of refinancing shall place greater emphasis on determining whether

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an alternative refinancing opportunity with higher savings is reasonably expected in the future.

Market Communication, Administration, and Reporting

Rating Agency Relations and Annual or Ongoing Surveillance: The Finance Director shall be responsible for maintaining the City's relationships with Standard & Poor's Ratings Services, Fitch Ratings and Moody's Investor's Service. The City is committed to maintaining, or improving upon, its existing rating levels. In addition to general communication, the Finance Director shall:

- 1. Ensure the rating agencies are provided updated financial information of the City as it becomes publically available.
- 2. Communicate with credit analysts at each agency as often as is requested by the agencies.
- 3. Prior to each proposed new debt issuance, schedule meetings or conference calls with agency analysts and provide a thorough update on the City's financial position, including the impacts of the proposed debt issuance.

<u>Continuing Disclosure Compliance:</u> The City shall remain in compliance with Security and Exchange Commission Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within 270 days of the close of the fiscal year, or as required in any such agreement for any debt issue. The City shall maintain a log or file evidencing that all continuing disclosure filings have been made promptly.

<u>Debt Issue Record-Keeping:</u> A copy of all debt-related records shall be retained at the City's offices. At minimum, these records shall include all official statements, bond legal documents/transcripts, resolutions, trustee statements, leases, and title reports for each City financing (to the extent available).

<u>Arbitrage Rebate:</u> The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Chief Financial Officer shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation; and, if a rebate payment is due, such payment is made in a timely manner.

Credit Ratings

The City will consider published ratings agency guidelines regarding best financial practices and guidelines for structuring its capital funding and debt strategies to maintain the highest possible credit ratings consistent with its current operating and capital needs.

Legal Debt Limit

Section 18 of Article XVI of the California Constitution defines the absolute maximum legal debt limit for the City; however, it is not an effective indicator of the City's affordable debt capacity.

Affordability

Prior to the issuance of debt to finance a project, the City will carefully consider the overall long-term affordability of the proposed debt issuance. The City shall not assume more debt without conducting an objective analysis of the City's ability to assume and support additional debt service payments. The City will consider its long-term revenue and expenditure trends, the impact on operational flexibility and the overall debt burden on the tax payers. The evaluation process shall include a

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review of generally accepted measures of affordability and will strive to achieve and or maintain debt levels consistent with its current operating and capital needs. The Finance Director shall review benchmarking results of other California cities of comparable size with the City's Financial Planning and Budget Subcommittee prior to any significant project financing.

<u>General Fund-Supported Debt:</u> General Fund Supported Debt generally includes Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) which are lease obligations that are secured by an installment sale or by a lease-back arrangement between the City and another public entity. The general operating revenues of the City are pledged to pay the lease payments, which are, in turn, used to pay debt service on the bonds or Certificates of Participation.

These obligations do not constitute indebtedness under the State constitutional debt limitation and, therefore, are not subject to voter approval.

Payments to be made under valid leases are payable only in the year in which use and occupancy of the leased property is available, and lease payments may not be accelerated. Lease financing requires the fair market rental value of the leased property to be equal to or greater than the required debt service or lease payment schedule. The lessee (City) is obligated to place in its Annual Budget the rental payments that are due and payable during each fiscal year the lessee has use of the leased property.

The City should strive to maintain its net General Fund-backed debt service at or less than eight percent (8%) of available annually budgeted revenue. This ratio is defined as the City's annual debt service requirements on Certificates of Participation and Lease Revenue Bonds compared to total General Fund Revenues net of interfund transfers. This ratio, which pertains to only General Fund-backed debt, is often referred to as "lease burden."

<u>Revenue Bonds:</u> Long-term obligations payable solely from specific pledged sources, in general, are not subject to a debt limitation. Examples of such long-term obligations include those which achieve the financing or refinancing of projects provided by the issuance of debt instruments that are payable from restricted revenues or user fees (Enterprise Revenues) and revenues generated from a project.

In determining the affordability of proposed revenue bonds, the City will perform an analysis comparing projected annual net revenues (exclusive of depreciation which is a non-cash related expense) to estimated annual debt service. The City should strive to maintain a coverage ratio of one hundred twenty-five percent (125%) using historical and/or projected net revenues to cover annual debt service for bonds. The City may require a rate increase to cover both operations and debt service costs, and create debt service reserve funds to maintain the required coverage ratios.

<u>Special Districts Financing:</u> The City's Special Districts primarily consist of 1913/1915 Act Assessment Districts (Assessment Districts). The City will consider requests for Special District formation and debt issuance when such requests address a public need or provide a public benefit. Each application will be considered on a case by case basis, and the Finance Department may not recommend a financing if it is determined that the financing could be detrimental to the debt position or the best interests of the City.

<u>Conduit Debt:</u> Conduit financing provides for the issuance of securities by a government agency to finance a project of a third party, such as a non-profit organization or other private entity. The City may sponsor conduit financings for those activities that have a general public purpose and are consistent with the City's overall service and policy objectives. Unless a compelling public policy rationale exists, such conduit financings will not in any way pledge the City's faith and credit.

Structure of Debt

<u>Term of Debt:</u> Debt will be structured with the goal of distributing the payments for the asset over its useful life so that benefits

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more closely match costs for both current and future residents. Borrowings by the City should be of a duration that does not exceed the useful life of the improvement that it finances. The standard term of long-term borrowing is typically fifteen to thirty years.

<u>Rapidity of Debt Payment:</u> Accelerated repayment schedules reduce debt burden faster and reduce total borrowing costs. The Finance Department will amortize debt through the most financially advantageous debt structure and to the extent possible, match the City's projected cash flow to the anticipated debt service payments. "Backloading" of debt service will be considered only when one or more of the following occur:

- 1. Natural disasters or extraordinary or unanticipated external factors make payments on the debt in early years prohibitive.
- 2. The benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present.
- 3. Such structuring is beneficial to the City's aggregate overall debt payment schedule or achieves measurable interest savings.
- 4. Such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

<u>Level Payment:</u> To the extent practical, bonds will be amortized on a level repayment basis, and revenue bonds will be amortized on a level repayment basis considering the forecasted available pledged revenues to achieve the lowest rates possible. Bond repayments should not increase on an annual basis in excess of two percent (2%) without a dedicated and supporting revenue funding stream.

<u>Serial Bonds, Term Bonds, and Capital Appreciation Bonds:</u> For each issuance, the City will select serial bonds or term bonds, or both. On the occasions where circumstances warrant, Capital Appreciation Bonds (CABs) may be used. The decision to use term, serial, or CAB bonds is driven based on market conditions.

<u>Reserve Funds:</u> The City shall strive to maintain the fund balance of governmental or proprietary funds (based on the security for the debt) at a level equal to or greater than the maximum annual debt service of existing obligations.

<u>Tax-Exempt and Tax-Advantaged Bonds - Post Issuance Tax Compliance</u>

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt obligations, including general obligations bonds, certificates of participation, tax-exempt leases, bond anticipation notes, and also any type of "tax-advantaged" obligations (collectively, "Bonds") issued by or on behalf of the City of San Fernando (the "City"), including entities controlled by the City, such as community facilities districts or joint powers agencies (collectively, the "Issuer"), in order to ensure that the Issuer complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt or other advantaged status of the Bonds.

General

Ultimate responsibility for all matters relating to the Issuer's financings, including any refunding and refinancing, rests with the Director of Finance of the Issuer (the "Responsible Officer").

Post-Issuance Compliance Requirements

External Advisors / Documentation

It is the policy of the Issuer to actively participate in discussions of its tax and state law compliance requirements during and after each issuance of Bonds. Such discussions will be with bond and tax counsel, as well as any financial advisor for the Bond issue, and other parties. The Responsible Officer shall be familiar with the representations and covenants made by the Issuer in the documents executed for the Bond issue, including, as necessary, being briefed by tax counsel on the particular requirements, as set forth in the tax document (e.g., a Tax Certificate) for each Bond issue, prior to signing such document.

The Responsible Officer and other appropriate Issuer personnel shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in a district or issuer resolution(s), Tax Certificate(s) and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Responsible Officer and other appropriate Issuer personnel also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include consultation in connection with future contracts with respect to the use or sale of Bond-financed assets, and future contracts with respect to the use of output or throughput of Bond-financed assets (e.g., solar leases).

Whenever necessary or appropriate, the Issuer shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, to prepare written rebate reports and to assist the Issuer with any requisite filings of rebate-related forms required by and payments to the Internal Revenue Service (the "IRS").

Role of the Bond Issuer

It is the Issuer's responsibility to know how Bond proceeds will be invested, and that such funds shall only be invested in permitted investments, as set forth in the authorizing resolution or other document pertaining to a given Bond issue. The investment earnings must be tracked and quantified, as the Issuer may not be able to keep all or a portion of said earnings, depending upon whether or not certain arbitrage rebate conditions are met. The investment activity data is a key component of rebate analysis and the Issuer will make sure such data is readily available for the Rebate Service Provider.

The documents governing the Issuer's tax-exempt debt obligations may provide for Bond proceeds to be administered by a trustee or any other agent, including a commercial bank or City official (as used herein, a "Trustee"), and the Issuer shall arrange for such Trustee to provide regular, periodic (e.g., monthly) statements regarding the investments and transactions involving Bond proceeds.

Unless otherwise provided as in the prior paragraph, unexpended Bond proceeds shall be tracked by the Issuer, and the investment of Bond proceeds shall be managed or overseen by the Responsible Officer. The Responsible Officer shall maintain records and shall prepare regular, periodic statements to the Issuer regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

The Issuer has obligations to prepare or cause to be prepared calculations related to rebate for each Bond issue. Unless the

applicable Tax Certificate or other document sets forth bond counsel has advised the Issuer that arbitrage rebate will not be applicable to an issue of Bonds:

- The Issuer shall engage the services of a qualified Rebate Service Provider (if not performed internally), and the Issuer or the Trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- Upon request, the Responsible Officer and other appropriate Issuer personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- The Responsible Officer and other appropriate Issuer personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed; and
- During the construction period of each capital project financed in whole or in part by Bonds, the Responsible Officer and other appropriate Issuer personnel shall monitor the investment and expenditure of Bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

The Issuer shall retain copies of all arbitrage reports, investment and expenditure records, and trustee statements as described below under "Record Keeping Requirements."

Allocation of Bond Proceeds

Within the proper timelines, which are currently no later than 18 months after expenditure or the project's placed-in-service date, but in no event after 5 years from the date of issuance of the applicable issue of new money bonds, the Issuer will allocate Bond proceeds to expenditures for rebate and private use purposes.

Use of Bond Proceeds

In order to preserve the tax-exempt or tax-advantaged status of the Bonds, the Issuer is responsible for making sure that the facilities financed or refinanced with Bond proceeds cannot be used by private businesses (or non-profit corporations or the U.S. Government) in amounts that exceed the permitted limits, or sold while the Bonds are outstanding, unless a remedial action is taken to preserve the tax-exempt or tax-advantaged status. The Responsible Officer and other appropriate Issuer personnel shall:

- Monitor the use of Bond proceeds, the use of Bond-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Bond-financed assets throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in applicable Issuer resolutions and Tax Certificates;
- Maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds;
- Consult with Bond Counsel and other professional expert advisers in the review of any contracts or arrangements involving use or sale of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable district or Issuer resolutions and Tax Certificates:

- Maintain records for any contracts or arrangements involving the use or sale of Bond-financed facilities as might be
 necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable district or Issuer
 resolutions and Tax Certificates; and
- Meet at least [annually] with personnel responsible for Bond-financed assets to identify and discuss any existing or planned use or sale of Bond-financed, assets or output or throughput of Bond-financed assets, to ensure that those uses are consistent with all covenants and restrictions set forth in applicable district or Issuer resolutions and Tax Certificates.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirements

The Issuer will adopt, incorporate and follow procedures to maintain appropriate records while the Bonds are outstanding and up to 3 years afterward. The Issuer acknowledges that it is both prudent practice to maintain comprehensive records, but it is also necessary in the event that the IRS requests such documents in the course of an examination.

Unless otherwise specified in applicable district or Issuer resolutions or Tax Certificates, the Issuer shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- A copy of the Bond closing transcript(s) and other relevant documentation delivered to the Issuer at or in connection with closing of the issue of Bonds;
- A copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds;
- A copy of all contracts and arrangements involving private use of Bond-financed assets or for the private use of output or throughput of Bond-financed assets; and
- Copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

Section 3. Authority.

By order of City Council Resolution No. 7767 adopted by the City Council on December 5, 2016.

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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Nick Kimball, Deputy City Manager/Director of Finance

Date: August 6, 2018

Subject: Update Living Wage Ordinance

RECOMMENDATION:

It is recommended that the City Council receive and file the Report.

BACKGROUND:

- 1. On April 3, 2000, the City Council adopted Ordinance No. 1514, implementing a Living Wage Ordinance for the City of San Fernando (Attachment "A"). The purpose of the Ordinance is to improve the quality and quantity of services received by the City from its service contractors and to promote an economic environment that protects public resources devoted to social support services. Generally, it applies to service contracts entered into by the City for the furnishing of services to, or for, the City and involves the expenditure in excess of \$25,000 for contracts that have a term of at least six (6) months.
- 2. Under the Ordinance, employers were initially required to pay a wage of no less than \$7.25 per hour if the employer provided health benefits, or \$8.50 per hour if the employer did not provide health benefits. The Ordinance also requires that employers provided at least six (6) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request and at least six (6) uncompensated days off per year for sick leave for the illness of the employee or a member of his or her immediate family where the employee has exhausted his or her compensated days off for the year.
- 3. The Ordinance requires the living wage to be adjusted annually by the City's Purchasing Agent to correspond with any adjustments to retirement benefits paid to members of the California Public Employment Retirement System (PERS).
- 4. In 2006, the City Attorney advised that the City's Purchasing Agent was the City Manager and the adjustments to the Living Wage are based on the CPI adjustments that San Fernando City PERS retirees receive on an annual basis, with a maximum of 5%.

FINANCE DEPARTMENT

□ City Manager

Update Living Wage Ordinance

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- 5. The City's adjusted living wage hourly rate in 2010 was \$18.13 per hour with employer provided health benefits. However, a review by staff determined that an incorrect methodology was employed in 2010 to establish the living wage rate. Staff recalculated the rate based on the methodology prescribed in the ordinance and confirmed by the City Attorney. The corrected living wage rate, effective July 1, 2013, was \$10.56 per hour with employer provided health benefits, or \$11.81 without employer provided health benefits.
- 6. Since there are multiple PERS plans with varying levels of COLA adjustments, staff further clarified the calculation methodology. Living Wage will be adjusted using either: a) the actual Consumer Price Index (CPI-U) for the prior calendar year, as identified by CalPERS, or b) the lowest COLA approved by CalPERS for all plans, whichever is higher (see Attachment "C" for CalPERS' annual notice of COLA).

ANALYSIS:

As the Purchasing Agent, the City Manager shall annually adjust the rate of the living wage, which shall be effective upon publication of a bulletin announcing such adjustment and shall apply prospectively.

Staff has calculated the living wage rate for Fiscal Year 2018-2019 based on the methodology prescribed in the ordinance and updated the information based on the recent 2.13% CPI adjustment for San Fernando PERS retirees. The new rate, effective upon publication of a bulletin, will be \$11.32 per hour with employer provided health benefits, or \$12.57 per hour without employer provided benefits. Please refer to Attachment "B" for additional detail regarding the calculation of San Fernando's living wage rate calculation.

BUDGET IMPACT:

This annual adjustment will have a minimal impact on the City's budget as many service contracts either exceed the living wage or include a CPI escalator to compensate the contractor for cost increases. Additionally, wording regarding the City's living wage is included in all Requests for Proposals.

CONCLUSION:

The City Manager adjusts the living wage rate annually to reflect based on the CPI adjustment to retiree payments applied by CalPERS. Pursuant to Ordinance 1514, adjustment of the living wage rate shall be effective upon publication announcing such an adjustment and shall apply prospectively.

Update Living Wage Ordinance

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ATTACHMENTS:

- A. Ordinance No. 1514 Living Wage
- B. Living wage rate calculation
- C. CalPERS 2018 Adjustments to Retiree COLA

ORDINANCE NO. 1514

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO REGARDING PAYMENT OF A LIVING WAGE AND AMENDING THE SAN FERNANDO CITY CODE

THE CITY COUNCIL OF THE CITY OF SAN FERNANDO DOES ORDAIN AS FOLLOWS:

Section 1. Findings and Intent.

- A. The City of San Fernando contracts with numerous private firms for the provision of services to, and for, the City. Many of these service contractors pay their employees wages in an amount at, or slightly above, the minimum required by federal and state law.
- B. The quantity and quality of services that the City receives from its service contractors is directly related to the compensation that such firms pay their employees. Those service contractors that underpay their employees tend to experience high employee absenteeism and turnover, as well as lackluster performance.
- C. The demand for government social services is impacted by the compensation that the City's service contractors pay their employees. Those employees compensated at minimum wage levels, with little or no health benefits, frequently rely on public funds and personnel for assistance.
- D. In enacting this Ordinance, the City intends to require its service contractors to pay those employees performing City-related work the living wage and benefits designated herein. The purpose of this Ordinance is to improve the quantity and quality of services received by the City from its service contractors. It is also the purpose of this Ordinance to promote an economic environment that protects public resources devoted to social support services.
- E. The City awards a significant amount of grant funds under programs created by the federal and state governments. The City Council intends that the regulations contained in this Ordinance shall apply to recipients of such funds to the extent allowed by law.
- Section 2. Chapter 21A ("Purchasing") of the San Fernando City Code is hereby amended by adding a new Article V to read as follows:

"ARTICLE V. LIVING WAGE

Sec. 21A.29. Purpose and short title.

This article is enacted for the purpose of improving the quantity and quality of services received by the City from its service contractors. It is also the purpose of this article to promote an economic environment that protects public resources devoted to social support services. This article shall be known as the Living Wage Ordinance of the City.

Sec. 21A.30. Definitions.

For the purpose of this part, unless it is plainly evident from the context that a different meaning is intended, the following definitions shall apply:

Aid recipient. Any person that is awarded a grant by the City.

Contractor. Any person that enters into a service contract with the City.

Employee. Any person that both: (i) is employed by an employer or a temporary employment agency; and (ii) expends any of his or her time in the performance of work related to a service contract. "Employee" shall not include managerial, supervisory, and confidential personnel. "Employee" also shall not include persons required to possess an occupational license.

Employer. Any contractor or subcontractor. "Employer" shall not include government entities, exempt non-profit organizations or temporary employment agencies.

Exempt non-profit organization. A corporation that both: (i) is organized under 26 United States Code Section 501(c)(3); and (ii) has a chief executive officer who earns a salary that, when calculated on an hourly basis, is less than eight (8) times the lowest wage paid by the corporation.

Grant. Any discrete financial assistance awarded by the City in connection with a program funded by the federal or state government.

08/06/2018

Service contract. A contract that: (i) is let to a contractor by the City primarily for the furnishing of services to, or for, the City; (ii) involves an expenditure in excess of $\underline{\text{Twenty five thousand } (25,000)}$ dollars and (iii) has a term of at least $\underline{\text{six } (6)}$ months.

Subcontractor. Any person that enters into a contract with a contractor to assist the contractor in the performance of a service contract. "Subcontractor" shall not include any person that is an employee of a contractor.

Temporary employment agency. A contractor that, on a temporary basis, provides the City with one or more employees that work under the City's direction.

Sec. 21A.31. Payment of living wage and benefits.

- (a) Wages. Employers shall pay employees a wage of no less than the living wage set pursuant to paragraph (d) of this section. Temporary employment agencies shall pay employees a wage of no less than \$7.25 per hour.
- (b) Compensated days off. Employers shall provide at least \underline{six} (6) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request.
- (c) Uncompensated days off. Employers shall provide employees at least <u>six (6)</u> uncompensated days off per year for sick leave for the illness of the employee or a member of his or her immediate family where the employee has exhausted his or her compensated days off for that year.
- (d) Living wage rate. The initial rate of the living wage shall be: (i) \$7.25 per hour with health benefits, as described in paragraph (e) of this section; or (ii) \$8.50 per hour without health benefits, as described in paragraph (e) of this section. As necessary, the purchasing agent shall annually adjust the rate of the living wage to correspond with any adjustments to retirement benefits paid to members of the California Public Employment Retirement System. The adjustment of the living wage rate shall be effective upon publication by the purchasing agent of a bulletin announcing such adjustment and shall apply prospectively.

(e) Health benefits. Health benefits required by this article shall consist of the payment of at least $\frac{$1.25}{}$ per hour towards the provision of health care benefits for employees and their dependents. Proof of the provision of such benefits must be submitted to the purchasing agent to qualify for the wage rate in paragraph (d) of this section for employees with health benefits.

Sec. 21A.32. Federal earned income credit notification.

Employers shall inform employees making less than twelve (\$12.00) dollars per hour of their possible right to the federal Earned Income Credit ("EIC") provided for in 26 United States Code Section 32. Employers shall make available to employees forms describing the EIC, as well as forms required to secure advance EIC payments from the employer.

Sec. 21A.33. Grounds for contract termination.

All service contracts shall provide that violation of this article shall entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

Sec. 21A.34. Compliance by aid recipients.

Aid recipients who are awarded a grant in excess of twenty five thousand shall comply with the requirements for employers that are set forth in this article.

Sec. 21A.35. Applicability.

- (a) General. Except as provided in this section, the provisions of this article shall apply to: (i) employers and temporary employment agencies with whom the City executes a service contract after the effective date of this article; (ii) employers and temporary employment agencies with whom the City executes an amendment to a service contract existing on the effective date of this article; and (iii) aid recipients to whom the City awards a grant after the effective date of this article.
- (b) Inapplicable to employers when waiver issued. This article shall not apply to any person that has been issued a waiver pursuant to paragraph (c) of this section.

- (c) Waiver authorization. The purchasing agent, with the consent of the City Council, may issue a waiver of the requirements of this article to any person submitting a bid for a service contract upon making a finding that such waiver is necessary to allow the person to compete fairly in the bidding process.
- (d) Inapplicable to recipients of restricted grants. This article shall not apply to aid recipients unless the city attorney either: (i) determines that application of this article is consonant with the laws governing the award of the particular grant; or (ii) receives a judgment from a court of law, or other tribunal, that indicates application of this article is consonant with the laws governing the award of the particular grant.

Sec. 21A.36. Administration.

- (a) Implementation regulations. The purchasing agent shall promulgate implementing regulations consistent with this article. At a minimum, such regulations shall include the following: (i) a list of contracts that shall be regarded as service contracts for purposes of Section 21A.30; and (ii) requirements for employer reporting of employee compensation.
- (b) Compliance monitoring. The purchasing agent shall monitor compliance with this article. Such monitoring shall include investigation of complaints of claimed violations by employees. The purchasing agent shall annually submit to the city council a written report on compliance with this article.

Sec. 21A.37. Notifying Employees

Employers shall give written notification to each current and new employee of his or her rights to receive the benefits set forth in this article. The notification shall be provided in English, Spanish, and other languages spoken by a significant number of employees, and shall be posted prominently in communal areas at the work site.

Sec. 21A.38. Enforcement.

(a) Any aggrieved person may enforce the provisions of this article by means of a civil action.

- (b) Any person who violates the provisions of this article or who aids in the violation of any provisions of this article shall be liable for, and the court shall award to the individual whose rights are violated, the following: actual damages; costs; attorney's fees; and not less than two hundred fifty (\$250.00) dollars but not more than ten thousand (\$10,000) dollars in addition thereto. In addition, the court may award punitive damages in a proper case.
- (c) Actions to enforce the provisions of this article must be filed within one (1) year of the alleged violation.
- (d) Nothing in this article shall preclude any aggrieved person from seeking any other remedy provided by law.
- (e) Nothing in this article shall be construed to limit any aggrieved person's right to bring legal action for violation of other minimum compensation laws.

Sec. 21A.39. No criminal penalty.

Notwithstanding any provision of this Code or any other ordinance to the contrary, no criminal penalties shall attach for any violation of this article."

Section 3. Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remainder of the Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED this 3rd day of April , 2000.

MAYOR

ATTEST:

Silverio Robledo, Mayor

Wilma Miller, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I, WILMA MILLER, City Clerk of the City of San Fernando, do hereby certify that the foregoing Ordinance was adopted at a regular meeting of the City Council of the City of San Fernando held on the 3rd day of April, 2000, and was carried by the following roll call vote, to wit:

AYES: Hernandez, Ramos, Di Tomaso, Montanez - 4

NOES: None - 0 ABSENT: Ramos - 1

CITY CLERK
Wilma Miller

Living Wage Calculation

ATTACHMENT "B"

Ordinance # 1514

Tentative Approval: August 6, 2018

Ordinance Requirements:

Requires its service contractors to pay those employees performing City-related work the living wage and benefits.

All Service Contracts with anticipated expenditures over \$25,000 and has a term of a minimum of 6 months must comply with the ordinance.

Annual adjustments of living wage rate to correspond to any adjustments to retirement benefits paid to member of CALPERS*.

Per City policy retiree COLA annual increases are CPI rate; not to exceed 5%.

Municipal Code: Sec. 2-898d Living Wage Rate

Initial Rate w/benefits \$7.25 hr Initial Rate w/o benefits \$8.50 hr

Temp Agency Emplyee \$7.25 hr (minimum)

Health Benefits \$1.25 hr

Employer/Employee Retirement Contribution Rate: Base = CY 2000

| CPI-U | | | LIVING WAGE /WITH BENEFITS | | |
|----------|-------|-----------|----------------------------|----------|----------|
| Calendar | % | Effective | LW | COLA Adj | Adjusted |
| Year* | +/- | July 1, | Rate | Retirees | LW Rate |
| 2010 | 3.00% | 2011 | \$9.77 | \$0.29 | \$10.06 |
| 2011 | 1.70% | 2012 | \$10.06 | \$0.17 | \$10.24 |
| 2012** | 2.07% | 2013 | \$10.24 | \$0.21 | \$10.45 |
| 2013** | 1.50% | 2014 | \$10.45 | \$0.16 | \$10.60 |
| 2014** | 1.62% | 2015 | \$10.60 | \$0.17 | \$10.78 |
| 2015** | 1.60% | 2016 | \$10.78 | \$0.17 | \$10.95 |
| 2016 | 1.26% | 2017 | \$10.95 | \$0.14 | \$11.09 |
| 2017 | 2.13% | 2018 | \$11.09 | \$0.24 | \$11.32 |

NOTES:

There are multiple plans and with differing COLA formulas. For purposes of this calculation, use either the actual inflation rate or lowest COLA is approved by CaLPERS, whichever is higher.

^{*}This is from the annual Retiree Cost-of-Living Adjustment adopted by the CalPERS Board.

^{**}The amount for Calendar Year 2012 - 2015 were adjusted on 8/1/2016 to reflect the methodology in above.

ATTACHMENT "C"



Pension and Health Benefits Committee Agenda Item 7

March 20, 2018

Item Name: Retired Members Cost of Living Report

Program: Benefit Program Services

Item Type: Information

Executive Summary

The annual rate of inflation as measured by the percentage change in the Consumer Price Index (CPI-U) was 2.13 percent through the 12 months ending December 2017. The applicable inflation rate is greater than 1 percent and an adjustment will be paid to all eligible retirees. The impact of the 2.13 percent inflation for the Cost-of-Living-Adjustment (COLA) is reflected in the chart on page 2 for retirees by COLA provision and year of retirement.

Strategic Plan

This item supports the California Public Employees' Retirement System (CalPERS) Strategic Plan Goal B: "Cultivate a high-performing, risk-intelligent, and innovative organization," as well as, our objective to "deliver superior, end-to-end customer service that is adaptive to customer needs."

Background

The Retirement Law provides for the payment of an annual COLA to be paid each May. However, the COLA is limited to the lesser of two numbers: the rate of inflation or the compounded COLA provision contracted by the employer. In addition, if a member's COLA increase is less than one percent in a given year, no COLA increase is applied for that year. Currently 95 percent of CalPERS retirees are subject to a 2 percent COLA provision. Less than 5 percent of all CalPERS retirees are currently subject to a 3, 4 or 5 percent COLA provision.

Analysis

The United States inflation rate as measured by the percentage change in the CPI-U for the 12 months ending in December 2017 was 2.13 percent. This measure will be used in calculating the 2018 regular COLAs for CalPERS retirees. Over the last 20 years (1997-2017), the inflation rate has averaged 2.15 percent and the long term (1965-2017) inflation rate has averaged 4.06 percent.

The impacts of the 2.13 percent inflation on COLA is reflected in the chart below for retirees by COLA provision and year of retirement.

COLA Increases in May 2018 for Retirees by Year of Retirement

| COLA Provision | Year of Retirement | % COLA Increase Effective May 1, 2018 | |
|-------------------|-----------------------|--|--|
| 2% COLA | 2004 & earlier | 2% | |
| Provision | 2005-2015 | 2.13% | |
| | 2016 | 2% | |
| | 2017 | Not Eligible | |
| 3% COLA | 1979 & earlier | 3% | |
| Provision | 1980 | 2.65% | |
| | 1981-2016 | 2.13% | |
| | 2017 | Not Eligible | |
| 4% COLA | 1969 & earlier | 4% | |
| Provision | 1970 | 3.93% | |
| | 1971 | 3.63% | |
| | 1972 | 4% | |
| | 1973 | 2.15% | |
| | 1974-2016 | 2.13% | |
| | 2017 | Not Eligible | |
| 5% COLA | 2016 & earlier | 2.13% | |
| Provision | 2017 | Not Eligible | |

Budget and Fiscal Impacts

The increase in COLA on the monthly retirement roll beginning in May 2018 is estimated to be \$440 million. This COLA amount is factored into employers' annual valuations and is accounted for in current employer rates.

Benefits and Risks

The annual COLA is a statutory requirement. There are no identified risks associated to this informational item.

Attachments

Not applicable.

Danna Danial Lum

Donna Ramel Lum

Deputy Executive Officer
Customer Services and Support

Liana Bailey-Crimmins

Chief Health Director Health Policy and Benefits Branch This Page
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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Timothy Hou, Director of Community Development

Date: August 6, 2018

Subject: Consideration to Approve an Interim Lease Agreement with San Fernando

Community Hospital, dba San Fernando Community Health Center, for the City-

Owned Property at 732 Mott Street

RECOMMENDATION:

It is recommended that the City Council:

- a. Approve an Interim Lease Agreement by and between the City of San Fernando and San Fernando Community Hospital, dba San Fernando Community Health Center, for the Cityowned Property at 732 Mott Street (Attachment "A" Contract No. 1894); and
- b. Authorize the City Manager to execute all related documents.

BACKGROUND:

- 1. On September 17, 2001, the City Council accepted a grant deed for the property at 732 Mott Street (Assessor Parcel Numbers 2613-001-900, 901, 902, 903, 904, 905 and 2613-004-900), known commonly as the site of Mission Community Hospital in San Fernando.
- 2. On September 15, 2003, the City Council approved a Lease Agreement for the subject property with San Fernando Community Hospital, formerly dba Mission Community Hospital, for a 15-year term from October 1, 2003 to March 1, 2017 (Attachment "B"). Base rent for the subject property was set at \$4,166.66 per month.
- 3. On November 14, 2003, Partners in Care Foundation entered into a sublease agreement with San Fernando Community Hospital for office space within the subject property (Attachment "C").
- 4. On July 5, 2005, the City Council approved a First Amendment to Lease with San Fernando Community Hospital, which provided the lessee an option to extend the lease term for an additional ten years to March 1, 2027 (Attachment "A").

COMMUNITY DEVELOPMENT DEPARTMENT

REVIEW:

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1227

WWW.SFCITY.ORG

Consideration to Approve an Interim Lease Agreement with San Fernando Community Hospital, dba San Fernando Community Health Center, for the City-Owned Property at 732 Mott Street Page 2 of 5

- 5. On February 19, 2013, the City Council approved a Sublease Agreement to facilitate the sublease of a portion of the subject property to San Fernando Community Health Center, a newly structured non-profit organization which combined a number of the healthcare service providers operating at the subject property.
- 6. On November 4, 2013, the City Council approved an Assignment Agreement as well as a Second Amendment to Lease by and between San Fernando Community Hospital, Deanco Healthcare, LLC, and the City (Attachment "D"). Under the Assignment Agreement, San Fernando Community Hospital assigned all rights and responsibilities under the Lease to Deanco Healthcare, LLC, a limited liability corporation that also owns and operates the Mission Community Hospital in Panorama City. The Second Amendment to Lease broadened tenant maintenance responsibilities now borne by Deanco Healthcare, LLC (Attachment "A").
- 7. On August 16, 2016, Deanco Healthcare, LLC, provided the City with written notice of its desire to exercise its option to extend the lease term for an additional 10 years, commencing as of March 1, 2017. Under the terms of the extension, the base rent would be subject to adjustment to reflect changes in the rental value of comparable commercial property in the community. Until the exercise of the option, base rent had remained at \$4,166.66 per month.
- 8. The City authorized a property appraisal and on February 28, 2017, the City provided Deanco Healthcare, LLC, with the proposed adjusted base rent. Deanco Healthcare, LLC, expressed its objection to the City's proposed increase. For more than a year, the City attempted to negotiate with Deanco Healthcare, LLC, to establish an increased rent for the subject property that better reflected market rates, in accordance with the terms of the Lease.
- 9. On February 26, 2018, the City offered its latest counter proposal. Pursuant to Section 2.1 of the Lease, if City and Deanco Healthcare, LLC, failed to reach agreement within 30 days following the tenant's initial 30-day review period, then the option to extend would not apply and the lease would terminate.
- 10. Deanco Healthcare, LLC, was nonresponsive to the City's counter proposal and thus, on May 10, 2018, the City served a Notice of Impasse to the tenant regarding negotiations. The Notice of Impasse expressed, in accordance with the terms of the Lease, that if the City and Deanco Healthcare, LLC, were unable to reach a mutually acceptable resolution by May 31, 2018, that the City would exercise its right to terminate the Lease.
- 11. The two parties did not reach a mutually acceptable resolution and on June 15, 2018, the City served a Notice of Termination of Lease to the tenant effective August 1, 2018

Consideration to Approve an Interim Lease Agreement with San Fernando Community Hospital, dba San Fernando Community Health Center, for the City-Owned Property at 732 Mott Street Page 3 of 5

(Attachment "E"). The City conducted a lease end walk-through inspection with Deanco Healthcare, LLC, on July 2, 2018.

12. Staff met with representatives for San Fernando Community Hospital, dba San Fernando Community Health Center, an existing sub lessee of the subject property. San Fernando Community Hospital expressed interest in assuming the master lease following the termination of the tenancy by Deanco Healthcare, LLC. Additionally, staff met with representatives for Partners in Care Foundation, the other existing sub lessee, who also expressed interest in remaining a tenant at the subject property.

ANALYSIS:

In an effort to allow for the possibility that health care services provided at the subject property continue uninterrupted, staff has prepared the Interim Lease Agreement with San Fernando Community Hospital, dba San Fernando Community Health Center (SFCHC), which would go into effect immediately following the effective termination of the Lease with Deanco Healthcare, LLC. Thus, the term of the Interim Lease Agreement would commence August 1, 2018, and terminate November 1, 2018. During this three-month period, the City and SFCHC will have the time necessary to draft and reach agreement on terms and conditions for a longer term lease. Any subsequent lease would return to City Council for approval.

Under the terms of the Interim Lease Agreement, the City, as lessor, would lease the entire subject property to SFCHC, as lessee, under these major terms:

- Rent: \$20,444.45 per month (\$0.65 per sq. ft. per month)
- Building Square Footage: 31,453 sq. ft.
- Security Deposit: \$25,000
- Term: August 1, 2018 to November 1, 2018
- Taxes, Maintenance, Operating Costs: Borne solely by tenant
- Subleasing: Written authorization from lessor required

The proposed monthly rent rate represents an amount in accordance with a schedule that increases in periodic steps to achieve a rent per square foot rate of \$1.25 by January 1, 2020. That figure represents a market value determined by the consensus of two professional appraisers in 2017.

San Fernando Community Hospital dba San Fernando Community Health Center (SFCHC).

SFCHC is a non-profit corporation and the successor entity formed from prior historic health care service providers at the subject property including the former original lessee, San Fernando Community Hospital, dba Mission Community Hospital. Per its Strategic Plan 2018 to 2021, SFCHC's mission is to provide high-quality state-of-the-art health care services, as well as

Consideration to Approve an Interim Lease Agreement with San Fernando Community Hospital, dba San Fernando Community Health Center, for the City-Owned Property at 732 Mott Street Page 4 of 5

prevention and education services in a supportive atmosphere to every person, particularly the most vulnerable of the San Fernando Valley, regardless of religion, race, age, sex, or personal income. It provides preventive, primary, and specialized healthcare to general community, homeless and underserved families by offering medical, dental, mental health, enabling and health education services.

SFCHC has expressed a desire to take over lease of the entire subject property following Deanco Healthcare, LLC's lease termination. Staff received the three (3) most recent years of tax returns, two (2) most recent years of audited financial statements, and verification of an approved line of credit to perform financial due diligence upon SFCHC. Based upon an assessment of the prospective tenant's financial strength, the Director of Finance has recommended that SFCHC represents an acceptable level of risk as a lease tenant.

Partners in Care Foundation, Inc..

Partners in Care Foundation, Inc., a non-profit corporation, has been a sub lessee at the subject property since 2003 and currently occupies approximately 11,275 sq. ft. of building space. Partners in Care Foundation, Inc. was originally a sub lessee under the original master tenancy of San Fernando Community Hospital, dba Mission Community Hospital, and then subsequently under Deanco Healthcare, LLC. Partners in Care Foundation is dedicated to helping people master the challenges of their health at home and provides in-home programming to help people address nutrition, physical activity, managing medications, fall prevention, and other impacts of diabetes and other chronic conditions, as well as assisting with home stabilization for patients after hospital discharge.

Partners in Care Foundation, Inc. and SFCHC have engaged in discussions regarding terms for a sublease. Any sublease will require written authorization from the City.

BUDGET IMPACT:

Approval of the proposed Interim Lease Agreement will allow continuation of the rent payable at the subject property. The lease is considered a "triple net" lease whereby any additional costs at the property are borne by the tenant. For the three-month period term of the Interim Lease Agreement, the rent payable will total \$61,333.35. Lease revenue from this property are General Fund revenues.

CONCLUSION:

It is staff's assessment that the proposed lessee, San Fernando Community Hospital, provides a critical service, and are an important part of the community fabric that makes up not only the City, but also the greater San Fernando Valley. The Interim Lease Agreement will enable

Consideration to Approve an Interim Lease Agreement with San Fernando Community Hospital, dba San Fernando Community Health Center, for the City-Owned Property at 732 Mott Street Page 5 of 5

important healthcare services provided at the subject property to continue uninterrupted while allowing the City time to craft the terms and conditions of a longer-term lease agreement.

Hence, staff recommends that City Council approve an Interim Lease Agreement by and between the City of San Fernando and San Fernando Community Hospital, dba San Fernando Community Health Center, for the City-owned property at 732 Mott Street.

ATTACHMENTS:

- A. Contract No. 1894
- B. Contract Nos. 1485, 1485(a), 1485(b)
- C. Mission Community Hospital San Fernando Facility Sublease By and Between San Fernando Community Hospital, dba Mission Community Hospital and Partners in Care Foundation (2003)
- D. Assignment Agreement By and Between San Fernando Community Hospital, dba Mission Community Hospital, Deanco Healthcare, LLC, and City of San Fernando (2013)
- E. Notice of Termination of Lease (2018)

08/06/2018 Page 140 of 493 CC Meeting Agenda

(732 Mott Street, San Fernando, California 91340 – City-owned hospital building facility)

ATTACHMENT "A" 2018 CONTRACT NO. 1894

INTERIM LEASE AGREEMENT

THIS 2018 LEASE AGREEMENT ("Interim Lease") is made and entered into on this _____ day of 2018 by and between CITY OF SAN FERNANDO, a California municipal corporation ("Lessor"), and SAN FERNANDO COMMUNITY HOSPITAL, a California non-profit benefit corporation dba SAN FERNANDO COMMUNITY HEALTH CENTER ("Lessee"). The capitalized term "Parties" is a collective reference to both Lessor and Lessee and the capitalized term "Party" shall refer to either Lessor or Lessee interchangeably as appropriate.

RECITALS

WHEREAS, Lessor is the owner of record for that certain land located in the City of San Fernando, County of Los Angeles, State of California commonly known as 732 Mott Street, San Fernando, California 91340, Assessor Parcel Numbers 2613-001-900, 901, 902, 903, 904, 905 and 2613-004-900, that is more particularly described in the legal description attached and incorporated hereto as Exhibit "A" (the "Property"); and

WHEREAS, the Property is improved with a building that is approximately thirty-one thousand four hundred fifty-three (31,453) square feet (hereinafter, the "Building") which has historically been used for a medical facility/clinic use; and

WHEREAS, prior to the effective date of this Interim Lease, Lessee occupied the Building as a sublessee to Deanco Healthcare, LLC under the terms of that certain lease agreement entitled "Lease" which expires effective 12:00 a.m. on August 1, 2018; and

WHEREAS, Lessee wishes to continue its occupancy of the Building under the terms of a new lease to be negotiated between Lessor and Lessee; and

WHEREAS, the Parties anticipate that the negotiation and execution of such a new lease may take up to 90 days to complete; and

WHEREAS, the Parties wish to execute and enter into this Interim Lease to allow the parties to reach an agreement on the terms of a new lease while also avoiding unnecessary disruption to Lessee's ongoing hospital/clinic operations; and

WHEREAS, the Parties acknowledge that should they fail to reach an agreement on the terms of a new lease by or before the expiration of the term of this Interim Lease, Lessee's authority to continue its occupancy and use of the Building and the Property shall immediately terminate and Lessee shall be required to immediately vacate the Building and the Property; and

WHEREAS, this Interim Lease was approved by the San Fernando City Council at its Regular meeting of August 6, 2018 under Agenda Item No. _____.

NOW. THEREFORE. IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS HEREIN CONTAINED, LESSOR AND LESSEE, HEREBY AGREE AS FOLLOWS:

Lease of Building. Lessor hereby leases to Lessee, and Lessee hires from Lessor, on the terms and conditions set forth in this Interim Lease, the Building, as defined above.

- 2. <u>Term.</u> The term of this Interim Lease commences at 12:01 a.m. on August 1, 2018, and terminates at 12:01 a.m. on November 1, 2018, unless earlier terminated as provided by this Interim Lease. The parties understand that any holding over by Lessee beyond the terms created by this Interim Lease, with Lessor's express or implied consent, shall be a month-to-month tenancy only, unless the Parties otherwise specifically agree in writing.
- 3. Rent. Lessee agrees to pay to Lessor as rent for the use and occupancy of the Building the sum of Twenty Thousand Four Hundred Forty-Four Dollars and 45 Cents (\$20,444.45) per month. That rent will be payable on the first day of the first full calendar month. The foregoing notwithstanding, the first such rent payment shall be due and payable to Lessor upon the date this Interim Lease is signed by all of the Parties hereto. If the first day of the month falls on a date in which Lessor, the City of San Fernando, is closed for business, the deadline shall be extended to the close of business for the next business day. There is no grace period. If Lessee fails to pay any required rent and such nonpayment continues for three (3) days after written notice of nonpayment is given to Lessee, then Lessee shall be in default of this Interim Lease and Lessor shall have all of the remedies given it by this Interim Lease and the general laws.
- 4. <u>Security Deposit</u>. Lessee hereby deposits the sum of Twenty-Five Thousand Dollars (\$25,000), no later than August 6, 2018, as security for Lessee's performance of Lessee's obligations hereunder. If during the Interim Lease term, any rent or other sums payable to Lessor by Lessee are overdue or unpaid, Lessor may (but is not required to) apply some or all of the Security Deposit to the payment of such sums. In such event, upon Lessor's written demand, Lessee shall restore such amount to the Security Deposit, and Lessee's failure so to do within thirty (30) days after Lessor's demand shall be a breach of this Interim Lease. Should Lessee default in the performance of any of the terms, covenants, and conditions of this Interim Lease, Lessor may, after terminating this Interim Lease, appropriate and apply part or all of the Security Deposit as required to compensate Lessor for damages caused by Lessee's breach. Within twenty-one (21) days after termination of this Interim Lease, the deposit will be refunded without interest to Lessee after Lessor has deducted such amounts necessary to satisfy any outstanding financial obligations and to replace or restore the Building to as good condition as when rented to Lessee, reasonable wear and tear excepted.
- 5. <u>Taxes</u>. In so far as the use or occupancy of the Building by Lessee constitutes a property interest which may be subject to possessory interest taxes, Lessee shall be solely liable for the payment of all such taxes. Lessee acknowledges Lessee's actual knowledge of the existence of a possessory interest tax and receipt of Lessor's notice herein of potential tax liability. Lessee agrees that Lessee is solely responsible for the timely payment before delinquency of possessory interest taxes and any other tax, levy or assessment upon the Property, Lessee's personal property, improvements, and fixtures upon the Property. Lessee shall indemnify and hold Lessor harmless from any liability, loss, or damage resulting from any taxes, assessments, or other charges to be paid by Lessee and from all interests, penalties, and other sums imposed thereon and from any sales or other proceedings to enforce collection of any such taxes, assessments, or other charges.
- 6. <u>Preparation for Lease</u>. Lessee shall take all necessary steps to acquire the proper use permits and approvals for the conduct of its business on the Property.

7. Use of Property.

A. The Building is leased to Lessee solely for the operation of Lessee's hospital and medical clinic activities, healthcare support activities and healthcare-related administrative services. Lessee shall not use the Building for any other use(s) without first obtaining the written consent of

Lessor. All operations incident to this use of the Building shall be carried on according to the best course of business practiced in the vicinity.

- B. Lessee shall not use, keep, store, or place in or on the premises any materials that are in any way hazardous, toxic, radioactive or explosive, except those, which are necessary and appropriate to Lessee's business operations. All such materials shall be used, stored, handled, dispensed and disposed of as required by applicable governmental regulations and laws. Any spills of such materials by Lessee anywhere on the premises shall be immediately reported to Lessor and cleaned up by Lessee, at Lessee's sole expense, in accordance with standards of the industry and applicable governmental regulations and laws.
- C. Lessee shall, at Lessee's sole cost and expense, promptly and properly comply with any and all laws, ordinances, rules, regulations, requirements and orders whatever, present or future, of the federal, state, county or municipal government which may in any way apply to the use of, maintenance of, occupation of, and operations on the Building.
- D. Lessee shall indemnify and hold Lessor free and harmless from any and all liability, loss, damages, fines, penalties, claims, and actions resulting from Lessee's failure to comply with and perform the requirements of this Interim Lease.
- E. Lessee hereby agrees that Lessee will not permit or suffer any liens of any kind to be filed against the Building or the Property as a result of any obligation, malfeasance, negligence, or omission of Lessee, and that Lessee shall diligently take all necessary and proper steps to remove and discharge any liens which are filed.
- F. If Lessee, in Lessee's sole discretion, desires by appropriate legal proceedings brought in good faith and diligently prosecuted in Lessee's name, or in the names of Lessee and Lessor when appropriate or required, to contest the validity or applicability to the Building of any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity, any such contest or proceeding, although maintained in the names of Lessee and Lessor, shall be without cost to Lessor, and then Lessee shall protect the Building, Property and Lessor from Lessee's failure to observe or comply during the contest with the contested law, ordinance, statute, order, or regulation.
- 9. <u>Entry by Lessor</u>. Lessee shall permit Lessor, and Lessor's agents and assigns, to enter the Building, at any time upon twenty-four (24) hours prior written notice for the purposes of inspection for compliance with the terms of this Interim Lease, exercise of all rights under this Interim Lease, and all other lawful purposes. The foregoing notwithstanding, Lessor may enter the property at any time in the event of an emergency for purposes of making repairs or mitigating damage which poses a threat of imminent harm to persons or property.
- 10. <u>Condition of Building</u>. By entering into this Interim Lease, Lessee accepts the Building in its present condition; Lessee agrees to surrender the Building to Lessor on the last day of the term or on sooner termination of this Interim Lease, in a safe and clean condition as existed on commencement of Interim Lease, reasonable use, wear, and damage by fire, act of Nature, and the elements excepted, and to remove all of Lessee's property from the Building. At all times during this Interim Lease, Lessee shall, at Lessee's sole cost and expense, keep and maintain the Building and all present and future improvements on the Building in good order and repair and in a safe and clean condition. Lessee shall, at Lessee's sole cost and expense, maintain at all times during the term of this Interim Lease the whole of the Building, as well as any improvements, landscaping, and facilities thereon in a clean, sanitary,

neat, tidy, orderly, and attractive condition. Lessee agrees to pay Lessor in full and promptly upon demand for loss or damage to Lessor's property arising from this Interim Lease.

- 11. <u>Disclaimer</u>. Lessor makes no covenant or warranty respecting the Building's condition or suitability for Lessee's authorized or proposed uses under this Agreement. Lessee represents that Lessee has made an independent inspection of the Building and is not relying upon any representation or warranty whatsoever from Lessor as to suitability or fitness for Lessee's desired uses. Lessor does not warrant the security of Lessee's personal property or fixtures on the Building, including but not limited to vehicles, inventory, equipment, and animals.
- 12. Operating Costs. All costs incurred by Lessee in connection with Lessee's operations upon the Building, including but not limited to costs of preparing the Building for Lessee's use and occupancy, refuse removal, water, electricity, and other utilities, shall be borne and paid solely by Lessee when due.
- Hold Harmless. Lessee, as a material part of the consideration of this Interim Lease, hereby waives all claims against Lessor for property damage of any kind whatsoever, and for injuries to persons, in or about the Building from any cause arising at any time, except for negligence on the part of Lessor, its officers and employees; and Lessee shall indemnify, defend, and hold Lessor, its officers, officials, employees, volunteers, contractors, and agents harmless from any loss, damage, liability, or death or injury to any person or injury to property (including attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person arising directly or indirectly out of or related to Lessee's operations under the Interim Lease or Lessee's officers, employees, contractors or agents. Lessee shall not be responsible for (and such indemnity shall not apply to) any active negligence, sole negligence or willful misconduct of the Lessor or its officers, officials, employees, contractors or agents. Nothing contained in the insurance requirements shall be construed as limiting the extent of Lessee's responsibility for payment of damages resulting from Lessee's operations under this Interim Lease.

14. Liability Insurance.

- A. Lessee shall, at Lessee's sole cost and expense, maintain during the entire term of this Interim Lease liability insurance at least as broad as Insurance Services Office Commercial General Liability Coverage (occurrence form CG 0001) issued by an insurance company acceptable to Lessor and authorized to issue liability insurance in California, to protect against loss from liability imposed by law for damages on account of, but not limited to, (1) bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Building and the business of Lessee on the Building, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Lessee or its sub-lessees, or any person acting for Lessee, or under Lessee's control or direction, and also to protect against loss from liability imposed by law for (2) damages to any property of any person occurring on or about the Building, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Lessee or its sublessees, or any person acting for Lessee's control or direction. Such property damage and bodily injury insurance shall also provide for and protect Lessor against incurring any legal cost in defending claims for alleged loss.
- B. Such commercial general liability insurance shall be maintained in full force and effect during the term of this Interim Lease in the following amounts: Commercial general liability insurance with limits not less than \$1,000,000 for each occurrence, combined single limit for bodily injury and property damage. (If a general aggregate limit is used, either the general aggregate limit shall be twice the required

occurrence limit.) (Any deductibles or self-insured retentions must be declared to and approved by Lessor. At the option of Lessor, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Lessor, its officers, officials, employees and volunteers, or Lessee shall provide a financial guarantee satisfactory to the Lessor guaranteeing payment of losses and related investigations, claims administration and defense expenses.)

- C. Lessor and its officers, officials, employees, and volunteers shall be named as additional insureds on all liability policies and policies shall provide that their coverage is primary.
- 15. Fire and Casualty Insurance. At all times during the Lease term, Lessee shall, at Lessee's sole cost and expense, keep all buildings, improvements, and other structures on the Building insured for their full insurable value by insurance companies authorized to issue such insurance in California against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in Los Angeles County. Lessee also shall insure all buildings, improvements, and other structures on the Building against loss or destruction by windstorm, cyclone, tornado, hail, explosion, riot, attending a strike, civil commotion, malicious mischief, vandalism, aircraft, fire, smoke damage, and sprinkler leakage. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required by Section 16 of this Interim Lease.
- 16. <u>Deposit of Insurance with Lessor</u>. Lessee shall within ten (10) days after the execution of this Interim Lease and promptly thereafter when any such policy is replaced, rewritten, or renewed, deliver to Lessor a true and correct copy of each insurance policy required by this Interim Lease or a certificate executed by the insurer(s) or their authorized agent(s) evidencing such coverage.

Each insurance policy required of this Interim Lease shall contain a provision that it cannot be materially altered or cancelled for any reason unless thirty (30) days prior written notice of such change is given to Lessor.

17. <u>Destruction of Property</u>. If during the Lease term any buildings or improvements (including the Building) now or hereafter on the Property be destroyed wholly or partially by fire, theft, the elements, or any other cause not Lessee's fault, this Interim Lease shall continue in full force and effect if Lessee so elects, and Lessee, at Lessee's own cost and expense, shall repair and restore the damaged or destroyed structures or improvements according to the original plan thereof unless otherwise approved in writing by Lessor. Lessee shall commence repair and restoration within sixty (60) days after the damage or destruction occurs and shall complete the work with due diligence.

Any and all fire or other insurance proceeds payable at any time during the Lease term because of damage or destruction of any structures or improvements on the Building shall be paid to Lessee and applied by Lessee toward the cost of repairing and restoring the damaged or destroyed structures. Provided, however, that should Lessee legally terminate the Interim Lease because of damage to or destruction of the buildings or improvements on the Building, all fire or other insurance proceeds payable because of such damage or destruction shall be paid to Lessor to compensate Lessor, at least in part, for the loss to Lessor's damaged or destroyed buildings or improvements.

- 18. <u>Lease Subject to Existing Rights of Others</u>. This Interim Lease is subject to all existing easements, servitudes, licenses, and rights of way for canals, ditches, levees, roads, highways, and telephone, telegraph, and electric power lines, pipelines, and other purposes, whether or not of record.
- 19. <u>Quiet Enjoyment</u>. Lessor hereby covenants and agrees that if Lessee pays the rent as herein provided and faithfully performs the terms and conditions on Lessee's part to be kept, observed

and performed, Lessee shall have the peaceful enjoyment of the Building during the term hereof, without hindrance or interference from Lessor.

- 20. <u>Waste</u>. Lessee shall not commit or permit others to commit any waste or nuisance upon the Building, or commit or allow any other act thereon that could disturb the quiet enjoyment of Lessor, any other Lessee of Lessor, or persons properly upon the Building or upon adjacent or nearby property.
- 21. Assignment or Subletting. Neither this Interim Lease nor any interest herein shall be assigned, either voluntarily or involuntarily, by Lessee, or by operation of law or otherwise, nor shall the Building or the Property, or any part thereof, be sublet by Lessee without the prior written consent of Lessor. The City Manager is authorized to allow the subleasing of any portion of the Building or Property and any written authorization given to Lessee to sublease any portion of the Building or Property must be signed by the City Manager in order to be valid. Lessee shall remit to Lessor zero percent (0%) of all rents generated by any sublease plus the rent per Section 3, such sublease shall be subject to such other conditions as may be imposed by Lessor as part of its written authorization to sublease. Lessee shall provide Lessor with a true and correct copy of any subleasing agreement executed by Lessee and any sublessee. Any assignment or sublease without Lessor's prior written consent shall be void. Lessor shall have the right to assign or transfer this Interim Lease or any rights in or to it.
- 22. <u>Alteration of Property</u>. Lessee shall perform no alterations to or construction on the Building without Lessor's prior written consent. Any such construction or alteration shall proceed only in accordance with such conditions, as Lessor shall impose in connection with its consent thereto. All improvements to the Building shall become the property of the Lessor upon expiration or termination of this Interim Lease.
- 23. <u>Liens</u>. Lessee shall not permit or suffer any liens of any kind to be filed against the Property as a result of any obligation, malfeasance, negligence or omission of Lessee, and Lessee shall diligently take all steps necessary and proper to remove and discharge any liens which are filed.
- 24. <u>Defaults and Termination</u>. Should Lessee breach this Interim Lease and abandon the Property prior to the natural expiration of the Lease term, Lessor may continue this Lease in effect by not terminating Lessee's right to possession of the Property, in which case Lessor shall be entitled to enforce all Lessor's rights and remedies under this Interim Lease including the right to recover rent as it becomes due.

If Lessee defaults in performance of any covenant, condition, or agreement contained in this Interim Lease, and the default is not cured within ten (10) days after written notice by Lessor, then Lessor may terminate this Interim Lease and bring an action to recover from Lessee the worth at time of award of unpaid rent which had been earned at the time of termination of the Interim Lease, all amounts necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform Lessee's obligations under this Interim Lease, and such other sums as permitted by law. Lessor may also bring an action, in addition to or in lieu of the foregoing, to reenter and regain possession of the Property in the manner provided by the laws of California.

If Lessee becomes insolvent, then Lessor may, by giving 30 days written notice to Lessee, terminate this Interim Lease and forfeit Lessee's interest in the Property and in any improvements or facilities in, on, or appertaining to the Property. For purposes of this section, Lessee shall be conclusively presumed to have become insolvent if Lessee has a receiver appointed to take possession of all or substantially all of Lessee's property because of insolvency; makes a general assignment for

the benefit of creditors; or allows any judgment against Lessee to remain unsatisfied and unbonded for thirty (30) days or longer.

Lease to eliminate and abate any adverse effects of Lessee's operations upon residential and/or other property in the vicinity, including without limitation noise, odor, etc. In the event of Lessor's receipt of complaints from any person regarding Lessee's operations hereunder, Lessee agrees to cooperate fully with Lessor to promptly and effectively remove or satisfactorily reduce the noise or other aspect of Lessee's business operations giving rise to the complaint. If such corrective actions by Lessee fail to resolve the problem within five (5) days and complaints continue to be lodged with Lessor, Lessor may, by giving ten days written notice to Lessee, terminate this Interim Lease and forfeit Lessee's interest in the Building and in any improvements or facilities on, in, or appertaining to the Building.

- 25. <u>Surrender of Premises</u>. Upon expiration of the term of this Interim Lease, all buildings, structures, facilities, improvements or alterations thereto constructed by Lessee shall become part of the land upon which they are erected, and title thereto shall, upon termination, automatically vest in Lessor. Lessee shall leave the surrendered Premises and any other property in a well maintained manner. All improvements shall be surrendered in good and clean condition. Notwithstanding the foregoing, all uncompleted or partially or totally destroyed improvements shall, at City's option, be removed prior to surrender of the Premises, and the site of such improvements shall be returned to the same condition as prior to the execution of the Interim Lease.
- 26. <u>Notices</u>. All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

LESSEE:

San Fernando Community Health Center 732 Mott Street, Suite 100-110 San Fernando, CA 91340 Attn: Audrey Simons

LESSOR:

City of San Fernando 117 Macneil Street San Fernando, CA 91340-2993 Attn: Timothy Hou

- 27. <u>Time of Essence</u>. Time is hereby expressly declared to be of the essence of this Interim Lease and of each and every provision hereof, and each such provision is hereby made and declared to be a material, necessary and essential part of this Interim Lease.
- 28. <u>Amendments</u>. This Interim Lease supersedes all oral agreements and understandings between the parties and constitutes their whole agreement regarding the Building. This Interim Lease cannot be changed orally but only by agreement in writing signed by the parties.
- 29. <u>Governing Law</u>. This Interim Lease is to be construed, interpreted and enforced in accordance with California law. A suit brought to enforce the terms and conditions of this Interim Lease shall be filed in the Superior Court of the County of Los Angeles.
- 30. <u>Attorneys' Fees</u>. In any action or proceeding by either party to enforce this Interim Lease or any provision thereof, the prevailing party shall be entitled to all costs incurred (including expert witness fees) and to any reasonable attorneys' fees incurred.

- 31. <u>Binding on Successors</u>. This Interim Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, but nothing in this paragraph shall be construed as consent by Lessor to any assignment of this Interim Lease or any interest therein by Lessee.
- 32. <u>General</u>. If any term or provision of this Interim Lease or any application thereof shall be invalid or unenforceable, the remainder of this Interim Lease and any other application of such terms or provisions shall not be affected thereby. The captions of this Interim Lease are for convenience of reference only and shall not define or limit any of its terms or provisions. All of Lessee's covenants hereunder shall be deemed and construed to be conditions as well as covenants as though the words specifically expressing or imparting covenants and conditions were used in each separate instance.

The waiver by City of any breach by Lessee of any of the provisions of this Interim Lease shall not constitute a continuing waiver or waiver of any subsequent breach by Lessee of the same or a different provision of this Interim Lease. The relationship created by this Interim Lease is one of landlord/tenant. This Interim Lease is not intended to create a joint venture or any relationship other than that of landlord/tenant. Lessor's remedies hereunder shall not be exclusive but shall be cumulative with and in addition to all remedies allowed by law.

IN WITNESS WHEREOF, the Parties hereto have caused this Interim Lease to be executed the day and year first appearing in this instrument, above.

| LESSOR: CITY OF SAN FERNANDO | LESSEE: SAN FERNANDO COMMUNITY HOSPITAL, a California non-profit benefit corporation dba SAN FERNANDO COMMUNITY HEALTH CENTER |
|---------------------------------|---|
| By:Alexander P. Meyerhoff | Ву: |
| City Manager | Name: |
| Data | Title: |
| Date: | Date: |
| APPROVED AS TO FORM: | |
| Ву: | |

Exhibit "A"

Legal Description of Subject Property

THE LAND IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

- PARCEL 1: THOSE PORTIONS OF LOTS 8, 9, 10, AND 11 IN BLOCK 82 OF PORTER LAND AND WATER COMPANY'S RESURVEY OF THE TOWN OF SAN FERNANDO, IN THE CITY OF SAN FERNANDO, AS PER MAP RECORDED IN BOOK 34 PAGES 65 AND 66 OF MISCELLANEOUS RECORDS, LYING NORTHWESTERLY OF THE NORTHWESTERLY LINE OF TRACT 1817, AS PER MAP RECORDED IN BOOK 21 PAGE 55 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.
- PARCEL 2: LOTS 7 TO 12 INCLUSIVE OF TRACT 1817, IN THE CITY OF SAN FERNANDO, AS PER MAP RECORDED IN BOOK 21 PAGE 55 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.
- PARCEL 3: ALL THAT CERTAIN VACATED ALLEY, 15 FEET WIDE, IN THE CITY OF SAN FERNANDO, AS SHOWN ON THE MAP OF TRACT 1817, AS PER MAP RECORDED IN BOOK 21 PAGE 55 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND ADJOINING LOTS 7 AND 8 OF SAID TRACT 1817, ON THE NORTHWEST.
- PARCEL 4: LOTS 58 AND 59 OF TRACT 2824, IN THE CITY OF SAN FERNANDO, AS PER MAP RECORDED IN BOOK 28 PAGES 36 AND 37 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

WHICH ARE ALSO REFERENCED AS ASSESSOR PARCEL NUMBERS 2613-001-900, 901, 902, 903, 904, 905 AND 2613-004-900.

ATTACHMENT "B"

LEASE

by and between

CITY OF SAN FERNANDO, a municipal corporation,

as Landlord

and

SAN FERNANDO COMMUNITY HOSPITAL, a California non-profit corporation dba Mission Community Hospital, as Tenant

> 700 CHATSWORTH DRIVE SAN FERNANDO, CALIFORNIA

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EXHIBITS

Exhibit "A" - Legal Description of Land

LEASE

THIS LEASE (the "Lease") is dated as of September 15, 2003 and is entered into by and between THE CITY OF SAN FERNANDO, a municipal corporation ("Landlord"), and SAN FERNANDO COMMUNITY HOSPITAL, INC., a California non-profit public benefit corporation dba MISSION COMMUNITY HOSPITAL ("Tenant").

WHEREAS, as of the date of this Lease, Landlord is the owner of record of that certain land located in the City of San Fernando, County of Los Angeles, State of California commonly known as 700 Chatsworth Drive, San Fernando, California 91340, APN 2613-004-047, 48, 49, 50, 51, 54, that is more particularly described on Exhibit "A" attached hereto (the "Land") and the improvements located thereon. The land and improvements are hereinafter collectively referred to as the "Premises".

WHEREAS, the land consists of 72,450 square feet, or 1.66 acres. Three of the parcels are contiguous, and are located along the southerly portion of Chatsworth Drive between Mott and Woodworth Streets. These parcels are improved with a one-story plus partial basement, wood frame and concrete block/brick structure containing a gross area of 25,751 square feet in the larger building and 5,702 square feet in the adjoining building. The non-contiguous parcel is located along the northerly portion of Chatsworth Drive between Mott & O'Melveny Streets. This parcel is used exclusively for parking and contains a total of 13,600 square feet with 42 asphalt paved spaces.

WHEREAS, Tenant became the owner of the fee simple interest in the Premises by grant deed from San Fernando Hospital, a California corporation, dated May 18, 1976 and recorded on May 19, 1976 with the Los Angeles County Recorder's Office as Instrument No. 3378;

WHEREAS, on or about March 1, 1976, Tenant issued tax-exempt bonds (the "Bonds") designated "San Fernando Community Hospital First Mortgage Growth Revenue Bonds (Series A)" in the original principal amount of Two Million Nine Hundred Fifty Thousand Dollars (\$2,950,000.00) in order to finance the acquisition and partial reconstruction of the then-existing hospital facilities located on the Premises. The Bonds were secured by that certain Indenture of Mortgage and Deed of Trust dated as of March 1, 1976 (the "Indenture"), executed by Tenant in favor of Bank of California National Association as Trustee (the "Trustee").

WHEREAS, in connection with the Bonds, Tenant also executed that certain Declaration Re: Beneficial Interest of the City of San Fernando, California, in the San Fernando Community Hospital Facility dated May 16, 1976, recorded on May 19, 1976 with the Los Angeles County Recorder's Office as Instrument No. 3380 (the "Declaration");

WHEREAS, as set forth in Section 3 of the Declaration, the Articles of Incorporation and the Bylaws of the Tenant provide that after the Bonds are fully paid, Tenant must tender the Premises to the City of San Fernando so that the City of San Fernando may acquire the Premises without any consideration on its part and free and clear of liens thereon (this reversionary interest of the City of San Fernando in and to the Premises, as evidenced by the Declaration, is referred to herein as the "Reversionary Interest"). In furtherance of this goal, and pursuant to Section 4 of the Declaration, Tenant delivered an executed grant deed in favor of the City to the Trustee,

with irrevocable instructions to deliver the grant deed to the City upon the payment in full of the Bonds, at which time the conveyance of the Premises to the City shall become effective;

WHEREAS, in 1995, Tenant filed a Chapter 11 bankruptcy petition in federal court. On March 25, 1997, the United States Bankruptcy Court approved an Order Confirming Debtor's Fourth Amended Plan of Reorganization for Case No. SV 95-19523-GM (the "Fourth Amended Plan");

WHEREAS, Section 3.7 of the Fourth Amended Plan (i) extended the Reversionary Interest to March 1, 2005, and required that the Declaration be amended to provide that Tenant must, at all relevant times, operate the Premises as a hospital or healthcare-related facility to serve the needs of the San Fernando community; (ii) provides that any failure to satisfy the foregoing condition shall result in an immediate reversion of the Reversionary Interest; (iii) provides that in the event the Bonds are redeemed in full by Tenant before March 1, 2005, Tenant must pay to Landlord an amount equal to Fifty Thousand Dollars (\$50,000.00) per year for the period between the date the Bonds are retired (the "Retirement Date") and March 1, 2005, payable every six (6) months commencing on the sixth (6th) month anniversary of the Retirement Date, with the last payment due on March 1, 2005; and (iv) grants Tenant an option to lease the Premises, exercisable in writing no later than September 1, 2004, pursuant to which Tenant shall lease the Premises from Landlord for a period commencing on March 1, 2005 and ending on March 1, 2017, for an annual rental of Fifty Thousand Dollars (\$50,000.00), payable in equal monthly installments, on a "triple net" basis;

WHEREAS, the Bonds were retired on or about March 30, 2001; and

WHEREAS, Tenant has requested that Landlord enter into the lease described in Section 3.7 of the Fourth Amended Plan; and

WHEREAS, Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Premises, subject to and in accordance with the terms and conditions hereinafter set forth.

ARTICLE 1 PREMISES

- 1.1 <u>Demise</u>. Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord, subject in each case to: (i) all covenants, conditions, restrictions, easements and other matters of record and any other matters affecting title thereto (including matters visible upon inspection or that would be revealed by an ALTA survey), and (ii) the terms and conditions hereinafter set forth.
- 1.2 <u>Condition of Land and Premises</u>. Tenant acknowledges that it has been the occupant of the Premises since 1976 and has had full opportunity to investigate the Premises and has full knowledge of the condition of the Premises. Tenant accepts the Premises in its current "AS-IS" condition, with all faults, as of the execution of this Lease. Except as expressly provided herein, Tenant acknowledges that neither Landlord nor any agent or employee of Landlord has made any representation, express or implied, as to the condition of the Premises or the suitability of the same for Tenant's intended use. Tenant represents and warrants that Tenant

has made its own inspection of and inquiry regarding the condition of the Premises and is not relying on any express or implied representations of Landlord, any agent or employee of Landlord, or any broker with respect thereto.

ARTICLE 2 TERM

- 2.1 <u>Term.</u> The term of this Lease ("Lease Term") shall commence at 12:00 a.m. on October 1, 2003 ("Commencement Date") and terminate on 12:00 a.m. on March 1, 2017, unless sooner terminated in accordance with the terms hereof. As used herein the term "Lease Year" shall mean the twelve (12) month period commencing on the Commencement Date and each successive twelve (12) month period thereafter during the term hereof.
- 2.2 Holdover. If Tenant holds over or otherwise fails to comply with Article 21 hereof after the expiration or earlier termination of the Lease Term without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, and the Base Rent for such holdover period shall be equal to the lesser of (i) two hundred percent (200%) of the Base Rent in effect upon the date of such expiration and otherwise subject to the terms, covenants and conditions herein specified, or (ii) the fair market rental rate (i.e., the rental rate for similar premises determined by taking into account any current actual rates, term, creditworthiness of the tenant, commissions and other market concessions for premises of comparable size, quality and (to the extent available) uses in Los Angeles County) for the Premises, as determined in good faith by Landlord. Acceptance by Landlord of rent or any other payment after such expiration or earlier termination of this Lease shall not constitute Landlord's consent to a holdover hereunder or result in a renewal. The foregoing provisions of this <u>Section 2.2</u> are in addition to and shall not be deemed to limit or constitute a waiver of Landlord's right of re-entry or any rights of Landlord or Tenant under this Lease or otherwise provided by law or equity. If Tenant fails to surrender the Land or to otherwise comply with Article 21 hereof upon the expiration or earlier termination of this Lease without Landlord's express written consent, Tenant shall indemnify and hold Landlord harmless from all loss, liability, cost, damage and expense, including without limitation, attorneys' fees and costs, arising from or relating to Tenant's failure to surrender or to otherwise comply with Article 21 hereof, including, without limitation, any claim made by any succeeding tenant, founded on or resulting from such failure to surrender.

ARTICLE 3 RENT

- 3.1 <u>Base Rent.</u> Tenant shall pay to Landlord annual base rent ("Base Rent") of Four Thousand One Hundred Sixty-Six and 66/100 Dollars (\$4,166.66) per month, prorated for any partial months at the beginning or end of the Lease Term. Unpaid installments of rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the lesser of: (i) ten percent (10%) per annum; or (ii) the maximum rate then allowable by law (the "Interest Rate").
- 3.2 <u>Late Payment Damages</u>. Tenant hereby acknowledges that the late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not

contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if Landlord or Landlord's designee fails to receive any installment of rent or any other charge or sum due from Tenant hereunder within ten (10) business days after such amount shall be due, and without any requirement for notice to Tenant, Tenant shall pay to Landlord, in addition to interest accrued, a late charge equal to four percent (4%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. All monetary obligations of Tenant to Landlord under the terms of this Lease, including but not limited to rent, late charges, interest, insurance premiums, and real estate taxes, are deemed to be rent hereunder (collectively, "Rent").

- 3.3 <u>Manner and Time of Payment</u>. Tenant shall pay the Base Rent to Landlord monthly in advance, on the first day of each calendar month, without demand, prior notice, set off, abatement or deduction, except that the payment for the first month (or partial month) of the Lease Term shall be delivered to Landlord concurrently with Tenant's execution and delivery of this Lease.
- 3.4 Form of Payment of Rent. All Rent provided for herein shall be paid to Landlord in lawful money of the United States of America in cash or by check at the address of Landlord set forth herein, or at such other place and/or to such other person, as Landlord may from time to time designate in writing.
- 3.5 Partial Payments of Rent. Landlord's acceptance of a payment of Base Rent, or any other payment under this Lease which is less than the amount then due shall not be a waiver of Landlord's right to the balance of such payment, nor shall any endorsement or statement on any check or any correspondence accompanying any check or payment be or be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or other payment or to pursue any other right or remedy under this Lease.
- 3.6 <u>Rent Defined</u>. The term "Rent" when used in this Lease shall mean not only the Base Rent but also any and all other sums, changes and payments to be made by Tenant to Landlord under this Lease.

ARTICLE 4 TAXES AND IMPOSITIONS

4.1 <u>Impositions</u>. Tenant shall pay and discharge before the day when the same become delinquent, any and all taxes, assessments, rates, charges, license fees, municipal liens, levies, excises, or imposts, whether general or special, or ordinary or extraordinary, of every name, nature and kind whatsoever, including all governmental charges of whatsoever name, nature or kind which may now or hereafter be levied, assessed, charged or imposed against or which may become a lien or charge upon the Premises or any part thereof, or upon Landlord's estate hereby created or upon Landlord by reason of its ownership of the fee underlying this

Lease (collectively, "Impositions"). Landlord shall have no obligation to pay or discharge any Imposition or any penalties or interest resulting from late payment, except to the extent that Landlord did not provide Tenant sufficient information for the timely payment of any Imposition, penalty or interest not less than thirty (30) days prior to the date that such payment would become delinquent. Tenant, at its sole cost and discretion, may apply for tax-exempt status of the Premises and Landlord shall take such action to assist Tenant with obtaining such designation for the Premises as reasonably requested by Tenant.

- 4.2 <u>Proration of Taxes</u>. All of the taxes, assessments, charges, imposts and levies of any nature whatsoever, which shall relate to a fiscal year during which the Lease Term shall commence or terminate, shall be prorated between Landlord and Tenant as of the commencement or termination date, as applicable.
- 4.3 <u>Evidence of Payment</u>. Within fifteen (15) days after written request of Landlord, Tenant shall obtain and deliver to Landlord evidence of payment of all Impositions, including, without limitation, receipts or duplicate receipts.
- 4.4 <u>Assessment Districts</u>. If any governmental entity or agency shall undertake to create an improvement or special assessment district, the proposed boundaries of which include any portion of the Premises, Tenant shall not support the same without the prior written consent of Landlord. In the event Tenant receives any notice or other information relating to the proposed creation of any such district, Tenant shall immediately advise Landlord in writing of such receipt and shall provide Landlord with a copy of such notice or information. In the event that any such improvement or assessment district is created, all taxes, assessments, charges, levies, or imposts arising therefrom shall be paid by Tenant as an Imposition hereunder; provided, however, if Landlord has the option to elect that any tax, assessment, charge, levy or impost to finance such a special improvement be payable in installments, then Landlord shall make such election, and Tenant shall only be required to pay such installments as shall become due and payable during the Lease Term (as it may be extended), appropriately prorated for the years at the commencement and termination of the Lease Term (as it may be extended).
- 4.5 <u>Duty to File Declarations</u>. Tenant alone shall make or file any declaration, statement or report which may be provided or required by law as the basis of or in connection with the determination, equalization, reduction or payment of any and every Imposition which is to be borne or paid or which may become payable by Tenant under the provisions of this <u>Article 4</u>, and Tenant shall promptly give Landlord copies thereof. Landlord shall not be or become responsible to Tenant therefor, nor for the contents of any such declaration, statement or report.
- 4.6 Payment Through Landlord. In case any person or entity to whom any sum is directly payable by Tenant under this Article 4 shall refuse to accept payment of such sum from Tenant, and Tenant knows or has reason to believe that its payment will be refused, Tenant shall pay such sum directly to Landlord not less than fifteen (15) days prior to its being due, and Landlord shall thereupon pay such sum to such person or entity. Landlord shall not be responsible for any late charge or penalty that may be assessed in connection therewith.
- 4.7 <u>Personal Property</u>. Throughout the Lease Term, Tenant shall pay and discharge, when and as the same become due, directly to the taxing authority, all taxes, assessments and

other charges imposed or levied upon any personal property situated in, on or about the Premises. Tenant shall use commercially reasonable efforts to cause such personal property taxes to be levied or assessed separately from the Premises.

ARTICLE 5 TRIPLE NET LEASE

This Lease is intended to be net to the Landlord, and Tenant shall pay to Landlord, net throughout the Term, the rent prescribed by Article 3 free of any offset, abatement, or other deduction, except as may be expressly set forth herein. Landlord shall not be required to make any payment of any kind with respect to the Premises except as may be expressly set forth herein. Accordingly, Tenant agrees to pay as additional rent all other payments, costs, expenses, charges, and other obligations of every kind whatsoever arising from or related to the Premises and the operation thereof, including, but not limited to, all services and utilities, insurance premiums, real property taxes, rates, assessment, and assessment installments, as they become due and payable during the Term, except as otherwise described herein. Tenant shall make those payments at whatever time necessary to prevent delinquency or penalty for late payment unless Tenant has duly contested the payments in the manner prescribed in this Lease.

ARTICLE 6 PERMITS AND APPROVALS

- 6.1 Governmental Approvals. Tenant acknowledges and agrees that it shall be the responsibility of Tenant to obtain, at Tenant's sole cost and expense, any and all governmental approvals, including, but not limited to, all permits, licenses, variances, zoning changes, which are required by any governmental or regulatory authority in connection with the construction, use, occupancy or operation of the Premises or the conduct of Tenant's business upon the Premises (hereinafter referred to collectively as "Governmental Approvals").
- 6.2 <u>No Representations</u>. Landlord makes no representations or warranties concerning the Premises or any matters with respect thereto. Landlord has made no investigation of the status of the zoning or other governmental laws, statutes, ordinances, rules, regulations, actions or approvals affecting or regulating the Premises or its operation and Tenant is entering into this Lease based on its own investigation and analysis of the Premises and all such matters pertaining thereto.

ARTICLE 7 MAINTENANCE, REPAIR AND ALTERATIONS

7.1 Maintenance and Repair.

7.1.1 Tenant's Obligations. Tenant covenants and agrees, at all times during the Lease Term (as it may be extended) to maintain and keep the Premises, at its sole cost and expense, in compliance with (1) all applicable laws, rules, ordinances, orders and regulations, and all changes thereto (whether or not they require alterations to the Premises) and (2) the requirements of all insurance companies insuring all or any part of the Premises. Notwithstanding the foregoing, in the event the Premises require repairs or alterations in accordance with this Section in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00)

the parties agree that in its sole option, Tenant may terminate this Lease upon ninety (90) days prior written notice.

- 7.1.2 <u>Landlord's Obligations</u>. It is intended by the parties hereto that Landlord have no obligation, in any manner whatsoever, to modify, alter, improve, repair or maintain the Premises, all of which obligations are intended to be those of Tenant. It is the intention of the parties hereto that the terms of this Lease govern the respective obligations of the parties as to maintenance and repair of the Premises and the making of improvements or alterations required by law, and they expressly waive the benefit of any law, rule, regulation, statute or court decision now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.
- 7.2 <u>Alterations</u>. Tenant may not make improvements, additions or alterations to the Premises in an amount exceeding Fifty Thousand Dollars (\$50,000.00) ("Alterations") without Landlord's prior written consent, which shall not be unreasonably withheld, after receipt of plans and specifications therefor and satisfaction of the following additional conditions:
- 7.2.1 No Alterations shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required, from time to time, all permits and authorizations of all governmental authorities having jurisdiction.
- 7.2.2 All Alterations shall be reasonably pursued to completion and done in reasonable workmanlike manner and in compliance with all applicable permits and authorizations and all applicable laws.
- 7.2.3 Before any work of demolition or construction is commenced, Tenant shall notify Landlord of Tenant's intention to commence any Alterations in or to the Premises or other Improvements at least ten (10) business days before commencement. Landlord shall have the right to go upon and inspect the Premises at all reasonable times upon not less than twenty-four (24) hours prior written notice, and shall also have the right at any time to post and keep posted thereon notices of non-responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Premises.
- 7.2.4 Tenant shall indemnify, defend and hold Landlord and its agents and employees harmless from and against all claims, liabilities, damages, costs and expenses (including without limitation, attorneys' fees) arising out of or with respect to liens for labor or materials supplied or claimed to be supplied in connection with Alterations done by or for Tenant. Should Tenant fail to fully discharge or remove any such lien within twenty (20) days, Landlord, at its option, may remove such lien by payment of the sum claimed or bonding. Any amounts so paid by Landlord, together with interest thereon at a rate equal to the Interest Rate from the time of payment until repayment, shall be repaid by Tenant within ten (10) business days after written demand by Landlord.
- 7.2.5 Prior to making any Alterations, Tenant and Tenant's subcontractors and agents shall obtain Workers' Compensation and Builder's Risk and Liability Insurance covering all persons employed in connection with such demolition or construction and with respect to whom death or bodily injury claims could be asserted against Landlord, Tenant or the Premises.

- 7.2.6 Upon the substantial completion of any Alteration, Tenant shall promptly prepare and deliver to Landlord, at Tenant's cost, a complete set of as-built plans showing the Alterations as constructed.
- 7.2.7 Landlord's review and approval of Alterations or plans therefor shall not constitute an assumption of any liability for the design, engineering or structural integrity of the Alterations proposed to be erected or performed by Tenant.

ARTICLE 8 INSURANCE

- 8.1 <u>Insurance</u>. Tenant shall maintain or cause to be maintained, at its sole cost and expense, the following insurance with respect to the Premises:
- 8.1.1 <u>Liability Insurance</u>. Comprehensive general liability insurance against any and all liability of the insured for personal injury, death, or property damage with respect to or arising out of the ownership, maintenance, use or occupancy of the Premises, and all operations incidental thereto including, but not limited to, structural alterations, new construction and demolition, including a broad form commercial general liability endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in this Lease, the insurance to have limits of not less than Five Million Dollars (\$5,000,000.00), for bodily injury, personal injury and property damage liability.
- 8.1.2 <u>Worker's Compensation Insurance</u>. Worker's Compensation insurance covering all persons employed by Tenant in the conduct of its business on the Premises, or as required by law from time to time.
- 8.1.3 Special Cause of Loss. "Special Cause of Loss" property insurance on the improvements in an amount not less than the full insurable value on a replacement cost basis of the improvements on the Land and Tenant's trade fixtures. During all construction periods, such policy shall be written in the so-called "Builder's Risk Completed Value Non-Reporting Form" with no coinsurance requirement and shall contain a provision granting the insured permission to complete.
- 8.2 Policy Requirements. All insurance required under this Lease shall: (A) have Landlord named as additional insured; (B) state that the insurance afforded to each of the above-named insureds shall be primary insurance and any other valid and collectible insurance available to either of the insureds shall be excess insurance and under no circumstances shall be considered contributory; (C) provide that coverage shall not be revised, canceled or reduced until at least thirty (30) days written notice of such revision, cancellation or reduction has been given to Landlord (except in the event of cancellation for nonpayment of premium, which notice shall be provided at least ten (10) days prior to cancellation); and (D) be issued by insurance companies which are qualified to do business in the State of California and having a rating of not less than A-VIII in Best's Insurance Guide.
- 8.3 <u>Blanket Policy</u>. Any or all insurance required under this Lease may be part of a blanket policy or policies of insurance maintained by Tenant covering the risks to be insured against under this Lease so long as the coverage required under this Lease is not diminished.

- 8.4 Right of Landlord to Obtain Insurance. Prior to the Commencement Date, and thereafter not less than thirty (30) days prior to the expiration date of each policy theretofore furnished pursuant to this Article 8, Tenant shall deliver to Landlord, in the manner required for notices, copies or certificates of all insurance policies required by this Lease or, alternatively, proof acceptable to Landlord that such insurance has been or will be obtained prior to the Commencement Date or the expiration date of such policies, as applicable. If Tenant fails or refuses to procure or to maintain insurance as required by this Lease, or fails or refuses to furnish Landlord with proof acceptable to Landlord that the insurance has been or will be procured within five (5) business days following Landlord's demand for such proof, Landlord shall have the right, at Landlord's election, to procure and maintain such insurance, in addition to all other rights and remedies Landlord may possess on account of such default. The premiums paid by Landlord in such event shall be treated as rent due from Tenant to be paid on the first day of the next month following the date on which the premiums were paid, with interest at a rate equal to the Interest Rate from the time of payment until repayment. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers to whom such premiums were paid.
- 8.5 <u>Waiver of Subrogation</u>. Landlord and Tenant each agree to have their respective insurance companies issuing insurance with respect to the Premises waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be. Landlord and Tenant hereby waive any and all rights of recovery against the other, or against the officers, employees, agents and representatives of such other party, for loss of or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under any insurance policies required to be carried by this <u>Article 8</u> or under any other policy of insurance carried by such waiving party, to the full extent permitted by such policies.

ARTICLE 9 DAMAGE AND DESTRUCTION

9.1 Landlord's Rights and Obligations. If the Premises or any part are damaged by fire or other casualty to an extent not exceeding twenty-five percent (25%) of the full replacement cost thereof, and Landlord's contractor estimates in a writing delivered to the parties that the damage thereof is such that the Premises may be repaired, reconstructed or restored to substantially its condition immediately prior to such damage within one hundred twenty (120) days from the date of such casualty, and Landlord will receive insurance proceeds sufficient to cover the costs of such repairs, reconstruction and restoration (including proceeds from Tenant and/or Tenant's insurance which Tenant is required to deliver to Landlord pursuant to Section 9.2 below), then Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration and this Lease shall continue in full force and effect. If, however, the Premises is damaged to an extent exceeding twenty-five percent (25%) of the full replacement cost thereof, or Landlord's contractor estimates that such work of repair, reconstruction and restoration will require longer than one hundred twenty (120) days to complete, or Landlord will not receive insurance proceeds (and/or proceeds from Tenant as applicable) sufficient to cover the costs of such repairs, reconstruction and restoration, then Landlord may elect to either: (a) repair, reconstruct and restore the portion of the Premises damaged by such casualty, in which case this Lease shall continue in full force and effect; or (b) terminate this Lease effective as of the date which is thirty (30) days after Tenant's receipt of Landlord's election to so terminate. Under any of the conditions of this Section 9.1, Landlord shall give written notice to Tenant of its intention to repair or terminate within the later of sixty (60) days after the occurrence of such casualty, or fifteen (15) days after Landlord's receipt of the estimate from Landlord's contractor. Landlord's contractor shall deliver a written estimate to both Landlord and Tenant pursuant to this Section within thirty (30) days of Tenant's notifying Landlord of any damage to the Premises.

- 9.2 Tenant's Costs and Insurance Proceeds. In the event of any damage or destruction of all or any part of the Premises, Tenant shall immediately notify Landlord thereof and deliver to Landlord all insurance proceeds received by Tenant with respect to the Premises (whether or not this Lease is terminated as permitted in this Article 9), and Tenant hereby assigns to Landlord all rights to receive such insurance proceeds. If Tenant fails to receive insurance proceeds covering the full replacement cost of any portion of the Premises, which Tenant is required to insure pursuant to this Lease, upon any damage or destruction thereto, Tenant shall immediately pay to Landlord the full replacement cost of such items, less any insurance proceeds actually received by Landlord from Landlord's or Tenant's insurance with respect thereto.
- 9.3 Abatement of Rent. If as a result of any such damage or destruction of the Premises, Tenant is actually prevented from using, and does not use, the Premises or any portion thereof for five (5) consecutive business days (the "Eligibility Period"), then the rent shall be abated or reduced, as the case may be, during the period after the expiration of the Eligibility Period that Tenant continues to be so prevented from using and does not use the Premises or portion thereof, in the proportion that the rentable square feet of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable square feet of the Premises. Notwithstanding the foregoing to the contrary, if the damage or destruction is due to the negligence or willful misconduct of Tenant, there shall be no abatement of rent. Except for abatement of rent as provided herein above, Tenant shall not be entitled to any compensation or damages for loss of, or interference with, Tenant's business or use or access of all or any part of the Premises resulting from any damage or destruction, repair, reconstruction or restoration.
- 9.4 <u>Inability to Complete</u>. Notwithstanding anything to the contrary contained in this Article 9, if Landlord is obligated or elects to repair, reconstruct and/or restore the damaged portion of the Premises pursuant to Section 9.1 above, but is delayed from completing such repair, reconstruction and/or restoration beyond the date which is six (6) months after the date estimated by Landlord's contractor for completion thereof pursuant to Section 9.1, by reason of any causes beyond the reasonable control of Landlord (including, without limitation, any acts of God, war, terrorism, governmental restrictions, and delays caused by Tenant), then Landlord may elect to terminate this Lease upon thirty (30) days' prior written notice to Tenant.
- 9.5 <u>Waiver of Statutory Provisions</u>. The provisions of this Lease, including this <u>Article 9</u>, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, and any statute or regulation of the state in which the Premises are located, including, without limitation, Sections 1932(2) and 1933(4), and 1941 and 1942 of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between

the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises.

ARTICLE 10 EMINENT DOMAIN

- 10.1 <u>Total Taking</u>. If (i) the whole of the Premises shall be taken in any Condemnation Proceedings (as defined below), or (ii) if a portion of the Premises shall be taken as to make it imprudent or unreasonable to use the remaining portion for the purposes permitted by this Lease, or (iii) if access to the Premises is substantially impaired as a result of any taking (a "Total Taking"), then this Lease shall terminate and expire on the date of surrender of possession of the Premises, or such portion thereof, to the condemning authority. Tenant shall continue to pay the rent hereunder and, in all other respects, observe and perform all of the terms, covenants, agreements, provisions, conditions and limitations of this Lease to be observed and performed by Tenant until the date of surrender of possession. "Condemnation Proceeding" shall mean the exercise of any power or right of eminent domain or condemnation by those authorized to exercise such right, or any agreement between Landlord and those authorized to exercise such rights.
- 10.2 Partial Taking. If only a part of the Premises shall be permanently taken, and the taking of such part does not make it unreasonable to use the remaining portion thereof for the then current use of the Premises as determined by Tenant, in its sole discretion (a "Partial Taking"), Landlord or Tenant may have the right to terminate this Lease upon thirty (30) days' prior written notice to the other party, but not later than thirty (30) days of such taking. If neither party terminates this Lease, and a portion of the Premises is taken, Landlord shall make any repairs necessary to restore the functionality of the remaining Premises (but only to the extent Landlord receives proceeds therefor from the condemning authority), and rent shall be abated with respect to the part of the Premises taken. Landlord shall be entitled to receive the entire amount of any award or payment made in connection with such taking, except that Tenant may file a separate claim against the condemning authority for the taking of Tenant's personal property within the Premises and for Tenant's relocation expenses, provided such claims are separately payable to Tenant.
- 10.3 Temporary Taking. If the temporary use of the whole or any part of the Premises shall be taken by any Condemnation Proceeding for a period of not more than one hundred twenty (120) consecutive days (a "Temporary Taking"), (i) Tenant shall give prompt notice thereof to Landlord, (ii) the Lease Term (as it may have been extended) shall not be reduced or affected in any way, (iii) Tenant shall continue to pay in full the annual Base Rent and other charges herein reserved without reduction or abatement, (iv) except to the extent prevented by reason of any order of the condemning authority, Tenant shall continue to perform and observe all of the other covenants, conditions and agreements of this Lease to be performed or observed by Tenant; and (v) Tenant shall be entitled to receive from the award (if any) made by the applicable government authority, any amounts properly allocated to the temporary loss of use of the Premises by Tenant.
- 10.4 Entitlement to Condemnation Award. Except as expressly provided in other provisions of this Lease, condemnation awards and/or payments shall be the property of

Landlord, whether such awards shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages without regard to whether or not this Lease is terminated pursuant to the provisions of this <u>Article 10</u> provided, however, that (i) Tenant shall be entitled to receive the portion of any award designated as compensation for Tenant's personal property and fixtures, and (ii) in the event this Lease is terminated pursuant to the provisions of this <u>Article 10</u>, Tenant shall also be entitled to sums specifically awarded to Tenant for Tenant's relocation and moving expenses.

- 10.5 <u>Landlord Appointed Attorney-in-Fact</u>. In the event any action is filed to condemn the Land, the improvements thereon, Tenant's leasehold estate or any part thereof, by any public or quasi-public authority under the power of eminent domain, or in the event that any action is filed to acquire the temporary use of the Land, the improvements thereon, Tenant's leasehold estate or any part thereof, or in the event that any such action is threatened or any public or quasi-public authority communicates to Landlord or Tenant its desire to acquire the Land, the improvements thereon, Tenant's leasehold estate or any part thereof, or the temporary use thereof, by a voluntary conveyance or transfer in lieu of condemnation, then Tenant shall give prompt notice thereof to Landlord after Tenant obtains actual knowledge of same. Tenant shall reasonably cooperate in a commercially reasonable and timely manner with Landlord to maximize any award. No agreement, settlement, conveyance or transfer to or with the condemning authority shall be made without the consent of Landlord.
- 10.6 <u>Waiver</u>. Landlord and Tenant agree that the terms of this Lease shall govern the effect of any Total Taking, Partial Taking or Temporary Taking and hereby waive the provisions of any present or future law, rule, regulation, statute or court decision, including, without limitation, Section 1265.130 of the California Code of Civil Procedure, to the extent inconsistent herewith.

ARTICLE 11 UTILITIES

- 11.1 <u>Payment</u>. Tenant agrees to pay, as and when due, all charges for utilities, including, without limitation, water, sewer, oil, gas, telephone, electricity and public utilities (hereinafter collectively referred to as "utilities") incurred by Tenant in connection with its or any other's use of the Premises. No interruption in any utilities shall result in an abatement of Rent hereunder or entitle Tenant to terminate this Lease, except to the extent such interruption is directly caused by Landlord or any of its officers, employees, agents or contractors.
- 11.2 <u>Installation</u>. Tenant shall pay any and all fees or other charges for the installation of or connection to oil, gas, electricity, water, telephone, sanitary sewer, storm or drainage sewer, and any and all other utilities as Tenant may require for its intended use of the Premises.

ARTICLE 12 LANDLORD'S ACCESS AND INFORMATION

12.1 <u>Inspections</u>. Tenant will permit Landlord and its authorized agents and representatives to enter the Premises at all reasonable times for the purposes of protecting

Landlord's interest in the Premises and investigating whether Tenant is complying with this Lease upon at least twenty-four (24) hours' notice to Tenant.

- 12.2 <u>Showing Premises</u>. Landlord shall also have the right to enter the Premises at any time for the purpose of exhibiting the same to prospective purchasers or mortgagees, for the purpose of showing the same to prospective tenants, provided that any such entry shall cause as little disturbance to Tenant as reasonably practicable, and Tenant receives at least twenty-four (24) hours' prior written notice from Landlord.
- 12.3 <u>Information</u>. In the event Landlord contemplates a sale of its interest in the Land or undivided interest therein, or if required by a Fee Mortgagee or prospective Fee Mortgagee (as defined in <u>Article 17</u>), Landlord may request in writing from Tenant and Tenant, within thirty (30) days after such request, shall deliver to Landlord copies of the then current financial statements of Tenant and its constituent owners (collectively, the "Information"). All such Information shall be held by Landlord in confidence for Landlord's own use, except the same may be disclosed to Landlord's professional advisors, to prospective purchasers of the Premises and to Fee Mortgagees and prospective Fee Mortgagees; provided that any such disclosure shall be subject to the agreement by the party receiving the Information that the same shall be held in confidence.

ARTICLE 13 <u>USE</u>

- 13.1 <u>Use.</u> Subject to <u>Article 6</u> above and <u>Sections 13.3 and 14.1</u> below, Tenant may use the Premises as a hospital or healthcare-related facility that serves the needs of the San Fernando community, in accordance with the Fourth Amended Plan, and for healthcare-related training, services and activities and healthcare career counseling. No other uses shall be permitted without the written consent of the Landlord, which consent may be withheld in the sole and absolute discretion of Landlord. In no event shall Tenant use or permit the use of the Premises in any manner which (a) creates a nuisance or an unreasonable annoyance to persons outside the Premises, (b) violates any law, or (c) is determined by Landlord in its good faith discretion to be an objectionable or inappropriate use of public property.
- 13.2 <u>Manner of Use</u>. Tenant agrees that it will use the Premises in such a manner so as not to interfere with or infringe upon the rights of occupants of land surrounding the Premises.
- 13.3 <u>Compliance with Law.</u> Tenant shall, at its sole cost and expense, promptly comply with all applicable laws, statutes, rules, ordinances, orders, and governmental regulations, or requirements now in force or which may hereafter be in force relating to or affecting the Premises (including but not limited to applicable changes in the building and safety codes), and the cleanliness, safety, occupancy and use of the Premises.

ARTICLE 14 ASSIGNMENT AND SUBLETTING

14.1 <u>Consent Required</u>. Tenant shall not assign, sublet, transfer, encumber, or otherwise convey all or any portion of the Premises and/or this Lease, voluntarily, involuntarily, or by operation of law (each, a "Transfer") without the prior written consent of Landlord and the

Committee (as defined in Section 14.2 below). Such consent shall not be unreasonably withheld, so long as the Transfer results in the continued use of the Premises for dental, podiatric and optometric clinical teaching programs with which the Tenant shall have professional affiliation agreements, health education programs, or for Partners-in-Care Foundation, a nonprofit California public benefit corporation.

- 14.2 <u>Premises Advisory Committee</u>. Tenant and Landlord shall establish a Premises Advisory Committee ("Committee") made up of an equal number of members appointed by Landlord and by Tenant. Committee shall discuss and make recommendations to the Landlord about assigning, subletting, transferring, encumbering, or otherwise conveying the Premises or any part thereof. The Committee shall also facilitate communications between Landlord and Tenant regarding Tenant plans for the exterior design aesthetics of the Premises and for issues of concern to the Committee that arise from renovation at the Premises or from day-to-day operation of programs at the Premises.
- 14.3 <u>Additional Conditions</u>. Landlord's consent shall also be conditioned upon the following:
- 14.3.1 The proposed transferee shall agree in writing to perform faithfully and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease, which agreement shall be delivered to Landlord prior to the effective date, and such Transfer (and any consent theretofore given by Landlord) shall not be binding upon Landlord unless it is timely delivered to Landlord;
- 14.3.2 In no event shall the consent by Landlord to a Transfer be construed as relieving Tenant, or any transferee (for a Transfer by that transferee) from obtaining the express written consent of Landlord to any further Transfer for which consent is required; and
 - 14.3.3 There shall not be an existing Event of Default of Tenant hereunder.
- Excess Rent. If Tenant sublets, assigns or otherwise transfers its interest in this Lease and at any time receives Excess Rent (as hereinafter defined), Tenant shall pay to Landlord fifty percent (50%) of the Excess Rent received by Tenant. Tenant shall furnish Landlord with a sworn statement, certified by an officer of Tenant or an independent certified public accountant, setting forth in detail the computation of Excess Rent, and Landlord, or its representatives, shall have access to the books, records and papers of Tenant in relation thereto, and the right to make copies thereof. If a part of the consideration for such sublease or assignment shall be payable other than in cash, the payment to Landlord shall be payable in such form as is reasonably satisfactory to Landlord. The term "Excess Rent" shall mean the excess, if any, of (i) all amounts received or to be received in the form of cash, cash equivalents, and noncash consideration by Tenant from any assignee or sublessee over (ii) the Base Rent payable to Landlord hereunder (or, in the case of a sublease of a portion of the Premises, the portion of the Base Rent which is allocable on a per square foot basis to the space sublet), plus the amount of any reasonable brokers' commissions, costs of tenant improvements and reasonable legal fees incurred by Tenant in connection with such assignment or sublease, all of which shall be, in the case of a sublease, amortized over the term of the sublease for the purpose of calculating the amounts of the periodic payments due to Landlord hereunder.

- 14.5 <u>Violations Void; Remedies</u>. Any Transfer which is not in compliance with the provisions of this <u>Article 14</u> shall be void and shall constitute an Event of Default under <u>Article 15</u> below. No collection or acceptance of Rent by Landlord from any person other than Tenant shall be deemed a waiver of any provision of this <u>Article 14</u> or the acceptance of any transferee hereunder, or a release of Tenant (or of any successor of Tenant or any transferee).
- 14.6 <u>Transfer of Landlord's Interest</u>. In the event of any sale or other transfer of Landlord's entire interest in the Land to any party, Landlord shall be automatically relieved of any and all obligations and liabilities on the part of Landlord under this Lease arising after the date of such transfer.

ARTICLE 15 DEFAULTS AND REMEDIES

- 15.1 <u>Default</u>. Each of the following acts or omissions of Tenant, or occurrences, shall constitute an "Event of Default":
- 15.1.1 Failure or refusal to pay Rent hereunder within five (5) calendar days after written notice from Landlord that the same is due or payable hereunder; the five (5) day period shall be in lieu of, and not in addition to, the notice requirements of Section 1161 of the California Code of Civil Procedure or any similar or successor law;
- 15.1.2 Except as set forth in Sections 15.1.5, 15.1.6 and 15.1.7 below, failure to perform or observe any other covenant or condition of this Lease to be performed or observed within thirty (30) days following written notice to Tenant of such failure, provided, if the nature of the default is such that more than thirty (30) days are reasonably required to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the thirty (30) day period and thereafter diligently completes such cure. Any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 or any similar or successor Laws:
- 15.1.3 The subjection of any right or interest of Tenant to attachment, execution or other levy, or to seizure under the legal process, if not released within sixty (60) days, provided that the foreclosure of any mortgage permitted by the provisions of this Lease shall not be construed as a default within the meaning of this Lease.
- 15.1.4 The filing by Tenant hereunder in any court pursuant to any statute of a petition in bankruptcy or insolvency or for reorganization or arrangement for the appointment of a receiver of all or a portion of Tenant's property; the filing against Tenant of any such petition, or the commencement of a proceeding for the appointment of a trustee, receiver or liquidator for Tenant, or of any of the property of either, or a proceeding by any governmental authority for the dissolution or liquidation of Tenant hereunder, if such proceeding shall not be dismissed or trusteeship discontinued within sixty (60) days after commencement of such proceeding or the appointment of such trustee or receiver, or the making by Tenant hereunder of an assignment for the benefit of creditors. Tenant hereby stipulates to the lifting of the automatic stay in effect and relief from such stay for Landlord in the event Tenant files a petition under the United States

Bankruptcy laws, for the purpose of Landlord pursuing its rights and remedies against Tenant of this Lease:

- 15.1.5 Tenant's failure to cause to be released any mechanics' liens filed against the Premises, with respect to work performed by or for the benefit of Tenant, within one hundred twenty (120) days after written notice from Landlord;
- 15.1.6 Tenant's failure to comply with the provisions of <u>Articles 17 or 19</u> within five (5) business days after written notice from Landlord; or
 - 15.1.7 The occurrence of a Transfer that violates Article 14.

15.2 Remedies.

- 15.2.1 Upon the occurrence of an Event of Default by Tenant, Landlord may exercise all of its remedies as may be permitted by law, including, but not limited to, the remedy provided by Section 1951.4 of the California Civil Code, and including, without limitation, terminating this Lease, re-entering the Premises and removing all persons and property therefrom, which property may be stored by Landlord at a warehouse or elsewhere at the risk, expense and for the account of Tenant. If Landlord elects to terminate this Lease, Landlord shall be entitled to recover from Tenant the aggregate of all amounts permitted by law, including, but not limited to (i) the worth at the time of the amount of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Lease Term (as it may have been extended) after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. As used in Items (i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the Reference Rate (as defined below). As used in Item (iii), above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). "Reference Rate" shall mean that rate equal to two percent (2%) in excess of the reference rate of interest which Bank of America NT&SA's main office announces from time to time, or if Bank of America NT&SA discontinues announcing such a rate, the reference rate of interest which a comparable lending institution announces from time to time, as selected by Landlord, in its sole and absolute discretion, but in no event greater than the highest rate permitted by law.
- 15.2.2 Notwithstanding anything to the contrary set forth herein, Landlord's reentry to perform acts of maintenance or preservation of or in connection with efforts to relet the

Premises or any portion thereof, or the appointment of a receiver upon Landlord's initiative to protect Landlord's interest under this Lease shall not terminate Tenant's right to possession of the Land or any portion thereof and, until Landlord does elect to terminate this Lease, this Lease shall continue in full force and effect, and Landlord may enforce all of Landlord's rights and remedies hereunder including, without limitation, the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

15.2.3 All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Landlord by law, and the exercise of one or more rights or remedies shall not impair Landlord's right to exercise any other right or remedy.

15.3 Landlord's Default.

- 15.3.1 Landlord Default. Landlord shall not be in default under this Lease except for the following:
- (a) Any failure by Landlord to make any payment required to be made by Landlord hereunder when due, where such failure continues for fifteen (15) days after delivery of written notice of such failure by Tenant to Landlord; or
- (b) Any failure by Landlord to perform or comply with any other provision of this Lease, to be performed or complied with by Landlord where such failure continues for thirty (30) days after delivery of written notice of such failure by Tenant to Landlord; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, there shall not be a Landlord Default if Landlord shall, within thirty (30) days of such notice commence such cure, and thereafter diligently prosecute such cure to completion.

ARTICLE 16 TENANT'S PROPERTY

All movable trade fixtures and equipment at the Premises shall remain and continue to be the property of Tenant and may be removed, renovated, altered, added to or replaced at any time and from time to time provided that Tenant promptly repairs all damage to the Premises and restores the Premises to their condition prior to the installation of Tenant's property.

ARTICLE 17 FEE MORTGAGES

- 17.1 <u>Encumbrance of Reversion</u>. Landlord, at any time and from time to time, may finance or encumber its interest in the Premises and its rights in and to this Lease (collectively, "Landlord's Interest").
- 17.2 Recognition of Lease. Tenant shall be required to subordinate Tenant's leasehold estate in the Premises to the lien of any encumbrance against Landlord's Interest, provided such lienholder provides Tenant with a commercially reasonable non-disturbance and attornment agreement pursuant to which such lienholder agrees not to disturb Tenant's tenancy hereunder so long as Tenant is not in default hereunder. Tenant hereby agrees to execute such further reasonable documents and assurances as any future lienholder may require. In the event any Fee Mortgagee (as defined below) forecloses on its lien against Landlord's Interest, or acquires Landlord's Interest by agreement in lieu of foreclosure or otherwise, Tenant shall attorn to such Fee Mortgagee, recognize such Fee Mortgagee as its landlord hereunder and execute such documents as such Fee Mortgagee may request acknowledging such Fee Mortgagee as Tenant's landlord hereunder. Tenant hereby waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any foreclosure or transfer in lieu of foreclosure thereunder. All Fee Mortgages shall recognize Tenant's leasehold interest in the Premises created hereby and acknowledge and agree that this Lease shall continue without disturbance following any foreclosure or transfer in lieu of foreclosure pursuant to any such Fee Mortgage (as defined below). "Fee Mortgage" shall mean a mortgage or deed of trust imposed by Landlord upon its interest. "Fee Mortgagee" shall mean the mortgagee or beneficiary of any Fee Mortgage.
- 17.3 Notice to Fee Mortgagee. If (i) any Fee Mortgagee, (ii) other person or entity who purchases a Fee Mortgagee's interest in the Premises and/or in this Lease at a foreclosure sale ("Fee Purchaser") or (iii) the first Person to whom Fee Mortgagee assigns its interest in the Premises and in this Lease (the "Fee Assignee") (collectively, the "Fee Successor") shall have notified Tenant of its interest in the Premises, Tenant thereafter shall give to such Fee Successor a copy of each notice of default simultaneously with Tenant's providing such notice to Landlord and Tenant shall not be entitled to exercise its rights upon an event of default by Landlord or serve a notice of cancellation and termination upon Landlord unless a copy of any prior notice of default shall have been given to the Fee Successor, as hereinabove provided, and the time specified herein for the curing of such default shall have expired without the same having been cured. The performance of the Fee Successor of any condition or agreement on the part of Landlord to be performed hereunder will be deemed to have been performed with the same force and effect as though performed by Landlord.

ARTICLE 18 INDEMNITY AND EXEMPTION OF LANDLORD FROM LIABILITY

18.1 <u>Indemnity</u>. Tenant shall release, indemnify, defend and hold harmless, Landlord, and its officers, agents, employees, successors, assigns and attorneys (collectively, "Indemnitees"), from and against any and all claims, suits, demands, liabilities, damages, costs

and expenses (including reasonable attorneys' fees, expert witnesses' fees, exhibits and other costs), arising from or in connection with Tenant's lease, use or possession of the Premises or the conduct of its business or from any activity performed or permitted by Tenant in or about the Premises or arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any other act, neglect, fault or omission of Tenant or any of its officers, agents, directors, contractors, employees, licensees, invitees, patrons or customers to the extent that the same have occurred during the term of this Lease. As a material part of the consideration to the Landlord for entering into this Lease, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises, except that which is caused by the gross negligence or willful misconduct of Landlord or any of Landlord's officers, employees, agents or contractors, provided such willful misconduct or gross negligence is determined by agreement between the parties or by the findings of a court of competent jurisdiction. In instances where an Indemnitee is shown to have engaged in willful misconduct or been grossly negligent and where the Indemnitees' willful misconduct or gross negligence accounts for only a percentage of the liability involved, the obligation of Tenant under this Section will be for that entire portion or percentage of liability not attributable to the willful misconduct or gross negligence of the Indemnitee(s).

- 18.2 <u>Exemption of Landlord From Liability</u>. Except for Landlord's willful or grossly negligent conduct or that of any of Landlord's officers, employees, agents or contractors (provided such willful misconduct or gross negligence is determined by agreement between the parties or by the findings of a court of competent jurisdiction), Landlord shall not be liable for injury to Tenant's business or loss of income therefrom, or for damage that may be sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees, customers, agents, or any other person in, on or about the Premises.
- 18.3 <u>Survival</u>. The provisions of this <u>Article 18</u> shall survive the expiration or earlier termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

ARTICLE 19 ESTOPPEL CERTIFICATES

Tenant shall, at any time and from time to time, upon not less than ten (10) business days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying the following information (but not limited to the following information in the event further information is reasonably requested by Landlord): (a) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as modified, is in full force and effect); (b) the date to which Rent and other charges are paid in advance, if any; (c) the amount of Tenant's security deposit, if any; and (d) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, and no events or conditions then in existence which, with the passage of time or notice or both, would constitute a default on the part of Landlord hereunder, or specifying such defaults, events or conditions, if any are claimed. It is expressly understood and agreed that any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Premises.

ARTICLE 20 HAZARDOUS MATERIALS

- 20.1 <u>No Hazardous Materials</u>. Tenant shall not permit the use, storage or transportation of Hazardous Materials on or about the Premises except as reasonably necessary for the uses of the Premises permitted under this Lease, and then only in accordance with applicable laws.
- 20.2 <u>Notice</u>. Tenant shall notify Landlord in writing of any releases of Hazardous Materials on the Premises, except as permitted in Section 20.1 above, any claims made with respect to Hazardous Materials on the Premises, and any Notices of Violation or similar notices with respect to Hazardous Materials on the Premises, in each case promptly after receiving notice or obtaining knowledge of the same.
- Environmental Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction or use of the Premises, and sums paid in settlement of claims, attorney's fees, consultant fees and expert fees) which arise as a result of a release of Hazardous Materials by Tenant during the term of this Lease, or as a result of the improper use, storage or transportation of Hazardous Materials by Tenant during the term of this Lease, or as a result of Tenant's noncompliance with the Operations and Maintenance Plan for Asbestos and Lead Based Paint referenced in Section 20.6 below during the term of this Lease. indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any reasonable investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by Tenant before or during the term of this Lease results in any contamination of the Premises, Tenant shall promptly take all legally required actions at its sole expense to address the contamination and to obtain a "no further action letter" or other form of final approval from all governmental agencies with jurisdiction. The contractors to be used by Tenant for such work must be approved by Landlord, which approval may not be unreasonably withheld, conditioned or delayed. Tenant's indemnity and other obligations in this section 20:3 are not and shall not be construed as a release by Landlord of any rights Landlord may have against Tenant with respect to any environmental matters affecting the Premises that occurred prior to the effective date of this Lease. Tenant's indemnification of Landlord shall not include any obligation to indemnify Landlord for any environmental investigations, audits or inspections related to the Premises that Landlord elects to undertake for its own purposes, including, without limitation, phase I environmental site assessments, compliance audits, or any other environmental inspection, investigation or audit of the Premises performed in connection with the sale of the Premises or the lease of the Premises to another tenant.
- 20.4 <u>Hazardous Material Defined</u>. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material, or waste that is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as "Hazardous Waste," "Extremely Hazardous Waste," or "Restricted Hazardous Waste" under

Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "Hazardous Substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "Hazardous Material," "Hazardous Substance," or "Hazardous Waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "Hazardous Substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) asbestos; (vii) defined as "Hazardous" or "Extremely Hazardous" pursuant to Article II of Title 22 of the California Administrative Code, Division 4. Chapter 20; (viii) designated as a "Hazardous Substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317); (ix) defined as a "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903); or (x) defined as a "Hazardous Substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. Section 9601).

- 20.5 <u>Laws</u>. As used herein, the term "laws" means any applicable federal, state or local law, ordinance, or regulation relating to any Hazardous Material.
- 20.6 <u>Operations and Maintenance Plan</u>. Tenant hereby acknowledges receipt and approval of the "Operations and Maintenance Plan for Asbestos and Lead Based Paint" dated June 26, 2001, prepared by AEI Consultants at the request of Landlord. Tenant agrees to and shall comply in all respects with the Operations and Maintenance Plan.

ARTICLE 21 SURRENDER

At the expiration or earlier termination of this Lease, Tenant shall, at its sole cost and expense, deliver the Premises to Landlord in similar or better condition and repair as Tenant received the Premises, broom clean and with all of Tenant's property removed. Tenant may elect within thirty (30) days before expiration of the term, or upon notice of termination of this Lease, to remove any fixtures that Tenant has placed on the Premises. If Tenant so elects, Tenant at its sole cost, shall restore the Premises to similar or better condition and repair as Tenant received the Premises, or such other condition as is mutually agreeable to Landlord and Tenant before the last day of the term or by such other date as agreed to by Landlord and Tenant.

ARTICLE 22 GENERAL PROVISIONS

22.1 <u>Non-Waiver</u>. No waiver by either party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by such party of the same or any other provision. No provision of this Lease may be waived by either party, except by an instrument in writing executed by such party. Either party's consent to or approval of any act requiring such party's consent or approval shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act, whether or not similar to the act so consented to or approved. The subsequent acceptance of Rent hereunder by

Landlord or the acceptance of payment from Landlord by Tenant, shall not be deemed to be a waiver of any preceding breach by the party from whom payment was received of any provision of this Lease, other than the payment so accepted, regardless of the accepting party's knowledge of such preceding breach at the time of acceptance. No act or thing done by Landlord or Landlord's agents shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

- 22.2 <u>Attorneys' Fees</u>. In any action to enforce the terms of this Lease, including any suit by Landlord for the recovery of Rent or possession of the Premises, the losing party shall pay the successful party all reasonable attorneys' fees and costs in such suit and upon appeal, and all such attorneys' fees shall be deemed to have accrued prior to the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.
- 22.3 <u>Broker's Commissions</u>. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with this Lease. Each party hereto shall indemnify and hold the other harmless on account of any loss, claim, liability or expense, of whatever kind and whatever nature, including attorneys' fees and costs, arising out of a claim by any other real estate broker or agent for a brokerage commission pertaining to the Lease and based on any act or statement made by the indemnifying party.
- 22.4 <u>Severability; Entire Agreement; Amendments</u>. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof, and any such other provisions shall remain in full force and effect. This Lease and the exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or supplemented except by an agreement in writing signed by the parties hereto or their successor-in-interest.
- 22.5 All notices, approvals, demands, reports, requests and other Notices. communications provided for in this Lease shall be in writing (including telex, telecopy, telegram or similar writing) and shall be given to such party at its address set forth below, and with copies given as shown below (or such other address as such party may hereafter specify for the purpose by notice to the other party listed below). Each such notice, approval, demand, report or other communication shall be deemed delivered to the party to whom it is addressed (A) if personally served or delivered, upon delivery, (B) if given electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (C) if given by certified or registered mail, return receipt requested, deposited with the United States Mail with first-class postage prepaid, seventytwo (72) hours after such notice is deposited with the United States Mail, or (D) if given by reputable overnight courier with courier charges prepaid twenty-four (24) hours after delivery to the overnight courier.

To Landlord:

City Administrator City of San Fernando 117 Macneil Street San Fernando, CA 91340

With a copy to:

Richards, Watson & Gershon 355 South Grand Avenue, 40th Floor Los Angeles, California 90071 Attn: Michael Estrada

To Tenant:

San Fernando Community Hospital, Inc. dba Mission Community Hospital 14850 Roscoe Boulevard Panorama City, CA 91402 Attn: William Daniel

- 22.6 <u>Further Assurances</u>. Tenant and Landlord each hereby agrees to take such further actions and to execute such other and further documents as may be required to carry out the purposes of this Lease.
- 22.7 <u>Governing Law.</u> This Lease shall be governed by and construed in accordance with the laws of the State of California, regardless of the conflicts of law provisions thereof. All controversies, claims, actions or causes of action arising between the parties hereto and/or their respective successors and assigns shall be brought, heard and adjudicated by the courts of the State of California, with venue in the County of Los Angeles.
- 22.8 <u>Successors and Assigns</u>. Subject to the provisions of <u>Article 14</u> hereof, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.
- 22.9 <u>Time of Essence</u>. Time is of the essence with respect to the performance of every provision of this Lease.
- 22.10 <u>Headings; Joint and Several</u>. The article headings contained in this Lease are for convenience only and do not in any way limit or amplify any term or provision hereof. The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, the neuter shall include the masculine and feminine genders.

- 22.11 No Option. The submission of this Lease by Landlord, its agent or representative for examination or execution by Tenant does not constitute an option or offer to Lease the Land upon the terms and conditions contained herein or a reservation of the Premises in favor of Tenant, it being intended hereby that this Lease shall only become effective upon the execution hereof by Landlord and delivery of a fully executed lease to Tenant. No act or omission of any agent of Landlord shall alter, change or modify the provisions of this Section.
- 22.12 Right of Landlord to Perform. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue beyond any applicable cure period set forth in this Lease, Landlord may, but shall not be obligated to, without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as is in this Lease provided. All sums so paid by Landlord and all reasonable incidental costs, together with interest thereon at the Interest Rate from the date of such payment by Landlord, shall be payable to Landlord on demand, and Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of rent.
- 22.13 <u>Survival of Obligations</u>. Any obligations of Landlord or Tenant occurring prior to the expiration or earlier termination of this Lease shall survive such expiration or earlier termination.
- 22.14 <u>Relationship of Parties</u>. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create any relationship of principal and agent, partnership, association, joint venture or otherwise between Landlord and Tenant. The sole relationship of the parties hereto shall be that of Landlord and Tenant.
- 22.15 <u>Exhibits and Addenda</u>. The Exhibits attached hereto are incorporated herein by this reference as if fully set forth herein.
- 22.16 Execution in Counterparts. This Lease may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Lease, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

CITY OF SAN FERNANDO, a municipal corporation

By: V. Jose Hernandez

ATTEST:

By: Una K Chavez

Elena Chavez

City Clerk

SAN FERNANDO COMMUNITY HOSPITAL, INC., a California non-profit public benefit corporation d/b/a Mission Community Hospital

By: William Daniel, President

By: ______, Secretary

APPROVED AS TO FORM:

Michael Estrada City Attorney

EXHIBIT "A"

Legal Description of Land

THE LAND IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

PARCEL 1:

THOSE PORTIONS OF LOTS 8, 9, 10 AND 11 IN BLOCK 82 OF PORTER LAND AND WATER COMPANY'S RESURVEY OF THE TOWN OF SAN FERNANDO, IN THE CITY OF SAN FERNANDO, AS PER MAP RECORDED IN BOOK 34 PAGES 65 AND 66 OF MISCELLANEOUS RECORDS, LYING NORTHWESTERLY OF THE NORTHWESTERLY LINE OF TRACT 1817, AS PER MAP RECORDED IN BOOK 21 PAGE 55 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 7 TO 12 INCLUSIVE OF TRACT 1817, IN THE CITY OF SAN FERNANDO, AS PER MAP RECORDED IN BOOK 21 PAGE 55 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

ALL THAT CERTAIN VACATED ALLEY, 15 FEET WIDE, IN THE CITY OF SAN FERNANDO, AS SHOWN ON THE MAP OF TRACT 1817, AS PER MAP RECORDED IN BOOK 21 PAGE 55 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND ADJOINING LOTS 7 AND 8 OF SAID TRACT 1817, ON THE NORTHWEST.

PARCEL 4:

LOTS 58 AND 59 OF TRACT 2824, IN THE CITY OF SAN FERNANDO, AS PER MAP RECORDED IN BOOK 28 PAGES 36 AND 37 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

12011-0002\740305v6.doc 9/22/03

No. 1485 (a)

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (the "First Amendment") is entered into as of this 5th day of July 2005 by and between CITY OF SAN FERNANDO, a municipal corporation ("Landlord") and SAN FERNANDO COMMUNITY HOSPITAL, a California non-profit corporation dba Mission Community Hospital ("Tenant"), with reference to the following recitals.

RECITALS:

- A. On or about September 15, 2003, Landlord and Tenant entered into a lease (the "Lease") for that certain premises described on Exhibit A to the Lease (the "Premises") commonly known as 700 Chatsworth Drive, San Fernando, California (the "Building"). All capitalized terms used herein and not otherwise defined shall have the respective meanings as set forth in the Lease.
- B. Landlord and Tenant wish to amend the Lease to provide Tenant with an option to extend the term of the Lease so Tenant can qualify to receive a federal grant to further develop and improve the Premises.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Option to Extend Term. Section 2.1 of the Lease is hereby amended by adding the following:

Tenant shall have the option to extend the Lease Term for an additional ten (10) years to 12:00 a.m. on March 1, 2027 ("Extension Term") provided that: (a) this Lease is in full force and effect; (b) Tenant is not in default hereunder beyond any applicable notice and cure period at the time it gives notice of extension or at the beginning of the extension term; and (c) this Lease had not been assigned. Tenant shall exercise such option by notice in writing delivered to Landlord not less than six (6) months prior to the expiration of the initial Lease Term. All of the covenants, conditions and provisions of this Lease shall be applicable to the Extension Term, except that the base rent shall be subject to adjustment to reflect changes in the rental value of comparable commercial property in the community. Landlord shall advise Tenant of the new monthly rental for the Extension Term within thirty (30) days after Tenant's exercise of its option. Tenant shall have thirty (30) days ("Tenant's Review Period") after receipt of Landlord's notice of the new rental within which to accept such rental or to reasonably object thereto in writing. In the event Tenant objects, Landlord and Tenant shall attempt to agree upon fair rental rate using good faith efforts. If Landlord and Tenant fail to reach agreement within thirty (30) days following Tenant's Review Period (the "Outside Agreement Date"), then the option to extend will not apply and the Lease will terminate at the end of the initial Lease Term.

- 2. <u>Conflict</u>. If there is a conflict between the terms and conditions of this First Amendment and the terms and conditions of the Lease, the terms and conditions of this First Amendment shall control. Except as modified by this First Amendment, the terms and conditions of the Lease shall remain in full force and effect.
- 3. <u>Authority</u>. The persons executing this First Amendment on behalf of the parties hereto represent and warrant that they have the authority to execute this First Amendment on behalf of said parties and that said parties have authority to enter into this First Amendment.

Counterparts. This First Amendment may be executed in counterparts. Each counterpart shall be deemed an original, and all counterparts shall be deemed the same instrument with the same effect as if all parties hereto had signed the same signature page.

IN WITNESS WHEREOF, the parties hereby execute this First Amendment as of the date first written above.

> CITY OF SAN FERNANDO. a municipal corporation

ATTEST:

By: <u>Una M Chavey</u> Elena G. Chávez

City Clerk

SAN FERNANDO COMMUNITY HOSPITAL, INC., a California non-profit public benefit corporation d/b/a Mission Community Hospital

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, Secretary

APPROVED AS TO FORM:

Michael Estrada City Attorney

CONTRACT NO. 1485(b)

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (the "First Amendment") is entered into as of this ___ day of ____ 2013 by and between CITY OF SAN FERNANDO, a municipal corporation ("Landlord") and Deanco Healthcare, LLC, or its designated affiliate and/or successor ("Tenant"), with reference to the following recitals.

RECITALS

- A. On or about September 15, 2003, Landlord and San Fernando Community Hospital, a California non-profit corporation dba Mission Community Hospital ("Hospital") entered into a lease (the "Lease") for that certain premises described on Exhibit A to the Lease the property located in the City of San Fernando, County of Los Angeles, State of California, commonly known as 700 Chatsworth Drive, San Fernando, California, 91340, APN 2613-004-047, 48, 49, 50, 51, and 54 (the "Premises").. All capitalized terms used herein and not otherwise defined shall have the respective meanings as set forth in the Lease.
- B. On or about July 5, 2005, Landlord and Hospital entered into a First Amendment to the Lease ("First Amendment") for that certain premises, a copy of which is attached hereto as Exhibit B.
- C. On or about _______, 2013, Landlord, Tenant, and Hospital entered into an assignment agreement, whereby Hospital unconditionally and absolutely assigned and delivered to Tenant all of Hospital's rights, title and interest in the First Amendment, Tenant agreed to accept and be bound by all terms, conditions, obligations, and covenants of the First Amendment, and Landlord consented to the assignment of the First Amendment.
- D. Landlord and Tenant wish to amend the Lease modify Tenant's obligations for maintenance and repair under Article 7 of the Lease.
- NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:
 - Article 7.1.1 shall be replaced with the following provision:

Tenant Obligations. Tenant shall at all times, at its own sole cost and expense, maintain in good order and repair: (a) the entirety of the Premises, including, but not limited to, the roof, downspouts, gutters, exterior walls, foundation, slab, doors, entrances, locks, sidewalks, parking areas, all utility and electrical lines, and the HVAC, electrical, fire/life-safety, elevator, security, and plumbing systems in good repair, reasonable wear and tear excepted; (b) the interior of the Premises in good condition and repair, reasonable wear and tear excepted, including but not limited to, any Tenant improvements, windows, window frames glass and plate glass, doors, interior walls and

ceilings, finish work, floors, floor covering, all switches, fixtures, and equipment in the Premises; (c) or replace immediately all broken or damaged glass with like-kind glass; (d) the parking areas within the Premises including, without limitation, sweeping, removal of litter and debris and re-striping when necessary; and (e) comply with (1) all applicable laws, rules, ordinances, orders and regulations and all changes thereto (whether or not they require alterations to the Premises) and (2) the requirement of all insurance companies insuring all or any part of the Premises.

- 2. <u>Conflict.</u> If there is a conflict between the terms and conditions of this Second Amendment and the terms and conditions of the First Amendment or the Lease, the terms and conditions of this Second Amendment shall control. Except as modified by this Second Amendment, the terms and conditions of the Lease shall remain in full force and effect.
- 3. <u>Authority.</u> The persons executing this Second Amendment on behalf of the parties hereto represent and warrant that they have the authority to execute this Second Amendment on behalf of said parties and that said parties have authority to enter into this Second Amendment.
- 4. <u>Counterparts.</u> This Second Amendment may be executed in counterparts. Each counterpart shall be deemed an original, and all counterparts shall be deemed the same instrument with the same effect as if all parties hereto had signed the same signature page.

IN WITNESS WHEREOF, the parties hereby execute this Second Amendment as of the date first written above.

CITY OF SAN FERNANDO, a municipal oprporation

By:

Antonio Lopez

Mayor

ATTEST:

Bv:

Elena G. Chavez City Clerk

Deanco Healthcare, LLC

By:

President

RV

James K. Thering.

APPROVED AS TO FORM:

By.

City Attorney

ATTACHMENT "C"

MISSION COMMUNITY HOSPITAL SAN FERNANDO FACILITY SUBLEASE

This Sublease (herein "Lease") is made and entered into as of this 14th day of November, 2003, by and between SAN FERNANDO COMMUNITY HOSPITAL dba MISSION COMMUNITY HOSPITAL, a California nonprofit corporation ("Landlord") and PARTNERS IN CARE FOUNDATION, a California nonprofit corporation ("Tenant").

RECITALS:

- A. Landlord is the lessee of certain real property, including an office building ("Building") located at the property commonly known as 700 Chatsworth Drive, San Fernando, California (together with all buildings, easements and appurtenances and all plumbing, heating, lighting, electrical, ventilation and air conditioning systems and fixtures now or hereafter affixed to the Building and which are necessary to the general operation and maintenance thereof, hereinafter referred to as the "Property"), described in that certain Lease Agreement dated October 1, 2003 by and between the City of San Fernando, as lessor, and Landlord, as lessee (the "City Lease").
- B. Tenant desires to lease an initial eight thousand (8,000) square feet within the Building together with the non exclusive right to use the common area in the Building and on the Property for the purpose of providing a place for office space for general administrative and business functions.
- C. Tenant is willing to lease a portion of the Property from Landlord pursuant to the provisions stated in this Lease.

ARTICLE I PREMISES, TERM

<u>Section 1.01.</u> <u>Premises</u>. Subject to all of the terms and conditions of this Lease, and for the Term (as defined below), Landlord hereby subleases the Premises to Tenant, and Tenant hereby subleases the Premises from Landlord.

This Lease is and shall be at all times subject to all of the terms, covenants and conditions of the City Lease attached hereto as Exhibit "A", and shall in all respects be limited to the estate granted to Landlord by the City of San Fernando pursuant to the City Lease. Tenant agrees that it shall promptly forward to Landlord any and all notices or other communications received by Tenant from the City of San Fernando under the City Lease. Additionally, Landlord agrees that it shall promptly forward to Tenant any and all notices or other communications received by Landlord from the City of San Fernando under the City Lease that directly or indirectly affects the Premises or Tenant's rights hereunder. In the event that the City Lease is terminated for any reason, this Lease shall also terminate and Landlord and Tenant shall have no further obligations or liabilities to each other, except for any such obligation or liability that is expressly stated to survive such termination. Notwithstanding the above, in the event that the City Lease terminates, Landlord, upon request by Tenant, will take all reasonable action to assist Tenant in facilitating its own lease with the City of San Fernando in order that Tenant may remain in the Building.

Landlord leases to Tenant and Tenant leases from Landlord that office space located at 700 Chatsworth Drive, San Fernando, California, and more specifically described as shown on the floor plan attached hereto as Exhibit "B", which constitutes approximately eight thousand (8,000) square feet of rentable area of the total rentable square feet in the Building (the "Premises"). In the event that the Tenant desires to lease additional square footage within the Building, Landlord and Tenant shall meet in good faith to amend this Agreement subject to availability of space so long as Tenant is not in default under this Lease.

Section 1.02. Equipment/Furniture. During the term of this Lease, Tenant shall be entitled to use in the Premises the equipment and furniture located in the Premises and owned by Landlord, as listed on Exhibit "C" attached hereto and all replacements, alterations, and additions thereto (collectively, "Landlord's Furniture"). All Landlord's Furniture shall be subject to any prior rights under financing arrangements under which Landlord is or becomes obligated. Tenant shall be entitled to use its own movable equipment in the Premises, but shall ensure that all such equipment is clearly identified as Tenant's property, the expense for use of the Landlord's Furniture will be covered under the monthly rental amount.

Section 1.03. Term. The term of the Lease shall begin on the Commencement Date, as defined in Section 3.01, and end on February 28, 2009 (the "Initial Term"). As long as Tenant is not in default under this Lease, upon the expiration of the Initial Term (or the Renewal Term, as applicable), Tenant shall have an option to extend the term of this Lease for two (2) additional four (4) year terms (each, a "Renewal Term") by giving notice of its exercise of an option for a Renewal Term at least six (6) months before the expiration of the Initial Term or any Renewal Term. In the event that Landlord extends the term of the City Lease or enters into a new lease for the Property, as long as Tenant is not in default under this Lease, Landlord will, to the extent permitted by the Landlord's lease, grant Tenant additional options to extend the term of this Lease. In the event that the City Lease is terminated by the City of San Fernando prior to the third (3rd) anniversary of the Commencement Date due to a default by Landlord and as a result, Tenant is required to vacate the Premises, Landlord shall reimburse Tenant for its moving expenses up to an amount equal to three (3) months rent as calculated under the terms of this Lease.

Section 1.04. Common Areas. Landlord gives to Tenant and its authorized representatives and invitees the non-exclusive right, at no additional expense to Tenant, to use the Common Areas with other tenants of the Building, together with their respective authorized representatives and invitees. The term "Common Areas" means all areas and facilities outside the Premises and within the exterior boundaries of the Property in which the Building is located, public stairways, public areas, parking areas, decorative walls, and other public portions of the Building, including (a) parking facilities, roadways, sidewalks, walkways, parking, driveways and landscaped areas within the Premises, (b) the common entrances, lobbies, corridors, restrooms on multi-tenant floors, elevators, stairways, accessways, loading and unloading areas, ramps, drives, platforms, passageway, serviceways, common pipes, conduits, wires, equipment and trash areas serving the Building, and (c) the basement of the Building, which may be used for storage. Landlord reserves the right from time to time to use any of the Common Areas and to (i) add additional property to or otherwise expand the Premises or Building; (ii) construct additional improvements on the Premises and make changes, additions, improvements, repairs or replacements in or to the Premises; (iii) close temporarily any of the Common Area while

engaged in making repairs, improvements or alterations to the Premises; and (iv) perform such other acts and make such other changes with respect to the Premises as Landlord may, in the exercise of sound business judgment, deems to be appropriate; provided, however, that such acts and changes described in 1.04(i) through 1.04(iv) herein above do not reasonably interfere with Tenant's access to the Premises or the permitted use of the Premises described herein.

Section 1.05. Parking. During the term of this Lease, parking will be available at no cost to Tenant, its employees and guests at the parking facilities on the Property.

ARTICLE II CONSTRUCTION OF IMPROVEMENTS

Section 2.01. Tenant Improvements. Landlord and Tenant, prior to the Commencement Date, shall have constructed the interior portion of the Premises in accordance with plans and specifications, approved by Landlord and Tenant and as they have agreed to apportion responsibility, as set forth in Exhibit "D" attached hereto and incorporated herein by reference, subject to modification thereof only in accordance with executed written change orders. Tenant and Landlord shall be solely responsible and shall each pay their respective costs and expenses in connection with their respective improvements to the Premises, as described in Exhibit "D." Upon occupying the Premises, Tenant by such act accepts that the Premises are in the condition called for under this Lease.

Section 2.02. Completion. Said Premises shall be deemed completed and ready for occupancy by Tenant for purposes of this ARTICLE II when Landlord has given Tenant notice thereof and Tenant approves the Premises, which approval shall not be unreasonably withheld.

ARTICLE III COMMENCEMENT OF TERM

Section 3.01. Commencement Date. The term of this Lease and the payment of rent hereunder shall commence within thirty (30) days after the date the tenant improvements for the Premises are completed (as mutually agreed by Landlord and Tenant) and possession is delivered to Tenant.

Section 3.02. Commencement Date Delay. If the Commencement Date is unreasonably delayed due to any act or omission of Tenant, or of its agents or employees, the Premises shall be deemed ready for occupancy, thereby the Commencement Date shall be the day the Premises would have been ready but for the delay. For this purpose, a delay shall include:

- (a) Delay in submission of plans or specifications, or giving authorizations or approvals required for the preparation for or execution of the construction work.
 - (b) Delay due to:
 - (i) Changes made in plans and specifications.

(ii) Any interference with the construction work to be performed to the Premises as provided in ARTICLE II.

If Landlord sustains additional costs or damages as a result of any unreasonable delay by Tenant under this Section, Tenant shall pay to Landlord (in addition to the rent payable as a result of the acceleration of the Commencement Date as provided herein) all reasonable costs and damages sustained by Landlord as a result of the delay. In the event that Landlord unreasonably delays the Commencement Date due to Landlord's delays under subsections (a) and (b) above, and Tenant sustains additional costs or damages, Landlord shall pay to Tenant all reasonable costs and damages sustained by Tenant as a result of the delay.

ARTICLE IV USE AND PROHIBITED USE OF PREMISES

- Section 4.01. Use. Tenant shall use the Premises for general administrative and business matters, and shall not use or permit the Premises to be used for any other purposes without the prior written consent of Landlord. Notwithstanding anything to the contrary contained in this Lease, all uses of the Premises shall be limited exclusively to the uses permitted under the City Lease.
- Section 4.02. Prohibited Uses. Tenant shall not commit or permit the commission of any acts on the Premises nor use or permit the use of the Premises in any way that:
- (a) Will increase the existing rates for or cause cancellation of any fire, casualty, liability, or other insurance policy insuring the Building or its contents;
- (b) Violates or conflicts with any law, statute, ordinance, or governmental rule or regulation, whether now in force or hereinafter enacted, governing the Premises or the Building, or which violates or conflicts with the terms of the City Lease;
- (c) Obstructs or interferes with the rights of other tenants or occupants of the Building or injures or annoys them; or
- (d) Constitutes the commission of waste on the Premises or the commission or maintenance of a nuisance as defined by the laws or the State of California.
- Section 4.03. Rules and Regulations. Tenant will faithfully observe and strictly comply with all rules and regulations affecting the Premises, and such other and further reasonable rules and regulations as Landlord or the agents of Landlord may, from time to time, promulgate. Notice of such rules and regulations will be given in such manner as Landlord may elect, provided, however, that Tenant will be bound to such rules and regulations only to the extent that Tenant has received written notice.

ARTICLE V RENT

Section 5.01. Minimum Rent. Tenant shall pay as minimum rent, without deduction, set off, prior notice, or demand, the monthly sum of Two Thousand Four Hundred

Dollars (\$2,400.00), computed at the rate of \$.30 per square foot of the Premises. The Minimum Rent provided herein shall be subject to the adjustment described in Section 5.02 commencing on the first anniversary of the Commencement Date. Tenant agrees to pay rent on the first day of each month commencing on the Commencement Date of this Lease and continuing during the Term. The minimum monthly rent for any partial month shall be prorated at the rate of 1/30th of the minimum monthly rent less any offset per day.

The payment of rent shall be deemed delinquent if not received by Landlord at its address as set forth in ARTICLE XVI below, within five (5) days of the date on which it is due.

Section 5.02. Rent Adjustment. The Minimum Rent to be paid over a 12 month period, as provided in Section 5.01, is subject to a one percent (1%) increase on the anniversary of the Commencement Date each year (the "Adjustment Date"). Landlord shall provide Tenant with a notice of the increase Minimum Rent in the invoice for rent rendered by Landlord for the applicable rental period.

ARTICLE VI SECURITY DEPOSIT

Security Deposit. Tenant shall pay a sum equal to two (2) months' rent to Landlord at or before the commencement of the lease term, as security for the full performance of this Lease. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply, or retain all or any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, upon demand therefore, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this security deposit separate from its general funds and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option to the last assignee of Tenant's interest hereunder) at the expiration of the lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall notify Tenant in writing of any transfer of said deposit to Landlord's successor in interest, and Landlord shall be discharged from any further liability with respect to the security deposit.

ARTICLE VII PERSONAL PROPERTY TAXES

<u>Section 7.01.</u> <u>Personal Property Taxes</u>. Tenant shall pay, or cause to be paid, before delinquency, any and all taxes, assessments, license fees, and other charges ("Taxes") that are levied and assessed against Tenant's leasehold improvements, equipment, furniture, fixtures,

inventory, and any other personal property installed or located in or on the Premises, and that become payable during the term of this Lease. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of payment.

In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures, and other personal property shall be assessed and taxed with the Property, Tenant shall pay to Landlord such Taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such Taxes applicable to Tenant's property.

ARTICLE VIII UTILITIES AND SERVICES

Section 8.01. Utilities and Services. Landlord shall furnish to the Premises reasonable quantities of electricity, gas and water as required for Tenant's use, sewage service, trash collection, janitorial service and elevator service at Landlord's expense. Tenant shall be solely responsible for, and shall make all arrangements and directly pay all expenses related to telephone service and the collection of all hazardous and/or medical waste.

Landlord shall not be liable for failure to furnish such utilities or services to the Premises when the failure results from causes beyond Landlord's reasonable control, but in case of the failure, Landlord shall take all reasonable steps to promptly restore the interrupted utilities and services.

ARTICLE IX ALTERATIONS, ADDITIONS, AND MAINTENANCE

Section 9.01. Alterations and Additions. Tenant shall not make or allow to be made any alterations, additions, or improvements to or of the Premises or any part thereof without the prior written consent of Landlord. Any alterations, additions, or improvements to or of the Premises, including, but not limited to, wall coverings, paneling, and built-in cabinet work, but excepting moveable furniture and trade fixtures, shall at once become a part of the realty and belong to Landlord and shall be surrendered with the Premises on expiration or termination of the Term, except that Landlord may elect within thirty (30) days before expiration of the Term, or upon notice of termination of this Lease, to require Tenant to remove any fixtures that Tenant has added to the Premises. If Landlord so elects, Tenant at its sole cost, shall restore the Premises to their original condition (condition after completion of Exhibit D alterations - i.e., prior to the removal of any fixtures) or such other condition as is mutually agreeable to Landlord and Tenant, designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later. If Tenant makes any alterations to the Premises as provided in this Section, such alterations shall not be commenced until ten (10) days after Landlord has received notice from Tenant stating the date the installation of the alterations is to commence so that Landlord may post and record an appropriate notice of nonresponsibility. In the event that Landlord consents to the making of any alterations, additions, or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense.

Section 9.02. Sign and Directory. Landlord shall provide a directory in the lobby area of the Building in which the Premises are located. Tenant has the right to put a sign on the entrance door of the Premises. With that exception, Tenant shall have no other right to place, construct, or maintain any other sign on the Premises without Landlord's written approval.

Section 9.03. Maintenance. Landlord represents that the Premises are and will remain structurally sound; and Landlord shall, at its sole cost and expense, maintain in good order, condition, and timely repair throughout the Term of this Lease the walls, roofs, foundations, heating, ventilation and air conditioning, common areas and all exterior parts of all buildings located on the Property, and the electrical, gas, and plumbing services, to and from the Building; provided, however, Landlord shall not be obligated to repair any damage thereto caused by any act or negligence of Tenant or its employees, agents, invitees, licensees, or contractors (collectively, the "Tenant Parties"). In the event and to the extent that the need for repairs shall have been caused by the intentional acts or negligence of Tenant or the Tenant Parties, Landlord may, in its sole discretion, make such repairs and charge Tenant the cost thereof as additional rent.

By entry hereunder, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition, and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair (except as provided with respect to Landlord's obligations as set forth in this Section). Tenant specifically assumes responsibility for the plate glass, if any, and all interior portions of the Premises. Tenant shall, upon the expiration or sooner termination of this Lease, surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted.

Landlord reserves and shall at any and all times have the right to enter the Premises, during the normal business hours of Tenant, to inspect the same, to supply service to be provided by Landlord to Tenant hereunder, to submit the Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve, or repair the Premises and any portion of the Building of which the Premises are a part as required by the terms of this Lease, without abatement of rent, and may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, always providing that the entrance to the Premises shall not be blocked thereby, and further providing that the business of Tenant shall not be interfered with unreasonably. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon, and about the Premises, excluding Tenant's vaults and safes, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises, and any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

<u>Section 9.04.</u> <u>Mechanics' Liens</u>. Tenant shall keep the Building, other improvements, and land of which the Premises are a part free and clear of all mechanics' liens resulting from any work or services requested or engaged by Tenant.

Tenant shall have the right to contest the correctness or validity of any such lien, if, immediately on demand by Landlord, Tenant procures and records a lien release bond issued by a corporation authorized to issue surety bonds in California in an amount equal to one and one half (1 1/2) times the amount of the claim on lien. The bond shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action).

ARTICLE X INDEMNITY, EXCULPATION, AND INSURANCE

Hold Harmless. Tenant shall indemnify Landlord and hold Landlord harmless against and from any and all claims, taxes, liens, liability, damage, or loss arising from Tenant's use of the Premises or the Property, from the conduct of its business or from any activity, materials supplied to, work, or other things done, permitted or suffered by the Tenant in or about the Premises and the Property, and shall further indemnify Landlord and hold it harmless against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease or arising from any act or negligence of Tenant or any officer, agent, employee, guest, or invitee of Tenant, and from all costs, attorneys' fees, and liabilities incurred in or about the defense of any such claim or any action or proceeding brought thereon, and in case of any action or proceeding brought against Landlord by reason of such claim, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord for this Lease, hereby assumes all risk of damage to property or injury to persons in, upon, or about the Premises, from any cause other than Landlord's willful misconduct or gross negligence, and Tenant hereby waives all claims in respect thereof against Landlord.

Landlord or its agents shall not be liable for any loss or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein, or from the roof, street, or subsurface or from any other place resulting from dampness or any other cause whatsoever, unless caused by or due to the gross negligence of Landlord, its agents, servants, or employees. Tenant shall give prompt written notice to Landlord in case of casualty or accident in the Premises or on the Property.

Section 10.02. Insurance. Tenant shall maintain or cause to be maintained, at its sole cost and expense, the following insurance with respect to the Premises:

(a) <u>Liability Insurance</u>. Comprehensive general liability insurance against any and all liability of the insured for personal injury, death, or property damage with respect to or arising out of the ownership, maintenance, use or occupancy of the Premises, and all operations incidental thereto including, but not limited to, structural alterations, new construction and demolition, including a broad form commercial general liability endorsement covering the

insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in this Lease, the insurance to have limits of not less than Five Million Dollars (\$5,000,000.00), for bodily injury, personal injury and property damage liability.

- (b) <u>Worker's Compensation Insurance.</u> Worker's Compensation insurance covering all persons employed by Tenant in the conduct of its business on the Premises, or as required by law from time to time.
- (c) Special Cause of Loss. "Special Cause of Loss" property insurance on the improvements in an amount not less than the full insurable value on a replacement cost basis of the improvements on the Property and Tenant's trade fixtures. During all construction periods, such policy shall be written in the so-called "Builder's Risk Completed Value Non-Reporting Form" with no coinsurance requirement and shall contain a provision granting the insured permission to complete.

Notwithstanding the above requirements, in the event the insurance required under Section 10.02(a) above becomes cost-prohibitive to Tenant in Tenant's reasonable discretion, and after Tenant's good faith efforts to procure same, Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord.

Section 10.03. Policy Requirements. All insurance required under this Lease shall: (a) have Landlord named as additional insured; (b) state that the insurance afforded to each of the above-named insureds shall be primary insurance and any other valid and collectible insurance available to either of the insureds shall be excess insurance and under no circumstances shall be considered contributory; (c) provide that coverage shall not be revised, canceled or reduced until at least thirty (30) days written notice of such revision, cancellation or reduction has been given to Landlord (except in the event of cancellation for nonpayment of premium, which notice shall be provided at least ten (10) days prior to cancellation); and (d) be issued by insurance companies which are qualified to do business in the State of California and having a rating of not less than A-VIII in Best's Insurance Guide.

Section 10.04. Blanket Policy. Any or all insurance required under this Lease may be part of a blanket policy or policies of insurance maintained by Tenant covering the risks to be insured against under this Lease so long as the coverage required under this Lease is not diminished.

Section 10.05. Right of Landlord to Obtain Insurance. Prior to the Commencement Date, and thereafter not less than thirty (30) days prior to the expiration date of each policy theretofore furnished pursuant to this ARTICLE X, Tenant shall deliver to Landlord, in the manner required for notices, copies or certificates of all insurance policies required by this Lease or, alternatively, proof acceptable to Landlord that such insurance has been or will be obtained prior to the Commencement Date or the expiration date of such policies, as applicable. If Tenant fails or refuses to procure or to maintain insurance as required by this Lease, or fails or refuses to furnish Landlord with proof acceptable to Landlord that the insurance has been or will be procured within five (5) business days following Landlord's demand for such proof, Landlord shall have the right, at Landlord's election, to procure and maintain such insurance, in addition to all other rights and remedies Landlord may possess on account of such default. The premiums

paid by Landlord in such event shall be treated as rent due from Tenant to be paid on the first day of the next month following the date on which the premiums were paid, with interest at a rate equal to five percent (5%) per annum from the time of payment until repayment. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers to whom such premiums were paid.

Section 10.06. Waiver of Subrogation. Landlord and Tenant each agree to have their respective insurance companies issuing insurance with respect to the Premises waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be. Landlord and Tenant hereby waive any and all rights of recovery against the other, or against the officers, employees, agents and representatives of such other party, for loss of or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under any insurance policies required to be carried by this ARTICLE X or under any other policy of insurance carried by such waiving party, to the full extent permitted by such policies.

ARTICLE XI DESTRUCTION

Section 11.01. Landlord's Rights and Obligations. If the Premises or any part of the Building is damaged by fire or other casualty to an extent not exceeding twenty-five percent (25%) of the full replacement cost thereof, and Landlord's contractor (or the City of San Fernando's contractor, in accordance with the City Lease) estimates in a writing delivered to the parties that the damage thereof is such that the Premises and/or Building may be repaired, reconstructed or restored to substantially its condition immediately prior to such damage within one hundred twenty (120) days from the date of such casualty, and Landlord will receive insurance proceeds sufficient to cover the costs of such repairs, reconstruction and restoration (including proceeds from Tenant and/or Tenant's insurance which Tenant is required to deliver to Landlord pursuant to Section 11.02 below), then Landlord (or its designee) shall commence and proceed diligently with the work of repair, reconstruction and restoration and this Lease shall continue in full force and effect. If, however, the Premises or any other part of the Building is damaged to an extent exceeding twenty-five percent (25%) of the full replacement cost thereof, or Landlord's contractor (or the City of San Fernando's contractor, in accordance with the City Lease) estimates that such work of repair, reconstruction and restoration will require longer than one hundred twenty (120) days to complete, or Landlord will not receive insurance proceeds (and/or proceeds from Tenant as applicable) sufficient to cover the costs of such repairs, reconstruction and restoration, then Landlord may elect to either: (a) repair, reconstruct and restore the portion of the Building damaged by such casualty, in which case this Lease shall continue in full force and effect; or (b) Landlord or Tenant may terminate this Lease effective as of the date which is thirty (30) days after Tenant's receipt of Landlord's written notice to Tenant of its intention to repair or terminate under any of the conditions of this Section 11.01. Landlord shall give Tenant such notice within the later of sixty (60) days after the occurrence of such casualty, or fifteen (15) days after Landlord's receipt of the estimate from Landlord's contractor. Landlord's contractor shall deliver a written estimate to both Landlord and Tenant pursuant to this Section within forty-five (45) days of Tenant's notifying Landlord of any damage to the Premises.

Section 11.02. Tenant's Costs and Insurance Proceeds. In the event of any damage or destruction of all or any part of the Premises, Tenant shall immediately notify Landlord thereof and deliver to Landlord all insurance proceeds received by Tenant with respect to the Premises (whether or not this Lease is terminated as permitted in this ARTICLE XI), and Tenant hereby assigns to Landlord all rights to receive such insurance proceeds. If Tenant fails to receive insurance proceeds covering the full replacement cost of any portion of the Premises, including personal property owned by Landlord, which Tenant is required to insure pursuant to this Lease, upon any damage or destruction thereto, Tenant shall immediately pay to Landlord the full replacement cost of such items, less any insurance proceeds actually received by Landlord from Landlord's or Tenant's insurance with respect thereto.

Section 11.03. Abatement of Rent. If as a result of any such damage or destruction of the Premises or the Building, Tenant is actually prevented from using, and does not use, the Premises or any portion thereof for five (5) consecutive business days (the "Eligibility Period"), then the rent shall be abated or reduced, as the case may be, during the period after the expiration of the Eligibility Period that Tenant continues to be so prevented from using and does not use the Premises or portion thereof, in the proportion that the rentable square feet of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable square feet of the Premises. Notwithstanding the foregoing to the contrary, if the damage or destruction is due to the negligence or willful misconduct of Tenant or any Tenant Parties, there shall be no abatement of rent. Except for abatement of rent as provided herein above, Tenant shall not be entitled to any compensation or damages for loss of, or interference with, Tenant's business or use or access of all or any part of the Premises resulting from any damage or destruction, repair, reconstruction or restoration.

Section 11.04. Inability to Complete. Notwithstanding anything to the contrary contained in this ARTICLE XI, if Landlord is obligated or elects to repair, reconstruct and/or restore the damaged portion of the Building or Premises pursuant to Section 11.01 above, but is delayed from completing such repair, reconstruction and/or restoration beyond the date which is six (6) months after the date estimated by Landlord's contractor for completion thereof pursuant to Section 11.01, by reason of any causes beyond the reasonable control of Landlord (including, without limitation, any sets of God, war, governmental restrictions, and delays caused by Tenant or any Tenant Parties), then either Tenant or Landlord may elect to terminate this Lease upon thirty (30) days' prior written notice to the other.

ARTICLE XII CONDEMNATION

Section 12.01. Eminent Domain. If the whole or any part of the Premises, Building or Property shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Landlord shall have the option to terminate this Lease upon thirty (30) days' notice to Tenant, provided such notice is given no later than (90) days after the date of such taking. If the whole or any part of the Premises is taken, or if access to the Premises is substantially impaired as a result of any such taking, Tenant shall have the option to terminate this Lease upon thirty (30) days' notice to Landlord, provided such notice is given no later than ninety (90) days after the date of such taking. If neither party elects to terminate this Lease, and

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a portion of the premises is so taken, Landlord shall thereafter proceed to make a functional unit of the remaining portion of the Premises (but only to the extent Landlord receives proceeds therefor from the condemning authority), and rent shall be abated with respect to the part of the Premises taken. Landlord shall be entitled to receive the entire amount of any award or payment made in connection with such taking, except that Tenant may file a separate claim against the condemning authority (but not against Landlord) for the taking of Tenant's personal property within the Premises and for Tenant's relocation expenses, provided such claims do not diminish the award available to Landlord or Landlord's mortgagees and are separately payable to Tenant.

ARTICLE XIII ASSIGNMENT

Section 13.01. Prohibition Against Assignment or Sublease Without Landlord's

Consent. Tenant shall not, during the term of this Lease, directly or indirectly, assign, transfer, pledge, sell, otherwise encumber all or any part of the Premises leased or Tenant's leasehold estate under this Lease, or sublet the leased Premises or any portion thereof, or permit anyone other than Tenant to occupy the Premises without Landlord's prior written consent.

In the event Tenant desires to assign, transfer, encumber, sublease, or permit anyone other than Tenant to occupy the leased Premises, Tenant must first give written notice to Landlord of its desire to do so. The written notice must contain the following: the name of the proposed assignee, transferee, sublessee, or occupant; the nature of the proposed assignee's, transferee's, subtenant's, or occupant's business or undertaking to be carried on in the Premises; financial information and credit history of the proposed assignee, transferee, subtenant, or occupant; and the terms and conditions of the proposed assignment, transfer, sublease, or occupancy. A copy of the proposed agreement concerning the assignment, transfer, sublease, or occupancy must be attached.

Landlord's consent will not be unreasonably withheld, providing that the assignee, transferee, sublessee, or occupant appears to be financially responsible, and the purpose for which the Premises are to be used will not be materially different from that provided for in this Lease, and provided that consent is granted by the City of San Fernando pursuant to the terms of the City Lease. The consent by Landlord to assignment, transfer, sublease, or occupancy by the person specified in Tenant's notice, will not relieve Tenant from obtaining Landlord's written consent to assignment, transfer, sublease, or occupancy by any other person not named in such notice. Consent by Landlord to any assignment, transfer, sublease, or occupancy by another person will not relieve Tenant of any of Tenant's obligations under this Lease.

Any assignment, transfer, sublease, or occupancy by a person other than Tenant in violation of the terms of this Lease will be null and void and, at Landlord's option, may be treated as a material default by Tenant, entitling Landlord to terminate this Lease and/or to pursue any other legal remedies. Acceptance by Landlord of rent from the assignee, transferee, sublessee, or occupant will not be deemed to constitute consent by Landlord to the assignment of transfer, sublease, or occupancy by another nor as a waiver of Landlord's rights to terminate this Lease and/or pursue Landlord's other legal remedies.

The assignee, transferee, sublessee, or other person permitted to occupy the Premises will assume all of the obligations of Tenant under this Lease and will be liable jointly and severally with Tenant for the payment of rent and the performance of all of the terms and conditions of this Lease.

Tenant will deliver to Landlord a copy of the assignment, transfer, agreement, sublease, or other instrument permitting another person to occupy the Premises. The instrument must contain an agreement whereby the assignee, transferee, sublessee, or occupant assumes the rights and obligations of Tenant to the leased Premises in such form as will be acceptable to Landlord. The failure or refusal of the assignee, transferee, sublessee, or person permitted to occupy the leased Premises to execute such an instrument of assumption will not release or discharge such person from liability as set forth in this Lease.

If Tenant is a corporation, the transfer of the majority of the voting stock, whether by sale, consolidation, merger, reorganization, or other cause, of if Tenant is a partnership, the sale or transfer of a majority of the partnership interest will be deemed an assignment for purposes of this Section.

Section 13.02. Involuntary Assignment. No interest of Tenant in this Lease shall be assignable by operation of law (including, without limitation, the transfer of this Lease by testacy or intestacy). Each of the following acts shall be considered an involuntary assignment: (a) if Tenant is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under bankruptcy law in which Tenant is the bankrupt party; or if Tenant is a partnership or consists of more than one person or entity, if any partner of the partnership or other person or entity is or becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors; (b) if a Writ of Attachment or Execution is levied on this Lease; or (c) if, in any proceeding or action to which Tenant is a party, a receiver is appointed with authority to take possession of the Premises.

An involuntary assignment shall constitute a default by Tenant and Landlord shall have the right to elect to terminate this Lease, in which case this Lease shall not be treated as an asset of Tenant.

If a Writ of Attachment or Execution is levied on this Lease, Tenant shall have five (5) days in which to cause the attachment or execution to be removed. If any involuntary proceeding in bankruptcy is brought against Tenant, or if a receiver is appointed, Tenant shall have thirty (30) days in which to have the involuntary proceeding dismissed or the receiver removed.

Section 13.03. Landlord's Right to Assign. Upon thirty (30) days' written notice to Tenant, Landlord shall have the right to transfer and assign, in whole or in part, all and every feature of Landlord's rights and obligations under this Lease and in the Premises and improvements referred to in this Lease, and such transfers or assignments may be made to either a corporation, trust company, individual, or group of individuals, and however made, are to be and all things respected and recognized by Tenant. Notwithstanding anything to the contrary above, in the event that an assignment under this Section is deemed by Tenant in its reasonable discretion to have a negative impact on Tenant, Tenant may terminate this Lease upon fifteen

(15) days' notice to Landlord, so long as such notice is provided to Landlord prior to the effective date of assignment.

ARTICLE XIV DEFAULT AND REMEDIES

| Section 14.01. | Remedies. | Notwithstanding any provision herein to the contrary and | |
|--|----------------|---|--|
| irrespective of whether a | ll or any righ | nts conferred upon Landlord by this ARTICLE XIV are | |
| expressly or by implicati | on conferred | l upon Landlord elsewhere in this Lease, in the event of any | |
| failure of Tenant, which | continues for | r five (5) days after notice has been given to Tenant, to pay | |
| any rent or installments t | hereof, or an | y other charges or sums whatsoever due hereunder | |
| (including, without limit | ation, amoun | ats due as reimbursement to Landlord for costs incurred by | |
| Landlord in performing of | bligations h | ereunder upon Tenant's failure so to perform) when due, or | |
| any default or failure by | Tenant to per | rform any other of the terms, conditions, or covenants of | |
| this Lease to be observed or performed by Tenant for more than fifteen (15) days after written | | | |
| notice from Landlord to ' | Tenant of suc | ch default (unless such default cannot be cured within | |
| fifteen (15) days and Ter | ıant shall hav | we commenced to cure said default within said twenty (20) | |
| days and cures the same | with all reaso | onable dispatch), or permit this Lease to be taken under any | |
| writ of execution or simi | lar writ or or | der, then Landlord, besides other rights or remedies it may | |
| have under this Lease or | by law, shall | l have the right to: | |

- (a) terminate Tenant's right to possession of the premises at any time. No act by Landlord other than giving notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:
- (i) the worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Lease;
- (ii) the worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of loss of rent and that Tenant proves could have been reasonably avoided;
- (iii) the worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and
- (iv) any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default; or,
- (b) Landlord can continue this Lease in full force and effect, and the Lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the premises, including, without limitation, brokers' commissions, expenses of remodeling the

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premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this Section shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's right to possession of the premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability. Landlord's consent to a proposed assignment or subletting shall not be unreasonably withheld.

If Landlord elects to relet the premises as provided in this Section, rent that Landlord receives from reletting shall be applied to the payment of:

First, any indebtedness from Tenant to Landlord other than rent due from Tenant;

Second, all costs, including for maintenance, incurred by Landlord in reletting;

Third, rent due and unpaid under this Lease. After deducting the payments referred to in this Section, any sum remaining from the rent Landlord receives from reletting shall be held by Landlord and applied in payment of future rent as rent becomes due under this Lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs, including for maintenance, Landlord incurred in reletting that remain after applying the rent received from the reletting as provided in this Section.

The failure or refusal of Landlord to relet the Premises shall not affect Tenant's liability. The terms "entry" and "reentry" are not limited to their technical meanings. In the event of reentry by Landlord, Landlord may remove all persons and property from the Premises and such property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, Tenant, without notice or resort to legal process and without Landlord being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby. In the event Tenant shall not remove its property from the leased Premises within ten (10) days after Tenant has vacated the Premises, then such property shall be deemed abandoned by Tenant and Landlord may dispose of the same without liability to Tenant. At any time that Tenant has failed to pay rent or other charges within five (5) days after the same shall become due, thereafter Landlord shall not be obligated to accept any payment from Tenant unless such payment is made in certified funds. For the purpose of this Section: "worth at the time of award" shall be computed by allowing interest at the rate of ten percent (10%) per annum.

Section 14.02. Legal Expenses. In the event that Landlord should retain counsel and/or institute any suit against Tenant for violation of or to enforce any of the covenants or conditions of this Lease or for recovery of possession of the leased Premises or to enforce any right of Landlord hereunder, or should Tenant institute any suit against Landlord for violation of any of the covenants or conditions of this Lease, or should either party institute a suit against the other for a declaration of rights hereunder, or should either party intervene in any suit in which the other is a party, to enforce or protect its interest or rights hereunder, the prevailing party shall

be entitled to all of its costs, expenses, and reasonable fees of its attorney(s) in connection therewith.

<u>Section 14.03.</u> <u>Interest on Unpaid Rent</u>. Rent not paid when due shall bear interest from the date due until paid at the maximum rate an individual is permitted by law to charge.

Section 14.04. Late Charges. Tenant acknowledges that late payment by Tenant to Landlord of rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of said costs being extremely difficult and impractical to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Landlord by the terms of any encumbrance and note secured by any encumbrance covering the Premises. Therefore, if any installment of rent due from Tenant is not received by Landlord prior to its delinquency, Tenant shall pay to Landlord an additional sum of five (5%) percent of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord.

Landlord at any time after Tenant commits the default, can cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any such, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant.

Section 14.05. Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than fifteen (15) days after written notice by Tenant to Landlord specifying therein that Landlord has failed to perform such obligation, provided, however, that if the nature of Landlord's obligation is such that more than fifteen (15) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such fifteen (15) day period and thereafter diligently prosecutes the same to completion.

Tenant at any time after Landlord commits the default, can, at Tenant's option, terminate this Lease upon written notice to Landlord, or cure the default at Landlord's cost. If Tenant at any time, by reason of Landlord's default, pays any sum or does any act that requires the payment of any such, the sum paid by Tenant shall be due immediately from Landlord to Tenant at the time the sum is paid, and if paid at a later date, shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Tenant until Tenant is reimbursed by Landlord.

ARTICLE XV SUBORDINATION AND TENANT'S STATEMENT

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<u>Section 15.01.</u> <u>Subordination.</u> Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, and at the election of

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Landlord or any mortgagee or a mortgage or a beneficiary of a deed of trust now or hereafter encumbering all or any portion of the Premises, or any lessor of any ground or master lease now or hereafter affecting all or any portion of the Premises, including the City Lease, this Lease shall be subject and subordinate at all times to such ground or master leases (and such extensions and modifications thereof) and to the lien of such mortgages and deeds of trust (as well as to any advances made thereunder and to all renewals, replacements, modifications and extensions thereof). Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any or all ground or master leases or the lien of any or all mortgages or deeds of trust to this Lease. If any ground or master lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, at the election of Landlord's successor in interest, Tenant shall attorn to and become the tenant of such successor. Tenant hereby waives its rights under any current or future law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding or sale. Tenant shall execute and deliver to Landlord within ten (10) days after receipt of written demand by Landlord and in the form reasonably required by Landlord, any additional documents evidencing the priority of subordination of this Lease to any such ground or master lease or the lien of any such mortgage or deed of trust.

Section 15.02. Tenant's Statement. Tenant shall at any time and from time to time, upon not less than three (3) days prior written notice from Landlord, execute, acknowledge, and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges were paid in advance, if any; and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder, or specifying such defaults if they are claimed; and (c) setting forth the date of commencement of rents and expiration of the term hereof. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part.

Failure to deliver the certificate within the three (3) days shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

If a party fails to deliver the certificate within the three (3) days, the party failing to deliver the certificate irrevocably constitutes and appoints the other party as its special attorney in fact to execute and deliver the certificate to any third party.

ARTICLE XVI NOTICE

Section 16.01. Notice. Whenever under the terms of or in connection with this Lease it becomes necessary, appropriate, or desirable for Landlord or Tenant to give notice to one another, said notice may be given by registered or certified United States Mail, with first class postage pre paid, addressed to Landlord at the following address: Mission Community Hospital,

14850 Roscoe Boulevard, Panorama City, CA 91402; or to Tenant at 101 South First Street, Suite 1000, Burbank, California 91502. Either Landlord or Tenant may at any time designate a new or different address to which notices are to be sent, which notice of a new or different address shall be given as hereinabove immediately provided. Any notice shall be effective as of the time that the same is personally delivered or as of the time that the same is properly deposited in the United States Mail, if such notice deposited in the United States Mail is given as herein provided.

ARTICLE XVII MISCELLANEOUS PROVISIONS

Section 17.01. Sale or Transfer of Premises. If Landlord sells or transfers all or any portion of the property on which the Premises is located, Landlord, on consummation of the sale or transfer, shall be released from any liability thereafter accruing under this Lease if Landlord's successor has assumed in writing, for the benefit of Tenant, Landlord's obligations under this Lease. If any security deposit or prepaid rent has been paid by Tenant, Landlord will transfer the security deposit or prepaid rent to Landlord's successor and on such transfer, Landlord shall be discharged from any further liability in reference to the security deposit or prepaid rent.

Section 17.02. Authority of Parties. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation, a copy of which shall be attached hereto, in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms.

Section 17.03. Surrender of Premises. On termination of the Lease, Tenant shall surrender to Landlord the Premises and all Tenant's improvements and fixtures in good condition (except for ordinary wear and tear occurring after the last necessary maintenance by Tenant and destruction to the Premises covered by the provisions of this Lease, except for fixtures which Tenant has the right to remove or is obligated to remove under the provisions of this Lease). Tenant shall remove all of its personal property within the above stated time. Tenant shall perform all restoration made necessary by the removal of any fixtures or Tenant's personal property within the time period stated in this Section.

Landlord can elect to retain or dispose of in any manner any fixtures or Tenant's personal property that Tenant does not remove from the Premises on expiration or termination of the term as allowed or required by this Lease by giving at least ten (10) days' notice to Tenant. Title to any such fixtures or Tenant's personal property that Landlord elects to retain or dispose of on expiration of the ten (10) day period shall vest in Landlord. Tenant waives all claims against Landlord for any damage to Tenant resulting from Landlord's retention or disposition of any such fixtures or Tenant's personal property. Tenant shall be liable to Landlord for Landlord's costs for storing, removing, and disposing of any fixtures or Tenant's personal property.

If Tenant fails to surrender the Premises to Landlord of expiration of ten (10) days after the termination of the term as required by this Section, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding Tenant resulting from Tenant's failure to surrender the Premises.

- Section 17.04. Holding Over. If Tenant, without Landlord's consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by Landlord to Tenant terminating this Lease, such possession by Tenant shall be deemed to be a month to month tenancy terminable on thirty (30) days' notice given at any time by either party.
- Section 17.05. Time of Essence. Time is of the essence of each provision of this Lease.
- <u>Section 17.06.</u> <u>Successors.</u> The covenants and conditions herein contained shall, subject to the provisions as to assignment and subletting, apply to and bind the heirs, successors, executors, administrators, and assigns of all of the parties hereto, and all of the parties hereto shall be jointly and severally liable hereunder.
- <u>Section 17.07.</u> <u>Addendum and Riders</u>. Clauses, riders, and addendum, if any, affixed to this Lease and agreed to by Landlord and Tenant are a part hereof.
- Section 17.08. Waiver. The waiver by either party of any term, covenant, or condition herein contained shall not be deemed to be a continuing waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding default by Tenant of any term, covenant, or condition of this Lease, other than the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding default at the time of the acceptance of such rent.
- <u>Section 17.09.</u> <u>Joint Obligation</u>. If there be more than one Tenant, the obligations hereunder imposed shall be joint and several.
- <u>Section 17.10.</u> <u>Marginal Headings</u>. The marginal headings and titles to the Articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- <u>Section 17.11.</u> <u>Recordation</u>. Neither Landlord nor Tenant shall record this Lease, but a short form memorandum hereof may be recorded at the request of Landlord.
- Section 17.12. Quiet Possession. Upon Tenant paying the rent and other payments reserved hereunder and observing and performing all of the covenants and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet enjoyment of the Premises for the entire term hereof, subject to all of the provisions of this Lease.
- <u>Section 17.13.</u> <u>California Law</u>. This Lease shall be construed and interpreted in accordance with the laws of the State of California without respect to the conflicts of law provisions thereof.

- Section 17.14. Integrated Agreement; Modification; Conflicts with City Lease. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto. Notwithstanding anything to the contrary herein, in the event that any term in this Lease contradicts or is in conflict with the City Lease, the terms of the City Lease shall prevail.
- <u>Section 17.15.</u> <u>Provisions are Covenants and Conditions.</u> All provisions, whether covenants or conditions on the part of Tenant shall be deemed to be both covenants and conditions.
- Section 17.16. Terms Includes Extension; Definition. All references to the term of this Lease or the Lease term shall include any extensions of such term; and the term means the period of time during which Tenant has a right to occupy the Premises.
- Section 17.17. Number and Gender. When required by the context of this Lease, the singular shall include the plural; the neuter gender shall include the feminine and masculine; and the word "person" shall include corporation, partnership, firm, or association.
- Section 17.18. Inability to Perform. This Lease and the respective obligations of Landlord and Tenant hereunder shall not be affected or impaired because the Landlord or Tenant, as applicable, is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond reasonable control of Landlord or Tenant, as applicable.
- <u>Section 17.19.</u> <u>Cumulative Remedies</u>. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.
- <u>Section 17.20.</u> <u>Severability</u>. The unenforceability, invalidity or illegality of any provision in this Lease shall not render the other provisions unenforceable, invalid, or illegal.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease the day and year first above written.

LANDLORD

SAN FERNANDO COMMUNITY HOSPITAL dba MISSION COMMUNITY HOSPITAL, a California nonprofit corporation

3y: <u>////</u>0

William Daniel, CEO

TENANT

PARTNERS IN CARE FOUNDATION, a California nonprofit corporation

Name: (1)

EXHIBIT "A"

CITY LEASE

EXHIBIT "B"

DESCRIPTION OF THE PREMISES

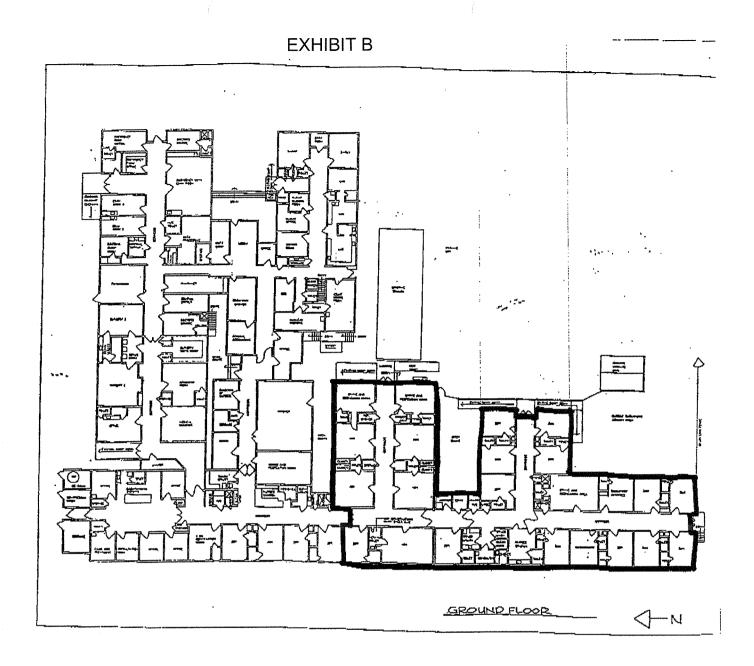


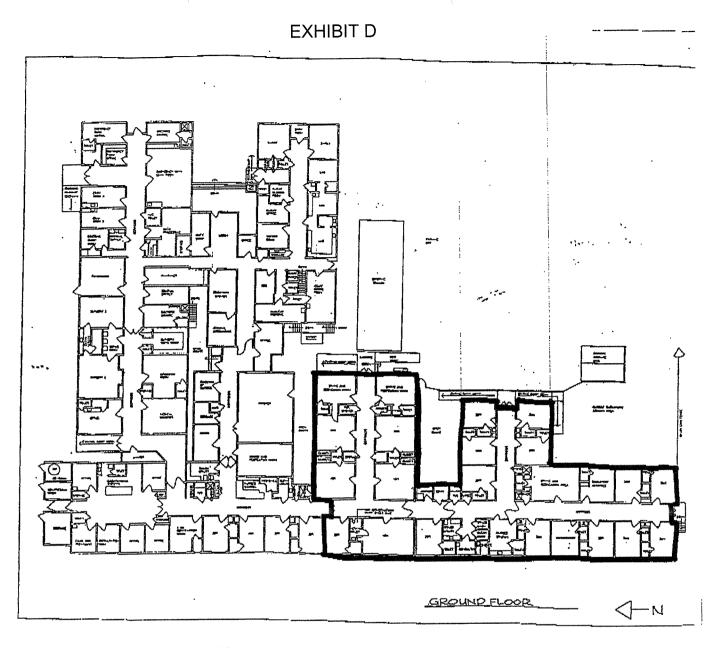
EXHIBIT "C"

LANDLORD'S FURNITURE

NONE.

EXHIBIT "D"

TENANT IMPROVEMENTS



Allocation of Certain Expenses and Improvements:

- -- Landlord will be responsible for the work and expense necessary to repair or install appropriate plumbing, electrical, heating, ventilation and air conditioning and will be responsible for the repair of the Building exterior (including the roof and the grounds) in a manner deemed acceptable to Tenant for the reasonable occupancy of the Premises. During the term of this Lease, in the event that any governmental authority or other regulatory agency notifies either Tenant or Landlord that either party is required to make additional improvements in or on the Building in order to comply with current codes and regulations, including City building codes, fire codes, and the Americans with Disabilities Act, Landlord will undertake such improvements at its sole cost and expense, to the extent of its obligations under the City Lease.
- -- Tenant will be responsible for the work and expense necessary to repair or install appropriate cables for telephone and computer operation and floor coverings with respect to the Premises, and Tenant will be responsible for the work and expense in connection with Tenant's relocation to the Premises, the painting of the Premises, and any movement of non-weight-bearing walls in the Building, which Tenant voluntarily elects to have moved. Notwithstanding the foregoing, any and all changes or improvements to the Building by Tenant shall be subject to the prior written approval by Landlord.

201043v1.pdf

ATTACHMENT "D"

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (the "Assignment") is made and entered into as of _______, 2013 (the "Effective Date") by and between San Fernando Community Hospital, Inc. d/b/a Mission Community Hospital ("Assignor"), Deanco Healthcare, LLC or its designated affiliate and/or successor ("Assignee") and City of San Fernando ("Landlord").

WITNESSETH

WHEREAS, Assignor entered into a Lease on or about September 15, 2003 with Landlord with respect to the property located in the City of San Fernando, County of Los Angeles, State of California commonly known as 700 Chatsworth Drive, San Fernando, California, 91340, APN 2613-004-047, 48, 49, 50, 51, and 54 (the "Premises").

WHEREAS, Assignor entered into the First Amendment to Lease Agreement dated July 5, 2005 (the "Agreement") with Landlord with respect to property located at the Premises; and

WHEREAS, the terms of the Agreement may have disallowed the right of Assignor to assign the Agreement; and

WHEREAS, By the Assignment, Assignor desires to absolutely and effectively assign, and Assignee desires to accept, the Agreement; and

WHEREAS, Landlord will agree to the Assignment of the Agreement, subject to the terms and conditions set forth below.

- NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:
- Incorporation of Recitals. The foregoing recitals are incorporated herein as
 if fully set forth.
- Effective Date of Assignment. This Assignment shall become effective upon the Effective Date. Thereafter, all references in the Agreement to Tenant shall mean and include Assignee.
- 3. Assignment of Rights and Interests. Upon execution of the Assignment by all parties, and as of the Effective Date, Assignor does hereby unconditionally and absolutely assign and deliver to Assignee all of Assignor's rights, title and interest in and to the Agreement.
- 4. Assumption of Assumed Liabilities and No Release. Upon the execution of the Assignment by all parties, and as of the Effective Date, Assignee hereby accepts the Assignment and agrees to assume and be bound by the terms, conditions, obligations, and covenants arising under the Agreement, and agrees to faithfully perform all of Assignor's obligations thereunder and relating thereto as though Assignee had been the

original party in place of Assignor, including, but not limited to, Assignee's payment to Landlord for any outstanding monies due and owing Landlord by Assignor regardless of when such monetary obligation arose under the Agreement. Notwithstanding the foregoing, Assignor will remain jointly and severally liable for the payment of rent and for the performance of all other obligations of the Assignor under the Agreement from and after the Effective Date.

- 5. Consent of Landlord. Landlord hereby consents to the assignment of the Agreement by Assignor to Assignee. This Assignment is made on the express condition that Landlord's consent shall not be deemed or construed to be a waiver of any term, covenant, condition, provision, or requirement of or under the Agreement, nor a consent to any other assignment of the Agreement. All rights of the Landlord under the Agreement are reserved.
- 6. Subsequent Assignments. Landlord's consent to the Assignment does not constitute a consent to any subsequent subletting or assignment and does not relieve Assignee or any person claiming under or through Assignee of the obligation to obtain the consent of Landlord under Article 14 of the Lease to any future assignment or sublease. Notwithstanding the foregoing, Landlord may consent to subsequent sublettings and assignments of the Agreement, or amend the Agreement without notifying Assignor or anyone else liable under the Lease, including any guarantor of the Lease, and without obtaining their consent, and that action by Landlord will not relieve those persons of liability.
- Clarification of Duties. Assignee understands and acknowledges that the Assignment will not require Landlord to re-perform or re-provide anything that Landlord has already provided to Assignor.

8. Excess Rent.

- a. Assignor represents to the Landlord that it has at no time received any amount of Excess Rent as it is defined in Section 14.4 of the Lease from any sublet, assignment, or other kind of transfer of the Premises.
- b. Assignee represents to the Landlord that it reviewed the Assignor's records and that Assignee determined that Assignor at no time received any amount of Excess Rent as it is defined in Section 14.4 of the Lease from any sublet, assignment, or other kind of transfer of the Premises.
- 9. Estoppel Certificate. Assignee agrees to execute, acknowledge, and deliver to Landlord within ten (10) days of execution of this Assignment, in the manner required for notices in the Lease, a written estoppel certificate certifying the information contained within Article 19 of the Lease (but not limited to such information in the event further information is reasonably requested by Landlord). Assignee agrees to acknowledge and deliver to Landlord, concurrently with the execution of this Assignment, in the manner required for notices in the Lease, a written and executed estoppel certificate from each existing subtenant certifying the information contained within Article 19 of the Lease with respect to each existing sublease assumed by Assignee, including the amount of rent that each subtenant will pay to the Assignee, (but not limited to such information in the event further information is reasonably requested by Landlord). Assignee shall, at any time and from time to time, upon

not less than (10) business days' prior written notice from Landlord acknowledge and deliver to Landlord a written and executed estoppel certificate from each subtenant consistent with this provision.

- 10. Insurance. Assignee agrees to deliver to Landlord within ten (10) days of execution of this Assignment, in the manner required for notices in the Lease, copies or certificates of all insurance policies required by this Lease, or alternatively, proof acceptable to Landlord that insurance has been or will be obtained prior to the Effective Date. If Assignee fails or refuses to procure insurance as required by the Lease, or fails or refuses to furnish Landlord with proof acceptable to Contactor that the insurance has or will be procured, Landlord shall have the rights available to it to procure and maintain such insurance, in addition to all other rights and remedies described in Section 8.4 of the Lease.
- 11. Further Assurances. Assignor and/or Assignee agree at Landlord's reasonable request to execute and deliver such further conveyance agreements, and to take such further action, as may be necessary or desirable to evidence more fully the transactions described in the Agreement.
- 12. Governing Law. This Assignment shall be construed and enforced in accordance with the laws of the State of California as they pertain to agreements executed in, and fully performed within, the state of California.
- 13. Entire Agreement. This Assignment, together with the Agreement, contains the entire agreement and understanding between and among the parties hereto relative to the assignment of the Agreement from Assignor to Assignee, and supersedes and replaces all prior negotiations, proposed agreements and agreements, written or oral, between them. Each party hereto acknowledges that no party, or agent or attorney of any other party, or any other person or entity, has made any promise, representation, warranty, statement or opinion whatsoever, express or implied, not contained herein concerning the subject matter of this Assignment, to induce any other party to execute this Assignment, and each of the parties acknowledges that it has not executed this Assignment in reliance upon any such promise, representation, warranty, statement or opinion not expressly contained herein. This Assignment may only be modified or amended by a writing which specifically refers to this Assignment and which is signed by all the parties who are and intended to be bound by such modification or amendment. In the event of any conflict between the terms of the Agreement and this Assignment, this Assignment shall control.
- 14. City Council Approval. The parties hereby agree and acknowledge that this Assignment is subject to approval by the City Council of the City of San Fernando. In the event the City Council does not approve this Assignment, then the Assignment shall become null and void.
- agree and acknowledge that each of them is signing this Assignment knowingly, intelligently, voluntarily, and without coercion. The parties further acknowledge that each of them has had the opportunity to consult with legal counsel and has either: (1) contacted a representative or an attorney of their choice and discussed the contents of this Assignment; or (2) elected not to contact a representative or an attorney and has carefully read and fully understands all of the provisions of this Assignment, and that each of them is voluntarily signing this Assignment.

- 16. Additional Documents. The parties shall, at any time at or after execution of this Assignment, sign and deliver, or cause others to do so, all such documents and instruments or do or cause to be done all such acts and things reasonably necessary to carry out the provisions of this Assignment.
- 17. Successors. Except as otherwise set forth herein, all of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their successors.
- 18. Counterparts. This Assignment may be executed in counterparts and each executed counterpart shall be as effective as the original.
- 19. Authorization. Each person signing this Assignment warrants and represents that he/she has full authority to execute the Assignment on behalf of the entity on whose behalf he so signs.
- 20. Representations and Warranties. Each party separately acknowledges and represents that the representations and warranties contained herein are essential and materials provisions of this Assignment and shall survive execution of this Assignment.

IN WITNESS WHEREOF the parties have executed this Assignment as of the date first above written.

| ASSIGNOR SAN FERNANDO COMMUNITY HOSPITAL, INC. | C. |
|---|----|
| Name: James K. Theiring Title: Chief Executive Officer | - |
| ASSIGNEE DEANCO HEALTHCARE, LLC | |
| Name: David Harman Title: Cha (royan) | _ |
| Accepted by: | |

Title: __

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney



CITY COUNCIL

June 15, 2018

MAYOR SYLVIA BALLIN

Sent via Email and Certified Mail

VICE MAYOR ANTONIO LOPEZ

Craig B. Garner Garner Health Law Corporation 1299 Ocean Avenue, Suite 450 Santa Monica, CA 90401

COUNCILMEMBER **JOEL FAIARDO**

COUNCILMEMBER

ROBERT C. GONZALES

COUNCILMEMBER JAIME SOTO

Subject: NOTICE OF TERMINATION OF LEASE

> Lease by and between the City of San Fernando and San Fernando Community Hospital, Contract for Real Property located at 700

Chatsworth Drive, San Fernando, California

Dear Mr. Garner:

This correspondence shall serve as notice by the City of San Fernando ("City") of the termination of that certain lease agreement dated as of September 15, 2003 between the City as landlord and San Fernando Community Hospital ("Tenant") for real property located at 700 Chatsworth Drive, San Fernando, California (hereinafter, the "Lease"). Pursuant to Section 2.1 of the Lease as amended by way of a First Amendment to Lease dated as of July 5, 2005 ("First Amendment"), City and Tenant, following many months of good faith negotiation, have been unable to reach agreement on the appropriate terms for the adjustment of the base rent.

Under Section 2.1 of the Lease as amended by way of the First Amendment, Tenant had the option to extend the term of the Lease for a period of 10 years, commencing as of March 1, 2017 and ending at 12:00am on March 1, 2027. The ability of Tenant to exercise this option, however, is conditioned upon an adjustment to the base rent of \$4,166.66 per month to a rate that better reflects changes in the rental value of comparable commercial property in the community at the time the extension term is to commence. Since Tenant issued its notice of intent to exercise the extension option on August 30, 2016, the parties have been unable to mutually agree on the terms of a new base rent. Without waiving its rights under the Lease, City afforded Tenant additional time well in excess of the time allowed under Section 2.1 for Tenant to consider the City's initial proposed adjustment terms and for the parties to try to reach a mutually acceptable agreement should Tenant reasonably object to the City's initial proposed adjustment terms.

After many months of good faith negotiation and attempts at concession on the part

ADMINISTRATION DEPARTMENT

117 MACNEIL STREET SAN FERNANDO CALIFORNIA 91340

OFFICE OF THE CITY MANAGER (818) 898-1202

(818) 898-1220

TREASURER DIVISION (818) 898-1207

of the City, on May 10, 2018, the City delivered written notice to you and your client Personnel Division that the parties appeared to be at an impasse. (A copy of the City's May 10 2018 notice

MR. CRAIG B. GARNER

Notice of Termination of Lease Page 2 of 3

is enclosed for your reference). You and your client were given until close of business on May 31, 2018 to accept the City's final deal terms as set forth in the term sheet entitled Non-Binding Proposal for Third Amendment to Lease Agreement, Termination of Lease and Settlement Agreement, And New Lease and dated February 26, 2018 ("City's Final Offer"). As of the close of business on May 31, 2018, your client did not accept the terms of the City's Final Offer. Although your client delivered checks totaling \$23,119.68 on June 1, 2018, the tender of these sums did not constitute your client's acceptance of City's Final Offer but merely a show of good faith to continue negotiation and as an inducement to the City to allow your client time to further consider the City's Final Offer. As of today, your client has not accepted the City's Final Offer.

Separate and apart from your client's June 1, 2018 tender of \$24,119.68, the City confirms that your client is up-to-date on rent payments at the existing (non-adjusted) base rent rate through June 30, 2018 by way of separately issued checks from your client. Nevertheless, since the parties have failed to reach agreement on terms for the adjustment of the base rent and given the great amount of extra time and effort the City afforded Tenant to reach a mutually acceptable agreement, Tenant's March 1, 2017 option to extend the Lease will not apply and the Lease will terminate effective 12:00am on August 1, 2018 as mentioned in the City's correspondence of May 10, 2018. Your client (the Tenant) remains responsible for the payment of the current base rent up to the August 1, 2018 termination date.

If your client (the Tenant) or any subtenants fail to vacate the property by 12:00am on August 1, 2018, the City reserves the right to take all action necessary to have the property vacated and seek the recovery of reasonable attorneys' fees in connection with such effort. The City also reserves its rights under Section 2.2 (Holdover) of the Lease.

To promote the orderly and timely wind-down of operations on the Property your client and the subtenant are instructed to select one of three dates for a walk-through of the Property with City officials so that the parties may inspect the premises and discuss the logistics of the vacation. The dates are as follows:

June 25, 2018 at 9:00 am; June 29, 2018 at 9:00 am; or

¹ The City will return these checks following the expiration of the lease, provided that your client is current with its lease payments up to the expiration date. City reserves the right to deposit these check as an offset to any delinquent sums owed by your client.

MR. CRAIG B. GARNER

Notice of Termination of Lease Page 3 of 3

July 2, 2018 at 9:00am.

If you have any questions, please feel free to contact me.

Sincerely,

Alexander P. Meyerhoff

City Manager

Enclosure: City's correspondence of May 10, 2018.

cc: James K. Theiring, Chief Executive Officer

Richard Padilla, Assistant City Attorney

SANFERNANDO

CITY COUNCIL

May 10, 2018

Mayor Sylvia Ballin

Sent via Email and Certified Mail

VICE MAYOR ANTONIO LOPEZ Mr. Craig B. Garner Garner Health Law Corporation 1299 Ocean Avenue, Suite 450 Santa Monica, CA 90401

COUNCILMEMBER JOEL FAJARDO

COUNCILMEMBER
ROBERT C. GONZALES

NOTICE OF IMPASSE REGARDING NEGOTIATION OF ADJUSTMENT TO BASE

RENT FOR LEASE OF CITY-OWNED PROPERTY LOCATED AT 700

CHATSWORTH DRIVE, SAN FERNANDO, CALIFORNIA

Councilmember
Jaime Soto

Dear Mr. Garner:

Subject:

This letter is follow-up to the most recent exchange of proposals regarding the lease agreement between Deanco Healthcare, LLC ("Deanco") and the City of San Fernando ("City") for Deanco's leasing of the hospital property located at 700 Chatsworth Drive, San Fernando, California ("Property"). For more than a year, the City, in good faith, has tried to work with Deanco to establish an increased rent for the Property that better reflects market rates as provided under Section 2.1 of the lease. The City authorized a property appraisal which determined on February 10, 2017 a monthly rental rate of \$1.50 per square foot (\$42,585.00 per month) for the Property. The City has even considered proposals that would allow for a gradual increase so that Deanco and its subtenant, Mission Community Hospital ("Subtenant"), have sufficient time to adjust to the new rental rates. Despite these efforts, the City and Deanco appear to be at an impasse.

ADMINISTRATION DEPARTMENT

Under Section 2.1 of the lease, Deanco had the option to request an extension to the original lease term for an additional 10 years, commencing as of March 1, 2017, subject to certain qualifying conditions. As provided under Section 2.1 of the lease, Deanco exercised this option by providing the City with a written notice of its desire to extend the term by way of its notice to the City dated August 30, 2016. Under the terms of the extension, "[a]Il ...covenants, conditions and provisions of [the lease] shall be applicable for the Extension Term, except that the base rent shall be subject to adjustment to reflect changes in the rental value of comparable commercial property in the community." (See Section 2.1 of lease).

117 Macneil Street San Fernando California 91340

OFFICE OF THE
CITY MANAGER
(818) 898-1202

The City provided Deanco with City's proposed adjusted base rent on February 28,
2017. Under the terms of the lease Deanco had 30 days from its receipt of City's proposed adjustment "to accept such rental or to reasonably object thereto in

writing."

Personnel Division (818) 898-1220

(818) 898-1220

Treasurer Division (818) 898-1207

WWW.SFCITY.ORG

MR. CRAIG B. GARNER

Lease Agreement between Deanco Healthcare, LLC and the City of San Fernando Page 2 of 3 $\,$

Deanco expressed its objection to the City's proposed increase in its correspondence of dated February 28, 2017 and also objected that it did not have sufficient time to evaluate the City's proposal. In its correspondence of March 6, 2017, the City agreed to give Deanco an additional 30 days to evaluate the City's proposal including the appraisal upon which it was based, as well as an additional 30 days in the event of objections by Deanco, to try to reach agreement. The City later agreed to have the City's appraiser confer with Deanco's appraiser in the hopes of narrowing the gap between the City's proposed rate and the rate Deanco believed to be appropriate. On August 16, 2017, the two appraisers proposed the following rate: \$1.25 per square foot, with minimum rent adjustment of 2.5 percent annual increase. Since that time, the City and Deanco have spent many months exchanging proposals. Deanco's most recent proposal was presented to the City on February 2, 2018. On February 26, 2018, the City offered its own counter, attached herein.

Pursuant to Section 2.1 of the lease, if City and Deanco fail to reach agreement within 30 days following Deanco's initial 30-day review period, then the option to extend will not apply and the lease will terminate at the end of the initial lease term. At no time has the City waived its right to terminate the lease should the parties fail to agree on new lease terms. The City, in good faith, has spent nearly a year attempting to work with Deanco in arriving at mutually acceptable lease terms. As stated, above, it appears that the two side are now at an impasse. It should be observed that during this time Deanco's rent has remained the same.

Accordingly, if the City and Deanco are unable to reach a mutually acceptable resolution to this divide by May 31, 2018, the City will exercise its right to terminate the lease and will give Deanco and it's its subtenant 60 calendar days to vacate the Property.

We ask that Deanco provide the City with its response as soon as reasonably possible. Please contact Timothy Hou, Director of Community Development, directly at (818) 898-7316.

Sincerely,

Alexander P. Meyerhoff

City Manager

08/06/2018 CC Meeting Agenda Page 222 of 493

MR. CRAIG B. GARNER

Lease Agreement between Deanco Healthcare, LLC and the City of San Fernando Page 3 of 3 $\,$

Attachment: City Counter Offer to Deanco's 2nd Proposal, February 26, 2018

cc: James K. Theiring, Chief Executive Officer Richard Padilla, Assistant City Attorney

NON-BINDING PROPOSAL FOR THIRD AMENDMENT TO LEASE AGREEMENT, TERMINATION OF LEASE AND SETTLEMENT AGREEMENT, AND NEW LEASE

Re: 700 Chatsworth Dr., San Fernando, CA 91340 (the "Property")

This Non-Binding Proposal for a Third Amendment to Lease Agreement (the "Proposal") is made by Deanco Healthcare, LLC ("Tenant") to the City of San Fernando ("Landlord"), for the purpose of modifying that certain Lease dated September 15, 2003 between Landlord and Tenant (as amended, the "Lease"), as follows:

- 1. <u>Term</u>: The Lease currently terminates March 1, 2027. Tenant proposes a new termination date for the Lease of July 12, 2018.
- 2. <u>Base Rent Increase</u>: The Base Rent, which is currently \$4,166.66/month or approximately \$0.13 per square foot of useable space (31,453), will increase to \$33,025.65/month or \$1.05 1.25 per square foot of useable space over a period of time as follows:
 - a. Tenant will pay Landlord monthly payments from the date hereof through April 30, 2018 in the amount of \$6,250.00.
 - b. Tenant will pay Landlord monthly payments from May 1, 2018 through the June 30, 2018 in the amount of \$7,290.50. Tenant will pay a prorated portion of \$7,290.50 for the period from July 1, 2018 through July 12, 2018.
 - e. Tenant will pay Landlord on the termination date, a final lump sum payment in an amount to be determined.

The monthly base rent will payable in accordance with the following schedule:

| Start | End | \$ per SF/mo. | \$/mo. |
|-----------------|-------------------|---------------|-----------|
| March 1, 2017 | February 28, 2018 | 0.35 | 11,008.55 |
| March 1, 2018 | February 28, 2019 | 0.65 | 20,444.45 |
| March 1, 2019 | December 31, 2019 | 0.95 | 29,880.35 |
| January 1, 2020 | December 31, 2020 | 1.25 | 39,316.25 |
| January 1, 2021 | December 31, 2021 | 1.29 | 40,495.74 |
| January 1, 2022 | December 31, 2022 | 1.33 | 41,710.61 |
| January 1, 2023 | December 31, 2023 | 1.37 | 42,961.93 |
| January 1, 2024 | December 31, 2024 | 1.41 | 44,250.79 |
| January 1, 2025 | December 31, 2025 | 1.45 | 45,578.31 |
| January 1, 2026 | December 31, 2026 | 1.49 | 46,945.66 |
| January 1, 2027 | March 1, 2027 | 1.54 | 48,354.03 |

3. New Lease for Current Subtenant: Tenant has learned that San Fernando Community Health Center (the "Community Clinic"), a current subtenant, is prepared to sign a new lease ("Clinic Lease") for the entire Premises. Such Clinic Lease would commence as of the early termination of Tenant's existing Lease and would include certain commitments by the Community Clinic to benefit the City of San Fernando and surrounding areas (the scope of which to be discussed between Landlord and

Community Clinie). These commitments may include participation in health-related education (adult and pediatrie), non-monetary donations to the community on at least an annual basis (e.g., dental kits), and other such events upon which the parties may agree. Tenant understands the Community Clinic is seeking an option to purchase and/or right of first refusal for the Community Clinic, with certain considerations made relating to payments under the Clinic Lease, as well as a tenant improvement allowance for

The tenant proposes that in the event tenant wishes to be released from its obligations under the extended lease term, tenant should be allowed to do so, provided that any such release would be in the sole and absolute discretion of the landlord and that among the conditions for such release landlord may first require (i) that the tenant pay to landlord in full all outstanding sums owed to the landlord prior to tenant being released from its obligations under the terminated lease; and (ii) that landlord shall have executed and entered into a new lease with San Fernando Community Health Center ("Subtenant") for the entire lease premises. The execution of any lease between the landlord and Subtenant would be in landlord's sole and absolute discretion and subject to, among other factors, landlord's approval as to the creditworthiness of the proposed tenant and the requirement that the Subtenant submit financial records to landlord demonstrating creditworthiness and financial strength.

The City Council would have to approve two simultaneous actions. First, a termination and settlement agreement would require City Council approval to release the current tenant from all its existing lease obligations. Second, a new lease agreement would require approval from City Council by and between the City and the proposed new tenant, San Fernando Community Health Center. The proposed new tenant would be subject to terms outlined under a new lease with the landlord, which shall include, but not be limited to, the terms outlined herein regarding base rent schedule. Landlord's failure or refusal to enter into a new lease with Subtenant or any other third party during the lease term of the lease between landlord and tenant shall not relieve tenant of its obligations under said lease.

This Proposal is an outline of major contemplated lease amendment provisions only, and is not a binding legal agreement to amend the Lease or negotiate an amendment to the Lease. THE PARTIES AGREE THAT NO CONTRACTUAL OBLIGATION WILL BE CREATED BY EITHER TENANT (OR ITS AGENTS) SENDING OR YOUR ACCEPTANCE OF THIS PROPOSAL (EXCEPT AS EXPRESSLY PROVIDED IN THE IMMEDIATELY FOLLOWING PARAGRAPH). Neither Landlord nor Tenant shall have any legal obligation or liability to the other with respect to the matters set forth in this Proposal unless and until a definitive amendment is executed by both parties (in each parties sole and absolute discretion). Neither party shall have any obligation to continue discussions or negotiations for any such amendment to the Lease.

Notwithstanding the foregoing non-binding language, Landlord acknowledges and agrees that all correspondence (including this lease proposal) and all communication between Tenant (and/or its employees, agents, contractors or brokers) and Landlord concerning information which will ultimately become or becomes part of the contemplated lease amendment is confidential information (collectively, the "Confidential Information"). Whether or not the contemplated amendment is ultimately consummated, Landlord shall keep the Confidential Information strictly confidential and shall not disclose the Confidential Information to any person or entity other than Landlord's financial, legal, and space planning consultants.

If you accept the terms and conditions provided in this Proposal, please indicate so by having an

08/06/2018 CC Meeting Agenda Page 225 of 493 authorized representative of the Landlord sign below and return the signed Proposal prior to 5:00 p.m. on ________, 2018.

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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Nick Kimball, Deputy City Manager/Director of Finance

Date: August 6, 2018

Subject: Consideration to Approve an Argument in Favor of the Local Transaction Tax

Measure on the November 2018 General Election

RECOMMENDATION:

It is recommended that the City Council discuss and approve the proposed argument in favor of the local Transaction Tax Measure (Attachment "A") on the November 2018 General Election.

BACKGROUND:

- 1. On July 16, 2018, the City Council unanimously approved Resolution No. 7872 and Ordinance No. 1678, placing a measure to extend the existing half-cent transaction tax on the November ballot.
- 2. The City Council also directed staff to work with the Ad Hoc Committee (Councilmembers Fajardo and Gonzales) to draft an argument in favor of the Measure and return to City Council for review and approval.

ANALYSIS:

Subsequent to the City Council meeting on July 16, 2018, the Ad Hoc Committee was not able to convene a meeting; however, each Ad Hoc Committee Member provided staff with input on a draft argument in favor. The proposed Argument in Favor (Attachment "A") includes feedback received from both Ad Hoc Committee Members.

Pursuant to Division 9 of the Elections Code, all arguments concerning measures are limited to 300 words ("San Fernando" counts as 1 word) and must be submitted to the the Los Angeles County Registrar-Recorder no later than August 17, 2018. The Los Angeles County Registrar-Recorder provides an Argument and Rebuttal form (Attachment "B") that must be used to submit arguments or rebuttals. Staff will format and submit the approved argument on the appropriate form.

FINANCE DEPARTMENT

REVIEW:

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-7307

WWW.SFCITY.ORG

Consideration to Approve an Argument in Favor of the Local Transaction Tax Measure on the November 2018 General Election

Page 2 of 2

BUDGET IMPACT:

There is minimal impact related to City Council approving an argument in favor of the local Transaction Tax Measure. Please refer to the staff report presented on June 4, 2018 for additional information regarding the impact of extending half-cent transaction tax on the City's long term finances.

ATTACHMENTS:

- A. Proposed Argument in Favor of the Local Transaction Tax Measure
- B. Los Angeles County Registrar/Recorder Argument and Rebuttal Form

ATTACHMENT "A"

Vote "YES" on the San Fernando Preservation and Beautification Measure

In 2013, San Fernando was on the brink of bankruptcy and had a \$5.7 million General Fund deficit. The City's workforce lost 32 positions, including 6 Police Officers that keep San Fernando safe and 13 Public Works staff that keep San Fernando clean. As a result, voters approved a ½ cent local sales tax, which expires in 2020.

Now, the General Fund deficit is less than \$1 million and is on track to be eliminated within a year, 10 police vehicles have been replaced, more than 5 miles of streets have been resurfaced, 43,000 square feet of sidewalks have been replaced, Brand Boulevard was beautified to create a notable entrance to the City, and a number of recreation programs have been expanded, including the Dia de los Muertos 5k run, Open Streets Festival, and JAM Sessions.

A "YES" vote will extend the local Sales tax and secure the future of San Fernando by:

- Attracting unique and top notch entertainment, retail and restaurants.
- Increasing the number of Police Officers patrolling the streets.
- Increasing field operations to keep San Fernando clean.
- Enhancing the annual residential street resurfacing paving program to touch every street in San Fernando on a 10-year cycle.
- Repairing, replacing and maintaining San Fernando's playground and exercise equipment, tot lots, sports fields, and park lighting.
- Establishing a "rainy day" fund.

If the local sales tax is not extended, the City will lose \$2.5 million per year and will again be living "paycheck to paycheck." Based on current estimates, the City will be unable to pave streets, repair recreation facilities, or replace vehicles and equipment with any regularity unless a new revenue source is identified.

We urge a "Yes" vote to protect the future of San Fernando and the services essential to the vitality of our community.

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ARGUMENT AND REBUTTAL FORM

| ATTACHMENT "B" | 232 of 493 ACHMENT "B | " |
|----------------|--------------------------|---|
|----------------|--------------------------|---|

| ELECTION DATE: | | MEASURE I.D. (if any): | | |
|--|---|---|--|--|
| JURISDICTION: | | | | |
| (Please mark (x) in the appropriate box) | | | | |
| | ☐ Argument in Favor☐ Rebuttal to Argument Against | ☐ Argument Against ☐ Rebuttal to Argument in Favor | | |

Statements will be printed in uniform type, style and spacing. Use block paragraphs and single space format. Text submitted indented or centered will be typeset in block paragraph form. Entire statements in all capital letters are not acceptable. Indentations, circles, stars, dots, italics and/or bullets cannot be accommodated. However, you may use dashes/hyphens. Words to be printed in boldface type, underscored and/or CAPITALIZED are to be clearly indicated. Any combinations of enhanced words are counted as one word. The number of words/acronyms that are in boldface type, underscored and/or CAPITALIZED shall not exceed 30 words for Arguments and 25 for Rebuttals per documents. All statements should be checked by the authors for spelling and punctuation as the elections official is not permitted to edit any material contained therein. NOTE: Rebuttal arguments are not direct arguments. For example, a rebuttal to a direct argument in favor of a measure is NOT a direct argument against a measure. Please also note that rebuttal arguments are allowed only when both a direct argument for AND against a measure are filed.

ALL AUTHORS MUST SIGN ON THE REVERSE SIDE

Please attach typed statement to this form. Statements should be typed in upper and lower case letters. Statement will be typeset in the Official Sample Ballot Booklet using TIMES NEW ROMAN font in 11 point size. However, statements can be submitted using any standard font.

LOS ANGELES COUNTY REGISTRAR-RECORDER/COUNTY CLERK

ELECTION DEPUTY:

ELECTION PLANNING SECTION (562) 462-2317

DECLARATION BY AUTHOR(S) OF ARGUMENTS OR REBUTTALS

(Elections Code Section 9600)

All arguments concerning measures filed pursuant to Division 9 of the Elections Code shall be accompanied by the following declaration to be signed by each author of the argument/rebuttal. Names and titles listed will be printed in the Voter Information portion of the Official Sample Ballot Booklet in the order provided below.

| The undersigned author(s) of the: | ☐ Argument in Favor ☐ Argument Against | | ☐ Rebuttal to Argument Against ☐ Rebuttal to Argument in Favor | |
|--|--|--------------|--|--|
| of ballot measure | | at the | | |
| alastian for the | (name and/or letter) | | (title of election) | |
| election for the | | | to be held or | |
| (date) | | hereby state | e that such argument is true and correct to the | |
| best of his/her/their knowledge and | belief. | | | |
| | | | | |
| | Printed Name | | Signature | |
| Title to App | Title to Appear on Argument | | Date | |
| | | | | |
| 2. Prin | nted Name | | Signature | |
| Title to App | Title to Appear on Argument | | Date | |
| | | | | |
| 3. Prin | nted Name | | Signature | |
| Title to Apr | pear on Argument | | Date | |
| Title to App | pear on Argument | | Date | |
| 4. Prin | nted Name | | Signature | |
| - | | | | |
| Title to App | pear on Argument | | Date | |
| 5. Prin | nted Name | | Signature | |
| 0. | | | • | |
| Title to App | pear on Argument | | Date | |
| IMPORTANT FILING INFORMA designated filer of the above titled a my contact information. Mailing Address: | | | am the questions pertaining to this filing. Below is E-Mail Address: | |
| Contact Numbers: | ime | Evening | Fax | |
| - | E USE ONLY | | Time Stamp | |
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| PROJECT CODE NUMBER: | | | | |

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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

By: Yazdan T. Emrani, P.E., Director of Public Works/City Engineer

Date: August 6, 2018

Consideration to Adopt an Urgency Ordinance Amending Section 94-103 Subject:

> (Amendments) of Division 3 (Industrial Fees) of Article II (Sewers and Sewage Disposal) of Chapter 94 (Utilities) of the San Fernando Code of Ordinances in

Order to Rectify Previously Amended Code Sections

RECOMMENDATION:

It is recommended that the City Council:

a. Conduct a Public Hearing; and

b. Pending public testimony, waive full reading and adopt Urgency Ordinance No. 1679 (Attachment "A") by title, "An Urgency Ordinance of the City Council of the City of San Fernando, California, Amending Section 94-103 (Amendments) of Division 3 (Industrial Fees) of Article II (Sewers and Sewage Disposal) of Chapter 94 (Utilities) of the San Fernando Code of Ordinances in Order to Rectify Previously Amended Code Sections, and Declaring the Urgency thereof, in Accordance with Government Code Sections 36934 and 36937." This Ordinance is introduced pursuant to Government Code Sections 36934 and 36937 and requires a four-fifths (4/5ths) vote for adoption.

BACKGROUND:

- 1. On June 21, 1993, the City Council of the City of San Fernando ("City") adopted Division 2 ("Sanitary Sewers and Industrial Waste Division") of Title 20 of the Los Angeles County Code ("County Code") as the sanitary sewers and industrial waste regulations for the City, currently codified in the City's Code of Ordinances ("City Code") under Division 3 ("Industrial Waste") of Article II ("Sewers and Sewage Disposal") of Chapter 94 ("Utilities").
- 2. When adopting the Sanitary Sewers and Industrial Waste Division as its sanitary sewers and industrial waste regulations, the City chose to amend certain provisions to give the City flexibility in setting and adjusting Industrial Fee rates for various industrial waste compliance related activities.

FINANCE DEPARTMENT

REVIEW:

□ City Manager

Consideration to Adopt an Urgency Ordinance Amending Section 94-103 (Amendments) of Division 3 (Industrial Fees) of Article II (Sewers and Sewage Disposal) of Chapter 94 (Utilities) of the San Fernando Code of Ordinances in Order to Rectify Previously Amended Code Sections Page 2 of 3

- 3. On July 21, 2014, the City Council adopted Ordinance No. 1633, amending Chapter 94 ("Utilities") of the City Code to allow by resolution periodic increases of City industrial waste permit fees to correspond to current County fees plus an additional ten percent (10%) for related City services.
- 4. Ordinance No. 1633 inadvertently amended County Code Section 20.24.080 to read as follows:

"Section 20.24.080 Damages caused by prohibited wastewater discharge is amended to read as follows:

Any industrial wastewater discharger who discharges or causes the discharge of prohibited wastewaters which cause damage to city facilities, detrimental effects on treatment processes or any other damages to the city shall be liable to the city for all damages occasioned thereby, including any penalty assessed against the city pursuant to federal law and as a result of such prohibited discharge."

5. County Code Section 20.24.080 applies to maintenance of sewers and laterals—not damages caused by prohibited wastewater discharge. The City Code's erroneous reference to County Code Section 20.24.080 creates confusion for the public and does not express the City Council's original intent.

ANALYSIS:

Pursuant to California Constitution Article XI, Section 7, the City has the authority to adopt rules and regulations to serve and protect the public health, safety, and welfare of the City's residents through its police power.

Government Code Sections 36934 and 36937 authorize the City Council to adopt an urgency ordinance for the immediate preservation of the public peace, health, or safety, provided the City Council approves the Urgency Ordinance by four-fifths (4/5ths) vote of its members (i.e., 4 votes are required to approve the Urgency Ordinance). As part of the approval, the City Council must also make urgency findings.

In that regard, it is the recommendation of City staff that the City Council approve the Urgency Ordinance since the Urgency Ordinance is necessary for the immediate preservation of the public peace, health or safety because (i) the City Code's inadvertent amendment of County Code Section 20.24.080 hampers the City's regulation and enforcement of sewer and lateral maintenance matters; (ii) the elimination of those provisions from County Code Section 20.24.080 does not express the City Council's original intent; and (iii) in light of the City Code's

Consideration to Adopt an Urgency Ordinance Amending Section 94-103 (Amendments) of Division 3 (Industrial Fees) of Article II (Sewers and Sewage Disposal) of Chapter 94 (Utilities) of the San Fernando Code of Ordinances in Order to Rectify Previously Amended Code Sections Page 3 of 3

erroneous reference to Section 20.24.080, which applies to maintenance of sewers and laterals—not damages caused by prohibited wastewater discharge—it is necessary to expeditiously and expressly correct the mistakes in this Urgency Ordinance to avoid public confusion in sewer and lateral maintenance matters and to avoid unintended consequences in the regulation and enforcement of such matters. Absent immediate correction of this error, the maintenance of sewers and laterals in the City would be left unregulated, which would be detrimental to the public peace, safety, and health.

BUDGET IMPACT:

There is no budget impact associated with adopting the proposed Ordinance. Amending the Ordinance to express the City Council's original intent and provide clear authority for the City to collect certain user fees and damages caused to the sewer system.

CONCLUSION:

It is recommended that the City Council approve the attached Urgency Ordinance by four-fifths (4/5ths) vote (or a minimum of 4 affirmative "Yes" votes) of the City Council and make the findings indicated above.

ATTACHMENT:

A. Urgency Ordinance No. 1679

ORDINANCE NO. 1679

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO, CALIFORNIA, AMENDING 94-103 **SECTION** (AMENDMENTS) OF **DIVISION** (INDUSTRIAL FEES) OF ARTICLE II (SEWERS AND SEWAGE DISPOSAL) OF CHAPTER 94 (UTILITIES) OF THE SAN FERNANDO CODE OF ORDINANCES IN ORDER TO RECTIFY PREVIOUSLY AMENDED CODE SECTIONS, AND DECLARING **URGENCY** THEREOF, IN ACCORDANCE **GOVERNMENT CODE SECTIONS 36934 AND 36937**

WHEREAS, on June 21, 1993, the City Council of the City of San Fernando ("City") adopted Division 2 ("Sanitary Sewers and Industrial Waste Division") of Title 20 of the Los Angeles County Code ("County Code") as the sanitary sewers and industrial waste regulations for the City, currently codified in the City's Code of Ordinances ("City Code") under Division 3 ("Industrial Waste") of Article II ("Sewers and Sewage Disposal") of Chapter 94 ("Utilities"); and

WHEREAS, when adopting the Sanitary Sewers and Industrial Waste Division as its sanitary sewers and industrial waste regulations, the City chose to amend certain provisions to give the City flexibility in setting and adjusting Industrial Fee rates for various industrial waste compliance related activities; and

WHEREAS, on July 21, 2014, the City Council adopted Ordinance No. 1633, amending Chapter 94 ("Utilities") of the City Code to allow by resolution periodic increases of City industrial waste permit fees to correspond to current County fees plus an additional ten percent (10%) for related City services; and

WHEREAS, Ordinance No. 1633 inadvertently amended County Code Section 20.24.080 to read as follows:

"Section 20.24.080 Damages caused by prohibited wastewater discharge is amended to read as follows:

Any industrial wastewater discharger who discharges or causes the discharge of prohibited wastewaters which cause damage to city facilities, detrimental effects on treatment processes or any other damages to the city shall be liable to the city for all damages occasioned thereby, including any penalty assessed against the city pursuant to federal law and as a result of such prohibited discharge." And

WHEREAS, County Code Section 20.24.080 applies to maintenance of sewers and laterals—not damages caused by prohibited wastewater discharge; and

WHEREAS, the City Code's erroneous reference to County Code Section 20.24.080, which applies to maintenance of sewers and laterals—not damages caused by prohibited

wastewater discharge—creates confusion for the public and does not express the City Council's original intent; and

WHEREAS, the City Code's inadvertent amendment of County Code Section 20.24.080 hampers the City's regulation and enforcement of sewer and lateral maintenance matters and the elimination of those provisions from Section 20.24.080 does not express the City Council's original intent; and

WHEREAS, the City Council wishes to avoid public confusion in sewer and lateral maintenance matters and wishes to enforce the provisions in County Code Section 20.24.080 by immediately correcting the mistakes in the following Ordinance; and

WHEREAS, the following Ordinance corrects the error and expresses the intent of the City Council; and

WHEREAS, pursuant to California Constitution Article XI, Section 7, the City has the authority to adopt rules and regulations to serve and protect the public health, safety, and welfare of the City's residents through its police power; and

WHEREAS, Government Code Sections 36934 and 36937 authorize the City Council to adopt an urgency ordinance that becomes effective immediately upon its adoption if it is passed by a four-fifths (4/5ths) vote of the City Council for the immediate preservation of the public peace, health or safety and contains a declaration of facts constituting the urgency; and

WHEREAS, for the reasons stated in these recitals—and for the immediate preservation of the public peace, health, and safety—the City Council desires to adopt this Ordinance as an urgency measure so that the error is permanently fixed, and the regulation and enforcement of sewer and lateral maintenance matters is expressly included within Chapter 94 of the City Code.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The facts set forth in the recitals above are true and correct.

SECTION 2. Urgency Findings. The immediate passage of this Urgency Ordinance is necessary for the immediate preservation of the public peace, health or safety because the City Code's inadvertent amendment of County Code Section 20.24.080 hampers the City's regulation and enforcement of sewer and lateral maintenance matters and the elimination of those provisions from County Code Section 20.24.080 does not express the City Council's original intent. In light of the City Code's erroneous reference to Section 20.24.080, which applies to maintenance of sewers and laterals—not damages caused by prohibited wastewater discharge—it is necessary to expeditiously and expressly correct the mistakes in this Urgency Ordinance to avoid public confusion in sewer and lateral maintenance matters and to avoid unintended consequences in the regulation and enforcement of such matters. Absent immediate correction of this error, the maintenance of sewers and laterals in the City would be left unregulated, which would be detrimental to the public peace, safety, and health.

<u>SECTION 3.</u> The San Fernando City Code is hereby amended by deleting the following provision contained within Section 94-103 ("Amendments") of Division 3 ("Industrial Waste") of Article II ("Sewers and Sewage Disposal") of Chapter 94 ("Utilities"), which reads:

"Section 20.24.080 Damages caused by prohibited wastewater discharge is amended to read as follows:

Any industrial wastewater discharger who discharges or causes the discharge of prohibited wastewaters which cause damage to city facilities, detrimental effects on treatment processes or any other damages to the city shall be liable to the city for all damages occasioned thereby, including any penalty assessed against the city pursuant to federal law and as a result of such prohibited discharge."

Said provision as set forth above is hereby deleted in its entirety.

SECTION 4. Section 94-103 ("Amendments") of Division 3 ("Industrial Waste") of Article II ("Sewers and Sewage Disposal") of Chapter 94 ("Utilities") of the San Fernando City Code is amended to read as follows:

"Sec. 94-103. - Amendments.

The sections of the code adopted by section 94-101 are amended, as designated, to read as follows:

Section 20.20.361 is deleted.

Notwithstanding any sections of the code adopted by section 94-101 to the contrary:

Any industrial wastewater discharger who discharges or causes the discharge of prohibited wastewaters which cause damage to city facilities, detrimental effects on treatment processes or any other damages to the city shall be liable to the city for all damages occasioned thereby, including any penalty assessed against the city pursuant to federal law and as a result of such prohibited discharge.

Section 20.24.100 Administration is amended to read as follows:

Except as otherwise provided herein, the city engineer shall administer, implement, and enforce the provisions of these regulations. Any powers granted or duties imposed upon the city engineer may be delegated by the city engineer to persons acting in the beneficial interest of or in the employment of the city.

Section 20.24.190 Availability of city facilities is amended to read as follows:

If sewerage capacity is not available, the city may require the industrial wastewater discharger to restrict discharge until sufficient capacity can be made available. When requested, the city will advise persons desiring to locate new facilities as to the areas where industrial wastewater of their proposed quantity and quality can be received by available sewerage facilities. The city may refuse service to persons locating facilities in areas where their proposed quantity or quality of industrial wastewater is unacceptable in the available sewerage facility.

Section 20.24.220 Industrial wastewater user charges is added to read as follows:

A system of user charges shall be established by the city council to reflect fair and equitable charges for actual usage of sewer facilities. Such charges shall be based upon yearly volume, chemical oxygen demand (COD), suspended solids, and such other parameters or constituents that may be determined by the city engineer to create a burden upon the sewer system.

Section 20.24.230 Industry classifications is added to read as follows:

The city engineer may classify discharges by industrial categories and establish average industrial wastewater flow quantity and quality for each industrial category.

Section 20.24.240 Discrepancies between actual and reported effluent quantities is added to read as follows:

Should measurements of other investigations indicate that the industrial wastewater discharger has discharged industrial wastewater, chemical oxygen demand, suspended solids or other wastewater constituents at rates or in quantities in excess of those stated by the discharger on any report establishing the basis for industrial wastewater treatment and disposal charges, the city engineer shall notify the discharger and require that the discharger furnish all information in his possession relevant to the apparent discrepancy.

If, after making proper allowance for relevant factors, the city engineer is unable to resolve the discrepancy, he shall make a determination of the amount of any supplemental charges due to the city together with interest and penalty charges due thereon and shall notify the discharger of this supplemental charge. All costs of additional flow metering, sampling, and analyses performed by city shall be paid for by the discharger.

Section 20.28.020 Fees, records and charges is amended to read as follows:

The city clerk shall keep a permanent and accurate account of all fees and charges received under these regulations, containing the names and addresses of the persons on whose accounts the fees and charges were paid, the date and amount thereof, and the purpose for which charges were paid.

Section 20.28.040 is deleted.

Section 20.28.050 is deleted.

Section 20.28.060 is deleted.

Section 20.28.070 is deleted and Section 20.28.070 Refund procedures is added to read as follows:

A. In the event that any person shall have paid a fee as required under the sections set forth below and no work or processing has been done on these functions by the county engineer and the project has been formally abandoned or canceled, such person, upon presentation to the county engineer of a request in writing, on special provided forms, shall be entitled to a refund in an amount equal to 80 percent of the fee actually paid:

| Section | Type of Fee |
|-----------|--|
| 20.36.230 | Industrial waste disposal permit—Application fee—Schedule. |
| 20.36.245 | Industrial waste plan review—Fee schedule. |

Section 20.36.031 Manholes, opening or entering prohibited is amended to read as follows:

An unauthorized person shall not open or enter, or cause to be opened or entered, for any purpose whatsoever, any manhole in any public sewer without a permit from the city engineer.

Section 20.36.136 Self-monitoring; effluent violation is amended to read as follows:

If sampling performed by any permittee indicates a violation, the permittee shall notify the city engineer within 24 hours of becoming aware or should have become aware of the violation. The permittee shall also repeat the sampling and analysis and submit the results of the repeat analysis to the director within 30 days after becoming aware of the violation.

Section 20.36.137 Analytical requirements is amended to read as follows:

All pollutant analyses, including sampling techniques, to be submitted as required by the city engineer, by permit or otherwise shall be performed in accordance with the techniques prescribed in 40 CFR 136 or, if 40 CFR 136 does not contain sampling or analytical techniques for the pollutant in question, in accordance with procedures approved by the EPA and the director.

Section 20.36.185 Failure to comply, is added to read as follows:

In the event of a failure of the discharger to comply voluntarily with the suspension order, the city engineer may take such steps as are reasonably necessary to ensure compliance. These include, but are not limited to, immediate blockage or disconnection of the discharger's connection to the POTW.

Section 20.36.195 Request for hearing is added to read as follows:

Filing of such a request shall not stay a suspension. In the event of hearing requests, the city council shall hold a hearing on the suspension within 14 days of receipt of the request. At the close of the hearing the city council shall make its determination whether to terminate or conditionally terminate the suspension imposed by the city engineer, or the city council may cause the permit to be revoked. Reasonable notice of the hearing shall be given to the suspended discharger. At this hearing the suspended discharger may appear personally or through counsel, cross examine witnesses, and present evidence in his own behalf.

In the event that the city council fails to meet within the time set forth above or fails to make a determination within 72 hours after the close of the hearing, the order of suspension shall be stayed until a city council determination is made with respect to the action of the city engineer.

Section 20.36.210 Revocation of permit is amended to read as follows:

The city may revoke an industrial wastewater permit upon a finding that the discharger has violated any provision of this section or the city's rules and regulations. No revocation shall be ordered until a notice and hearing on the questions has been held by the city council. At this hearing, the discharger may appear personally or through counsel, cross examine witnesses, and present evidence in his own behalf. Notice of the hearing shall be given to the discharger at least 15 days prior to the date of hearing.

Any discharger whose industrial wastewater permit has been revoked shall immediately cease and desist all discharge of any industrial waste covered by the permit. The city engineer may disconnect or permanently block the discharger's connection, if such action is necessary, to ensure compliance with the order of revocation.

After revocation of a discharger's industrial waste permit, there shall be no further discharge of industrial wastewater by that discharger into the POTW, the storm drain system, or the waters of the state unless there has been a new application filed, all fees and charges that would be required upon an initial application and all delinquent fees, charges, penalties and other sums owed by the discharger and/or the applicant to the city have been paid to the city, and a new industrial wastewater permit has been issued. Any costs incurred by the city, including administrative costs and investigative fees, in revoking the permit and disconnecting the connection if necessary, shall also be paid for by the discharger before issuance of a new industrial wastewater permit.

Section 20.36.225 Additional emergency remedial measures is added to read as follows:

The city engineer shall have full power and authority to take any necessary precautions, including but not limited to decontamination, sewer closure, packaging, diking, and transportation of materials, in order to protect life, protect property, or

prevent further damage resulting from a condition that is likely to result in a discharge which presents an imminent hazard to the public health, safety or welfare; or which either singly or by interaction with other discharges, is an imminent hazard to the POTW; or which places the city in violation of its NPDES permit. In the pursuit of such an operation, city personnel, any party contracting with the city, or duly authorized representative of another government agency shall have immediate access to the premises. The city engineer may prohibit approach to the scene of such emergency by any person, vehicle, vessel or thing, and all persons not actually employed in the extinguishment of the condition or the preservation of lives and property in the vicinity thereof.

Section 20.36.230 Industrial waste disposal permit, application fee schedule is amended to read as follows:

The director shall collect a permit application fee for each application received. Such fee shall be separate and apart from any fee or deposit collected for industrial waste plan review or imposed under provisions of the plumbing code, or other city ordinance or regulations, or by reason of any license, agreement or contract between the applicant and other public agency. Such application fee shall not be refundable even though the application be denied except as provided in section 20.28.070.

The city council, by resolution, shall establish, and may from time to time adjust or otherwise amend, a schedule of fees imposed pursuant to this section. Notwithstanding the foregoing, no fee set forth in the adopted fee schedule shall exceed the reasonable estimated cost of providing the services for which the fee is imposed.

Section 20.36.245 Industrial waste plan review, fee schedule is amended to read as follows:

A. The director shall collect a plan review fee for each set of plans received for any single site or location. Such fee shall be separate and apart from any fee or deposit collected for any permit or inspection or imposed by any other county ordinance or regulation. Such plan review fee shall be applied to any submittal required by the director pursuant to this division 2 and shall not be refundable even though the submittal be rejected or the project terminated except as provided in section 20.28.070.

The city council, by resolution, shall establish, and may from time to time adjust or otherwise amend, a schedule of fees imposed pursuant to this section. Notwithstanding the foregoing, no fee set forth in the adopted fee schedule shall exceed the reasonable estimated cost of providing the services for which the fee is imposed.

B. The director may impose a reinstatement fee of one-half of the plan review fee if the applicant fails to correct any plans or submittal upon written notice of correction or request for additional information by the director after three attempts have been made to gain such correction.

Section 20.36.250 Annual inspection fee; scheduling and billing is amended to read as follows:

A. For each industrial waste disposal permit issued by the director, an annual inspection fee shall be due and payable to the City annually, in advance, on a billing date to be determined by the director.

The city council, by resolution, shall establish, and may from time to time adjust or otherwise amend, a schedule of fees imposed pursuant to this section. Notwithstanding the foregoing, no fee set forth in the adopted fee schedule shall exceed the reasonable estimated cost of providing the services for which the fee is imposed.

B. Immediately upon issuance of a new permit, the permittee shall be billed a percentage of the inspection fee, determined by the days remaining in the billing period, as scheduled below:

| Days Remaining in Billing Period | Percent of Fee Due |
|-------------------------------------|--------------------|
| 1—60 | 0 |
| 61—120 | 25 |
| 121—210 | 50 |
| 211—300 | 75 |
| 301—365 | 100 |

C. The annual inspection fee shall be increased by an amount to be determined by resolution of the city council for each approved rainwater diversion system.

Section 20.36.265 Wastewater sampling and analysis fee is amended to read as follows:

The director may charge the discharger a fee, to be determined by resolution of the city council, for each analysis performed by or on behalf of the director on wastewater samples taken from the discharger.

Section 20.36.270 Miscellaneous services fees is amended to read as follows:

The following services shall have fees which shall be paid before a review is made, approval is granted, inspection is made, operation is allowed or remedial action is implemented:

D. Table II – Services

Inspection of pretreatment facility pursuant to section 20.36.220

Review of site remedial investigation and cleanup plan to correct unauthorized release of industrial waste, initial deposit

Additional site remedial investigation and cleanup plan review and approval, per hour

Inspections outside of normal business hours, per hour

Inspections for which no fee is specifically indicated

Additional plan review or revisions of previously approved plans, per hour

Collection of wastewater samples

The city council, by resolution, shall establish, and may from time to time adjust or otherwise amend, a schedule of fees imposed pursuant to this section. Notwithstanding the foregoing, no fee set forth in the adopted fee schedule shall exceed the reasonable estimated cost of providing the services for which the fee is imposed.

Section 20.36.295 Annual review of fees is amended to read as follows:

The amount of fees in this chapter may be adjusted from time to time on an as-needed basis by resolution of the city council. Notwithstanding the foregoing, no such adjustment shall decrease any fee, and further, no fee shall exceed the reasonable estimated cost of providing the services for which the fee is collected.

Section 20.36.405 Discharge prohibitions is added to read as follows:

A. Except as expressly allowed in an industrial waste discharge permit, no person shall discharge, permit the discharge, cause the discharge or contribute to the discharge of the following to the POTW, the storm drain systems or waters of the state:

- (1) Gasoline, mercury, total identifiable chlorinated hydrocarbons, kerosene, naphtha, benzene, xylene, ethers, alcohols, ketones, aldehydes, peroxides, chlorates, perchlorates, bromates, carbides, hydrides, solvents, pesticides, or jet fuel.
- (2) Any liquids, solids or gasses which by reason of their nature or quantity are, or may be, sufficient, either alone or by interaction with other substances, to cause fire or explosion or be injurious in any other way to the municipal wastewater system. Included in this prohibition are wastestreams with a closed cup flashpoint of less than 140 degrees Fahrenheit (60 degrees Celsius). At no time shall two successive readings on an explosion hazard meter at the point of discharge into the system or at any point in the system be more than five percent nor any single reading over ten percent of the lower explosive limit (LEL) of the meter.
- (3) Any waste containing toxic or poisonous solids, liquids or gasses in such quantities that, alone or in combination with other waste substances, may create a hazard for

humans, animals or the local environment; interfere detrimentally with wastewater treatment processes; cause a public nuisance; or cause any hazardous condition to occur in the sewer system.

- (4) Any waste having a pH less than 5.5 or more than 11.0, or having any corrosive or detrimental characteristic that may cause injury to wastewater treatment or maintenance personnel or may cause damage to structures equipment or other physical facilities of the sewer system.
- (5) Any solids or viscous substances of such size or in such quantity that they may cause obstruction to flow in the POTW resulting in interference or be detrimental to proper wastewater treatment plant operations. These objectionable substances include, but are not limited to, asphalt, dead animals, ashes, sand, mud, straw, industrial process shavings, metal, glass, rags, feathers, tar, plastics, wood, whole blood, paunch manure, bones, hair and fleshings, entrails, paper dishes, paper cups, milk containers, or other similar paper products, either whole or ground.
- (6) Stormwater, surface water, groundwater, artesian well water, roof runoff, subsurface drainage, swimming pool drainage, condensate, deionized water, cooling water and unpolluted industrial wastewater, unless specifically authorized by the city engineer.
- (7) Any water added for the purpose of diluting wastes which would otherwise exceed applicable maximum concentration limitations.
- (8) Any excessive amounts of petroleum or mineral based cutting oils, commonly called soluble oil, and which form persistent water emulsions.
- (9) Any dispersed biodegradable oils, fats and greases, such as lard, tallow or vegetable oil in excessive concentrations that would tend to cause adverse effects on the sewer system.
- (10) Any waste with an excessively high concentration of cyanide.
- (11) Any unreasonably large amounts of undissolved or dissolved solids.
- (12) Any wastes containing dissolved sulfides above a concentration of 0.1 milligram/liter.
- (13) Any pollutants which result in the presence of toxic gases, vapors or fumes within the system in a quantity that may cause worker health and safety problems.
- (14) Any wastes requiring an excessive quantity of chlorine or other chemical compound used for disinfection purposes.
- (15) Any excessive amounts of chlorinated hydrocarbon or organic phosphorous type compounds.

- (16) excessive amounts of deionized water, steam condensate or distilled water.
- (17) Any waste containing substances that may precipitate, solidify or become viscous at temperatures between 50 degrees Fahrenheit and 100 degrees Fahrenheit.
- (18) Any wastewater which imparts color which cannot be removed by the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, which consequently imparts color to the treatment plants effluent thereby violating the city's NPDES permits.
- (19) Any garbage or waste that is not ground sufficiently to pass through a three-eighths-inch screen.
- (20) Any wastes containing excessive quantities of iron, boron, chromium, phenols, plastic, resins, copper, nickel, zinc, silver, lead, mercury, cadmium, selenium, arsenic or any other objectionable materials toxic to humans, animals, the local environment or to biological or other wastewater treatment processes.
- (21) Any blow-down or bleed water from cooling towers or other evaporative coolers exceeding one-third of the makeup water.
- (22) Any single pass cooling water.
- (23) Any wastewater containing any radioactive wastes or isotopes except as specifically approved by the city engineer in compliance with applicable state or federal regulations.
- (24) Recognizable portions of the human or animal anatomy.
- (25) Any wastes containing detergents, surface active agents, or other substances which may cause excessive foaming in the municipal wastewater system.
- (26) Any sludges, screenings, or other residues from the pretreatment of industrial wastes.
- (27) Any medical wastes, except as specifically authorized by the city engineer in a wastewater permit.
- (28) Any material containing ammonia, ammonia salts, or other chelating agents which will produce metallic complexes that interfere with the municipal wastewater system.
- (29) Any material identified as hazardous waste according to 40 CFR 261 except as may be specifically authorized by the city engineer.

- (30) Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which will cause or contribute to interference with the POTW.
- (31) Heat in amounts which will inhibit biological activity in the POTW resulting in interference, but in no case effluent exceeding a temperature of 140 degrees Fahrenheit or which exceed 104 degrees Fahrenheit at the point of entry into the POTW treatment plant.
- (32) Petroleum, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through.
- (33) Pollutants which result in the presence of toxic gasses, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.
- (34) Any trucked or hauled pollutants, except at discharge points designated by the city engineer.
- (35) Floatable material which is readily removable.
- (36) Any substance which may cause the treatment plan effluent or any other residues, sludges, or scums to be unsuitable for reclamation and reuse or to interfere with the reclamation process. In no case shall a substance discharged to the system cause the city to be in noncompliance with sludge use or disposal regulations or permits issued under section 405 of the act; the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substance Control Act, or other state requirements applicable to the sludge use and disposal practices being used by the city.
- (37) Any wastewater containing pollutants in sufficient quantity (flow or concentration), either singly or by interaction with other pollutants, to pass through or interfere with the municipal wastewater system, any wastewater treatment or sludge process, or constitute a hazard to humans, animals, plant or fish life or to exceed any limitation set forth to this section.
- B. Wastes prohibited by this section shall not be processed or stored in such a manner that these wastes could be discharged to the municipal wastewater system. All floor drains located in process or materials storage areas must discharge to the industrial user's pretreatment facility before connecting with the system.
- C. The city may, from time to time, establish or revise by resolution, quantitative limitations with respect to the wastes referred to in this section. Such limitations shall be designed to bring the city into compliance with applicable state and federal requirements.
- D. Hospital wastes. Hospitals, clinics, offices of medical doctors, and convalescent homes:

- (1) May discharge, through a city-approved grinder installation with inlet size and design features suitable for its intended use and so constructed that all particles pass through a maximum three-eighths-inch opening, wastes of the following categories:
 - a. Wet organic kitchen wastes from food preparation and disposal but excluding all paper and plastic items.
 - b. Disposable hypodermic needles, syringes and associated articles following their use.
 - c. Infectious wastes, defined as:
 - i. Laboratory and surgical operating room wastes except as excluded in subsection (2)(b) below.
 - ii. Wastes from outpatient areas and emergency rooms similar to those included in subsection (i) above.
 - iii. Equipment, instruments, utensils, and other materials of a disposable nature that may harbor or transmit pathogenic organisms and that are used in the rooms of patients having a suspected or diagnosed communicable disease which by the nature of the disease is required to be isolated by public health agencies.
- (2) Shall not discharge to the sewer by any means:
 - a. Solid wastes generated in the rooms of patients who are isolated because of a suspected or diagnosed communicable disease.
 - b. Recognizable portions of the human anatomy.
 - c. Wastes excluded by other provisions of these regulations except as specifically permitted in subsection (1) above.
 - d. All solid wastes not included in subsection (1) above.

Nothing in this section shall be construed to limit the authority of the health officer of Los Angeles County to define wastes as being infectious and, with the concurrence of the city engineer, to require that they be discharged to the sewer.

Section 20.36.406 Specific pollutant limitations is added to read as follows:

The following pollutant limits are established to protect against pass through and interference. No person shall discharge wastewater containing in excess of the following instantaneous maximum allowable discharge limits:

| Arsenic | 3.0 mg/l |
|--------------------------|-------------------------|
| Cadmium | 15.0 mg/l |
| Chromium (total) | 10.0 mg/l |
| Copper | 15.0 mg/l |
| Cyanide (free) | 2.0 mg/l |
| Cyanide (total) | 10.0 mg/l |
| Lead | 5.0 mg/l |
| Nickel | 12.0 mg/l |
| рН | 5.5—11.0standards units |
| Silver | 5.0 mg/l |
| Zinc | 25.0 mg/l |
| Dissolved sulfides | 0.1 mg/l |
| Dispensed oil and grease | 600.0 mg/l |
| Floatable oil and grease | None visible |
| Temperature | 140° F |

All concentrations for metallic substances are for "total" metals. Compliance with all parameters may be determined from a single grab sample as well as composite sampling.

Section 20.36.407 City's right of revision is added to read as follows:

The city reserves the right to establish, by ordinance or in wastewater permits, more stringent limitations or requirements on discharges to the city's sanitary sewer system if deemed necessary to comply with the objective of this code."

SECTION 5. CEQA. The City Council finds that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines"), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

SECTION 6. Inconsistent Provisions. Any provision of the San Fernando City Code or appendices thereto that conflicts with the provision of this Ordinance, to the extent of such conflict and no further, is hereby repealed or modified to the extent necessary to affect the provisions of this Ordinance.

SECTION 7. Severability. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 8. Construction. To the extent the provisions of the San Fernando City Code as amended by this Ordinance are substantially the same as the provisions of that Code as they read prior to the adoption of this Ordinance, they shall be construed as continuations of those prior provisions and not as new enactments.

SECTION 9. Effective Date. This Urgency Ordinance is enacted pursuant to the authority conferred upon the City Council of the City of San Fernando by Government Code Sections 36934 and 36937 and shall be in full force and effect upon its adoption by a four-fifths (4/5ths) vote of the City Council.

SECTION 10. Certification. The City Clerk is hereby authorized and directed to certify to the passage of this Ordinance by the City Council and shall cause it to be published or posted as required by law.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of San Fernando a regular meeting held on the 6^{th} day of August, 2018.

| ATTEST: | Sylvia Ballin, Mayor | |
|-----------------------------|----------------------|--|
| | | |
| Elena G. Chávez. City Clerk | | |

| STATE OF CALIFORNIA COUNTY OF LOS ANGELES CITY OF SAN FERNANDO |)) SS) |
|--|--|
| above and foregoing Urgency Ordina | erk of the City of San Fernando, do hereby certify that the ance No. 1679 was passed and adopted by the City Council e 6 th day of August 2018 by the following votes to wit: |
| AYES: | |
| NOES: | |
| ABSENT: | |
| ABSTAIN: | |
| | |
| Elena G. Chávez, City Clerk | |
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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

Nick Kimball, Deputy City Manager/Director of Finance

Richard Padilla, Assistant City Attorney

Date: August 6, 2018

Subject: Discussion of Recommendations from the Cannabis Ad Hoc Committee and

Direction Regarding Development of a Commercial Cannabis Regulation and

Permitting Program

RECOMMENDATION:

It is recommended that the City Council:

a. Discuss the recommendations from the Cannabis Ad Hoc Committee; and

b. Direct staff as appropriate.

BACKGROUND:

- 1. On July 2, 2018, the City Council received a comprehensive report and presentation from the Cannabis Ad Hoc Committee (Mayor Ballin and Vice Mayor Lopez), City staff and HdL (special consultant) regarding development of a commercial cannabis regulation and permitting program in the City of San Fernando. The complete Agenda Report is included as Attachment "A" and the PowerPoint Presentation is included as Attachment "B."
- 2. After initial discussion, the City Council continued the item to August 6, 2018, pending additional information to be provided by staff.

ANALYSIS:

During discussion on July 2, 2018, City Council requested the following additional information:

1. Maps that include multiple buffer zone options.

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Attachment "C" includes buffer zone maps at four (4) different buffer radius: 300', 400', 500' and 600'. As expected, there are significantly fewer parcels (approximately 36% fewer) that would be available for cannabis activity with a 600-foot buffer (162 parcels in Manufacturing/Commercial zones) than with a 300-foot buffer (252 parcels in Manufacturing/Commercial zones). A larger buffer ensures that cannabis activities take place further away from schools, daycare centers, and youth centers. A larger buffer will also greatly increase the value of property located outside of the buffer zone and limit the revenue that may be generated from a regulated industry.

2. Revised criminal penalties and resentencing opportunities.

Among the lesser known provisions of the Adult Use of Marijuana Act (AUMA) are those concerning revised criminal penalties and related resentencing options, which augment the personal use and residential cultivation allowances for adults age 21 or older. AUMA reduces the penalties for many marijuana offenses previously classified as felonies to misdemeanors, infractions, or wobblers. For example, cultivation of six plants or less by adults between the ages of 18 and 20 was previously classified as a felony. AUMA reduces that offense to an infraction. AUMA classifies most marijuana related offenses by minors (i.e. persons less than 18 years of age) as infractions, subject only to drug education or counseling and community service.

AUMA also allows, with limited exception, persons previously convicted of certain marijuana offenses to obtain a reduced sentence if the activity in question would have been legal or subject to a lesser penalty had AUMA been enacted at the time of sentencing. New sentences would be based upon the relevant punishment that AUMA imposes for such activity. Individuals currently in prison or jail would be eligible for community supervision upon release, subject to judicial discretion. Persons who have already finished serving sentences for offenses that have been reduced under AUMA may apply to have such offenses designated as misdemeanors, infractions, or dismissed.

3. Resident information for survey respondents.

A number of key statistics related to community survey responses was provided on July 2, 2018. However, statistics on how many survey responses were residents was not provided. The hard copy and online surveys both included a question asking for the respondent's address. Although this was a voluntary field, 105 of 180 respondents included an address. Of those, 79 provided an address located in San Fernando.

4. Vertical integration, microbusinesses, and retail (storefront and non-storefront).

During the discussion on July 22, 2018, there seemed to be some confusion about the relationship between vertical integration, microbusinesses, and retail (storefront and non-

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storefront). Although they may be related, these three items should be conceptualized separately:

During the discussion on July 22, 2018, there seemed to be some confusion about the relationship between vertical integration, microbusinesses, and retail (storefront and non-storefront). Although they may be related, these three items should be conceptualized separately:

Vertical Integration: Vertical integration is the practice of one operator engaging in multiple stages of the production process to realize operational efficiencies by controlling more of the steps between seed and sale. State law allows for vertical integration by allowing persons to hold licenses in more than two separate categories (e.g. cultivation, manufacturing, etc.), with exceptions pertaining to laboratory testing facilities and large cultivators that will be licensed beginning in 2023. Accordingly, cannabis businesses can obtain licenses for activities along the seed to sale chain within the minor limits of state law and any that the City itself adopts. Therefore, if the City only allowed cultivation, distribution (i.e. transporting product from one location to another), and manufacturing, those are the only three stages of the process that could possibly be vertically integrated.

Microbusinesses: A microbusiness is a vertically integrated facility that, under state law, must engage in at least three out of four different specific commercial activities. The three activities can be any combination among cultivation, distribution, manufacturing and/or retail (storefront and/or non-storefront). If the City allows microbusinesses, it has discretion to limit the available activities in which microbusinesses in the City can engage in. For example, the City can prohibit microbusinesses from engaging in non-storefront retail activity.

State law also restricts microbusinesses. Microbusiness cultivation canopy cannot exceed 10,000 square feet. Also, if a microbusiness engages in manufacturing, it must involve non-volatile extraction process, i.e. no volatile manufacturing methods permitted. The City can place additional restrictions on microbusinesses, however, such restrictions are duplications of the City-imposed restrictions on the individual activities like cultivation, manufacturing, etc.

Retail (Storefront and Non-storefront): The City has discretion to allow or ban either or both storefront or non-storefront retail cannabis businesses within its boundaries.

• <u>Storefront</u>: Storefront retail uses are the traditional dispensary uses many are all familiar with. These allow for sales that are open to the public where the public can come in and buy products. If it's an adult-use dispensary, then it's open to those that can show proof of age 21+. If it's medicinal, then the patient has to show a medicinal recommendation or a medicinal ID card.

Non-storefront: Non-storefront retail activity is a use in which retail sale deliveries are
made from a brick and mortar location located within the City. The brick and mortar
locations would be closed to the public and only serve as a point from which deliveries
are made to those that have placed orders for cannabis or cannabis products. The age
limitations and requirements applicable to storefront activity would apply to nonstorefront retail activities.

If the City wants a complete ban on retail activities, then the City could still allow microbusinesses that engage only in cultivation, distribution, and manufacturing, although state law already allows for such vertical integration.

BUDGET IMPACT:

Subsequent to posting the July 2, 2018 Agenda, HdL provided additional information related to the cost to manage a cannabis program. Consequently, staff revised the net revenue projections that may be generated from a regulated cannabis program (assuming three permitted businesses in each category). These are only projections and provided for an order of magnitude comparison and should replace the estimates provided in the July 2, 2018 Agenda Report.

Ad Hoc Consensus Activities.

The following table identifies the projected range of revenue for the consensus items recommended by the Ad Hoc Committee:

| Activity | # of | Basis of Tax Revenue | Min. | Max. |
|-----------------|---------|-----------------------------|--------------|--------------|
| | Permits | | Revenue/year | Revenue/year |
| Cultivation | 3 | \$7 - \$10 per square foot | \$259,000 | \$370,000 |
| Microbusinesses | 3 | 2.5% - 6% of Gross Receipts | \$262,500 | \$630,000 |
| Manufacturing | 3 | 2.5% - 6% of Gross Receipts | \$187,500 | \$450,000 |
| Testing Lab | 2 | 1% - 2.5% of Gross Receipts | \$20,000 | \$50,000 |
| | | Total Consensus Items | \$729,000 | \$1,500,000 |

Additional Activities.

The following table identifies the projected range of revenue for the additional items to be considered by the City Council:

| Activity | # of | Basis of Tax Revenue | Min. | Max. |
|-------------------|---------|-----------------------------|--------------|--------------|
| | Permits | | Revenue/year | Revenue/year |
| Storefront Retail | 3 | 2.5% - 6% of Gross Receipts | \$187,500 | \$450,000 |
| Non-storefront | 3 | 2.5% - 6% of Gross Receipts | \$150,000 | \$360,000 |
| Retail | | | | |
| (delivery only) | | | | |
| | | Total Additional Items | \$337,500 | \$810,000 |

Increased Expenses.

In addition to the potential additional revenue, there will be additional costs associated with implementation, oversight, management, and regulation of a cannabis program. To accommodate the increased workload, the following costs are anticipated:

| Department | Activity | Min. | Max. |
|------------------------|---|--------------|--------------|
| | | Expense/year | Expense/year |
| Community Development | Staff resources for planning review, code enforcement and building inspections (1.5 to 2 FTEs or contract services) | | |
| Police Department | Staff resources for processing permits, oversight, and enforcement activities (2 to 3 FTEs) | | |
| Administration/Finance | Staff resources for program revenue processing and oversight (2 FTE or contract services) | | |
| | Total Expenses | \$300,000 | \$450,000 |

Net Revenue.

Net revenue generated by a cannabis program ranges widely depending on the activities supported by the City Council. At the low end (i.e., minimum revenue generated by only consensus activities less the maximum expenses per year), the resulting projected net revenue is \$279,000 per year and on the high end (i.e., maximum revenue generated by all activities less minimum expense per year), the resulting projected net revenue is \$2,010,000 per year. Projected net revenue generated from a cannabis program would be available to fund priority items identified in the community survey.

CONCLUSION:

Staff recommends that the City Council continue to discuss the Cannabis Ad Hoc Committee's consensus recommendations and other non-consensus activities and provide direction to staff

regarding development of a cannabis regulation and permitting program in the City of San Fernando.

ATTACHMENTS:

- A. July 2, 2018 Agenda Report with Attachments
- B. PowerPoint Presentation provided on July 2, 2018
- C. Sensitive Receptor Buffer Maps (300', 400', 500', and 600' radius)

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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

Nick Kimball, Deputy City Manager/Director of Finance

Richard Padilla, Assistant City Attorney

Date: June 18, 2018

Subject: Discussion of Recommendations from the Cannabis Ad Hoc Committee and

Direction Regarding Development of a Commercial Cannabis Regulation and

Permitting Program

RECOMMENDATION:

It is recommended that the City Council:

a. Discuss the recommendations from the Cannabis Ad Hoc Committee; and

b. Direct staff as appropriate.

BACKGROUND:

- 1. In November 1996, California voters approved Proposition 215, known as the Compassionate Use Act, which decriminalized the use of medicinal cannabis in California for qualified patients with a physician's recommendation. Until recently, most, if not all, regulation of medicinal cannabis since the passage of Proposition 215 has been left to local governments like the City of San Fernando (the "City").
- 2. On November 8, 2016, California voters approved Proposition 64 (Prop. 64), which authorized commercial cannabis activities, including the cultivation, manufacturing, retail sale, transportation, storage, delivery, and testing of cannabis. Proposition 64 provides state and local licensing for cannabis business activity.
- 3. On December 5, 2016, the City Council discussed the potential for allowing commercial cannabis activities in the City. Based on that discussion, staff and the City Attorney's Office developed a series of two presentations to analyze possible alternatives to be considered by the City Council when evaluating whether to allow limited commercial cannabis uses in the City.

FINANCE DEPARTMENT

- 4. On January 17, 2017, the City Council received the first of two presentations on the "Regulatory Alternatives Under the Medical Cannabis Regulation and Safety Act (MCRSA) and the Adult Use of Marijuana Act (Prop 64/AUMA)." The presentation by the City Attorney's Office focused on the following topics:
 - a. Past legislative actions related to cannabis adopted at the state and federal levels, including discussion of MRSCA and Prop 64;
 - b. City Council actions to date;
 - c. Seed to Sale: medical/nonmedical commercial activity;
 - d. State Licensing Categories under MRSCA and Prop 64;
 - e. Potential commercial and medical activities authorized under MRSCA and Prop 64;
 - f. Case Studies;
 - g. Potential City Code amendments and licensing; and
 - h. Potential Sites Analysis based on 600 Ft. buffer from schools and youth institutes.
- 5. On February 6, 2017, the City Council received the second presentation from David McPherson from HdL Companies, which focused on the following topics:
 - a. General understanding of the marijuana industry;
 - b. Strategies for implementation of a cannabis program, including the regulatory framework, application process and entitlement processes;
 - c. Taxation vs. development agreement options to generate revenue;
 - d. Public safety considerations based on best practices in other states and municipalities;
 - e. Feasibility of including a local hire provision in the DA and CUP application process; and
 - f. Identify salary ranges for jobs in the cultivation, manufacturing, production, and work related to the aforementioned cannabis businesses.
- 6. On February 6, 2017, the City Council also appointed an Ad Hoc Committee (Mayor Ballin and Vice Mayor Lopez) to work with staff to develop an outreach program and develop recommendations regarding an appropriate industry in San Fernando, if any.

- 7. On May 1, 2017, the City Council awarded a professional service agreement to HdL Companies to provide services related to the development and implementation of a local cannabis regulation and permitting program.
- 8. In June 2017, the California Legislature addressed discrepancies between the MCRSA and Prop. 64 through Senate Bill 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which harmonized elements of the MCRSA and Prop. 64 to establish a streamlined singular regulatory and licensing structure for both medical and nonmedical cannabis activities. MAUCRSA refers to medical cannabis as "medicinal cannabis" and nonmedical/recreational cannabis as "adult-use cannabis."
- 9. MAUCRSA allows cities to ban or regulate any or all medicinal and/or adult-use commercial cannabis activities.
- 10. On September 18, 2017, the City Council adopted Urgency Ordinance No. 1669 prohibiting all medical and nonmedical commercial cannabis activities, except certain medicinal deliveries from licensed businesses to qualified patients and caregivers. This action was taken to allow time to contemplate regulatory and prohibitory options.
- 11. In October and November 2017, the Ad Hoc Committee, City staff and the Consultant, worked together to develop a public outreach plan, which included a series of workshops and a survey to solicit community input.
- 12. In January and February 2018, the City held a total of four (4) public workshops to discuss the potential of creating a commercial cannabis industry in the City. A distinct flyer (in English and Spanish) was sent out with every water bill in the City (Attachment "A") and the meetings were promoted on the City's website and social media. The survey was also made available at all public meetings and online.

ANALYSIS:

Public Information Efforts

During the last several months, the Ad Hoc Committee has been focused on collecting community input to measure community preferences and assist with formulating a recommendation to the full Council that contemplates all options, which range from a complete ban to regulatory options with respect to medicinal and commercial cannabis activities in San Fernando. In order to make sure the community was notified of the four community workshops that were held throughout January and February 2018, an easily identifiable flyer available in English and Spanish (Attachment "A") was developed and included in the December 2017 and January 2018 water bills.

In addition to the flyers, staff provided a full social media campaign and quarter page ads were placed in the *San Fernando Valley Sun Newspaper* to ensure the community was well aware of the community workshops.

Staff worked with the Ad Hoc Committee to develop a community survey (Attachment "B"), also available in English and Spanish. The survey was available at City Hall, provided to attendees at all community workshops, and accessible online through the "Cannabis Kiosk" on the City's website (http://ci.san-fernando.ca.us/cannabis-industry/). A link to the Cannabis Kiosk is clearly identifiable from the City's homepage (Attachment "C").

Ultimately, the City mailed approximately 5,000 flyers, ran four ads (two in English; two in Spanish) in the *San Fernando Valley Sun Newspaper* (circulation of 6,000 homes in the San Fernando-Sylmar area with an additional 4,000 distributed through racks in densely populated areas of the San Fernando Valley), and reached 10,897 individuals on social media. This community engagement effort resulted in 85 individuals attending the community workshops, 1,523 views of the meetings via Facebook live, and 180 surveys being submitted.

Community Workshops

In May 2017, City Council awarded a professional services contract to HdL Companies to assist with exploring and developing appropriate cannabis regulations for the City. Over the past year, HdL worked closely with staff and the Ad Hoc Committee to develop an informational PowerPoint presentation (Attachment "D"), which was presented at all community workshops. HdL, with assistance from the City Attorney's office, attended all community workshops to serve as subject matter experts.

A series of four community workshops were held throughout January and February 2018:

- 1. Thursday, January 18, 2018; 6:30 pm at Recreation Park
- 2. Saturday, January 27, 2018; 2:00 pm at Las Palmas Park
- 3. Thursday, February 1, 2018; 6:30 pm at City Council Chambers
- 4. Saturday, February 10, 2018; 2:00 pm at City Council Chambers

A total of 85 individuals attended the meetings in person and viewed the meetings virtually 1,523 times on Facebook live. Each workshop lasted approximately one hour.

In general, the workshops were well attended and included a mix of residents, business owners, industry representatives, and other interested community members. With a few exceptions, input at the meetings tended to be positive. The general sentiment was that, since adult use of recreational cannabis is now legal in the state, San Fernando should work to create a regulated market and exercise some level of control rather than just react to the inevitable illegal activity. There were also a few residents that touted the medical benefits of cannabis and its significant

impact on their quality of life. They urged the City to recognize the importance of availability for medicinal cannabis.

Those that opposed cannabis regulation generally felt that legalizing cannabis activities in the City will be detrimental to the City's youth and negatively impact the City's character. There was also concern that regulated cannabis businesses could lead to additional crime in the City.

Survey Results

The City received 68 hardcopy surveys and 112 online surveys for a total of 180 surveys. The survey was structured to solicit responders' reactions as well as provide information on some potential regulatory measures and possible ways the additional resources may be used to improve the community.

Section 1 gauged responders' initial reaction to medical and commercial cannabis cultivation, manufacture, and sale. Section 2 asked responders to identify their main concerns with allowing medical and commercial cannabis activity in the City. Section 3 provided information on possible regulatory activities the City may implement and asked the responder to rate their reaction to medical and commercial cannabis activities considering the possible regulatory activity. Section 4 asked how the responder would like revenue generated from a cannabis program spent. Finally, Section 5 asked the responders' reaction to medical and commercial cannabis cultivation, manufacture, and sale after considering the information provided in the survey. The results are as follows (full summary provided as Attachment "E"):

Question 1: Should the City allow and regulate cannabis activity? (Percent "Yes" shown)

| | Medicinal | Commercial |
|-------------|-----------|------------|
| Cultivation | 67.1% | 57.2% |
| Manufacture | 68% | 57.2% |
| Sale | 64.8% | 52.5% |

Question 2: How concerned are you that regulated cannabis would create the following issues in the City? (Percent "Very Concerned" shown)

| | Very Concerned |
|--------------------------|----------------|
| Negative Impact on Youth | 42.6% |
| Crime Issues | 38.2% |
| Mental Health Issues | 35.6% |
| Public Health | 35.2% |
| Environmental Issues | 29.4% |

Question 3: If the City requires a cannabis business to conduct thorough employee background checks through the SFPD; install a physical security system that secures both the property and the building; use security guards to keep employees and customers safe; install odor control. How likely are you to support cultivation, manufacturing or sale of cannabis in the City? (Percent "Likely" shown)

| | Likely |
|-------------|--------|
| Cultivation | 62.1% |
| Manufacture | 60.5% |
| Sale | 58.2% |

Question 4: If the City were to proceed with cannabis regulation, how would you like to see the revenues spent? Please check three.

| | Priority |
|---|----------|
| Enhance Street and Sidewalk Improvements | 59.9% |
| Youth Education Programs | 58.6% |
| Parks, Play Equipment, and Sports Fields | 52.5% |
| Substance Abuse Outreach Programs | 46.3% |
| Fund Police School Resource Officer | 39.5% |
| Art and Culture Programs | 38.3% |
| Reinstitute Fourth of July Celebration Event | 22.2% |
| Other | 17.9% |

Question 5: After considering the information provided in the survey, do you now feel the City should allow and regulate cannabis activity? (Percent "Yes" shown)

| | Medicinal | Commercial |
|-------------|-----------|------------|
| Cultivation | 67.6% | 59.0% |
| Manufacture | 68.6% | 59.6% |
| Sale | 66.5% | 56.2% |

Key survey themes:

- More than 56% of respondents supported all types of regulated cannabis activity in the City.
- Respondents supported medicinal cannabis activity at a greater rate than commercial cannabis activity (66.5% support for medicinal cannabis vs. 56.2% support for commercial cannabis).
- Respondents supported cultivation and manufacturing more than sale.
- Respondents were slightly more likely to support cannabis activity after receiving the information provided in the survey.
- Respondents were most concerned about the negative impact on youth and crime issues.

 Respondents cannabis revenue expenditure priorities were streets and sidewalk repairs, youth education programs, and parks, play equipment, and sports fields.

Ad-Hoc Consensus

After carefully considering all of the public input and the City's needs, the Ad Hoc Committee was able to come to a consensus recommendation to the City Council to allow the activities outlined below. As a reference, staff developed a map of the City identifying the areas in which each activity would be allowed per the Ad Hoc's recommendation (Attachment "F")

- 1. <u>Medicinal and Adult-Use Commercial Cultivation</u>: Cultivation is the growing of cannabis plants to be sold to cannabis manufacturing businesses and ultimately turned into a final consumer product. This activity is typically conducted indoors in a secure warehouse type facility. Consensus was reached to recommended allowing medicinal and adult-use cannabis cultivation within the City's manufacturing (M-1 and M-2) zones with a 300-foot buffer from schools and youth centers.
- 2. <u>Medicinal and Adult-Use Commercial Manufacturing</u>: Manufacturing is the process of turning the raw cannabis plant material into consumer products, including, but not limited to, food products, cosmetic products, oils and supplements. This activity is typically conducted in a manufacturing facility, often times with a commercial kitchen and other large commercial production equipment. Consensus was reached to recommended allowing medicinal and adult-use cannabis manufacturing within the City's manufacturing (M-1 and M-2) zones with a 300-foot buffer from schools and youth centers.
- 3. <u>Cannabis Testing</u>: Testing is the analysis of cannabis plants and products to determine the residual solvents, physical and microbial contamination, potency, and terpenes, among other things, for labeling and reporting purposes. This activity is done in a clean medical laboratory environment similar to testing of medical samples. Consensus was reached to recommended allowing testing within the City's commercial (C-1, C-2, and SC) and manufacturing (M-1 and M-2) zones with a 300-foot buffer from schools and youth centers.

<u>Number of Permits</u>: The Ad Hoc Committee discussed whether there should be a limited number of permits offered in each category. Since the area where these activities would be allowed is already limited to a small segment of the City, the Ad Hoc is not recommending a finite number of permits to be issued. Rather, they are recommending that each application be evaluated based on its merits, including the ability to operate a successful, high performing business. More information regarding the recommended process for awarding permits is provided in the "Recommended Permitting Process" section of this report. <u>Additional Considerations</u>

Despite a lack of consensus from the Ad Hoc, the Committee felt that the City Council should discuss and provide direction on the following issues:

- Storefront Retail Dispensaries: The City may allow storefront retail dispensaries from licensed premises that sell and deliver cannabis and cannabis products and are open to the public. The location of these licensed operations can be limited by the City to provide a buffer from sensitive receptors identified by the City. The City would have discretion to set any applicable buffer and any sensitive uses applicable to such buffer.
- 2. <u>Non-storefront Retail (i.e. delivery only)</u>: The City may allow non-storefront retail operations that is not open to the public. A non-storefront retailer is a point-of-sale retailer that sells and delivers cannabis or cannabis products to consumers from a licensed premises; however, those premises are not open to the public and sales are conducted exclusively by delivery. The location of these licensed operations can be limited by the City to provide a buffer from sensitive receptors identified by the City. The City would have discretion to set any applicable buffer and any sensitive uses applicable to such buffer.

NOTE: Cannabis delivery service is currently permitted under the City Code for licensed businesses located outside the City limits. To date, no businesses have applied for this permit.

- 3. <u>Vertical Integration through Microbusinesses</u>: The City may encourage "vertical integration" by allowing applicants to obtain multiple licenses on one property. For example, the City may approve a license to cultivate cannabis plants as well as manufacture the cannabis raw material into a consumer product on the same site through a "microbusiness" license. A microbusiness license allows multiple cannabis activities (i.e. limited cultivation of no more than 10,000 square feet, manufacturing, and storefront or non-storefront retail sales, if allowed) on the one site..
- 4. <u>Revenue Generation:</u> There are a number of mechanisms for generating revenue from a cannabis program. There will be a non-refundable application fee required from each applicant before the City starts processing a permit application. This fee will be set to fully recover the cost of processing, reviewing, and vetting each application and applicant. There will also be user fees required for any planning and building permits required for facility improvements. These are one time fees for which the City is limited to cost recovery.

In addition to one-time fees, the City can generate revenue through implementing new cannabis related taxes. These would be on-going revenues to be used to offset on-going costs associated with regulation and oversight of a cannabis program as well as provide funding for community benefits and other community programs and projects. Potential tax structures for each type of activity is included in the Budget Impact Section. Pursuant to state law, new taxes will need to be approved by voters at a general election. If directed to move forward, staff will work closely with HdL and City Council to develop proposed tax structures and will present the proposed taxes to voters for approval in November 2020.

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Recommended Permitting Process

The Ad Hoc Committee recommends that a conditional use permit and development agreement be required for all potential commercial cannabis businesses in the City.

Conditional Use Permit (CUP)

A CUP is a discretionary land use approval that requires Planning and Preservation Committee approval and both public noticing and a public hearing to obtain community input on a proposed project. CUPs consider projects in light of the public welfare and customize conditions to ensure that businesses further the public interest and welfare. The CUP would allow the City to tailor conditions and regulations on proposed businesses based upon the impact on the community and vicinity. Conditions often address signage, hours of operation, parking, security, noise, and odor. Such conditions, however, must reasonably related to the use of the property to be valid.

Development Agreement (DA)

A DA is a contract negotiated between a developer and the City, subject to approval by both the Planning and Preservation Commission and the City Council. The DA is beneficial in that it allows for creative land use development through give-and-take negotiations in which both parties address their respective needs and desires. DAs are advantageous to the City in that conditions can be imposed that are not limited to being reasonably related to the use of the property. If the parties agree to a term, then it can be imposed. A DA is also useful in that it is a vehicle for the Developer's provision of public community benefits to the City, including:

- The payment of annual business fees;
- Drug prevention education programs;
- Scholarships;
- Health clinics;
- Infrastructure improvements; and
- Other community benefits desired by City.

BUDGET IMPACT:

Staff worked closely with HdL to develop a number of conservative revenue projections generated from a cannabis program assuming three permitted businesses in each category. These are only projections.

Ad Hoc Consensus Activities

The following table identifies the projected range of revenue for the consensus items recommended by the Ad Hoc Committee:

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| Activity | # of | Basis of Tax Revenue | Min. | Max. |
|-----------------|---------|-----------------------------|--------------|--------------|
| | Permits | | Revenue/year | Revenue/year |
| Cultivation | 3 | \$7 - \$10 per square foot | \$259,000 | \$370,000 |
| Microbusinesses | 3 | 2.5% - 6% of Gross Receipts | \$262,500 | \$630,000 |
| Manufacturing | 3 | 2.5% - 6% of Gross Receipts | \$187,500 | \$450,000 |
| Testing Lab | 2 | 1% - 2.5% of Gross Receipts | \$20,000 | \$50,000 |
| | | Total Consensus Items | \$729,000 | \$1,500,000 |

Additional Activities

The following table identifies the projected range of revenue for the additional items to be considered by the City Council:

| Activity | # of | Basis of Tax Revenue | Min. | Max. | |
|---|---------|-----------------------------|--------------|--------------|--|
| | Permits | | Revenue/year | Revenue/year | |
| Storefront Retail | 3 | 2.5% - 6% of Gross Receipts | \$187,500 | \$450,000 | |
| Non-storefront Retail (delivery only) | 3 | 2.5% - 6% of Gross Receipts | \$150,000 | \$360,000 | |
| (| I | Total Additional Items | \$337,500 | \$810,000 | |

Increased Expenses

In addition to the potential additional revenue, there will be additional costs associated with implementation, oversight, management, and regulation of a cannabis program. To accommodate the increased workload, the following costs are anticipated:

| Department | Activity | Min. | Max. |
|------------------------|--------------------------------|--------------|--------------|
| | | Expense/year | Expense/year |
| Community Development | Staff resources for planning | \$150,000 | \$200,000 |
| | review, code enforcement and | | |
| | building inspections (1.5 to 2 | | |
| | FTEs or contract services) | | |
| Police Department | Staff resources for processing | \$200,000 | \$300,000 |
| | permits, oversight, and | | |
| | enforcement activities (2 to 3 | | |
| | FTEs) | | |
| Administration/Finance | Staff resources for program | \$150,000 | \$200,000 |
| | revenue processing and | | |
| | oversight (2 FTE or contract | | |
| | services) | | |
| | Total Expenses | \$500,000 | \$700,000 |

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Net Revenue

Net revenue generated by a cannabis program ranges widely depending on the activities supported by the City Council. At the low end (i.e., minimum revenue generated by only consensus activities less the maximum expenses per year), the resulting projected net revenue is \$30,000 per year and on the high end (i.e., maximum revenue generated by all activities less minimum expense per year), the resulting projected net revenue is \$1,810,000 per year. Projected net revenue generated from a cannabis program would be available to fund priority items identified in the community survey.

CONCLUSION:

Staff recommends that the City Council consider the Cannabis Ad Hoc Committee's consensus recommendations and other non-consensus activities and provide direction to staff regarding development of a cannabis regulation and permitting program in the City of San Fernando.

ATTACHMENTS:

- A. Flyer promoting Cannabis Community Meetings
- B. Cannabis Survey
- C. Screenshot of City's Homepage
- D. Informational PowerPoint Presentation
- E. Cannabis Survey Data
- F. GIS map of recommended allowable uses



The City is hosting a series of community workshops to listen to residents' concerns about cannabis.

- THURSDAY | JANUARY 18, 2018 | 6:30 PM Recreation Park 208 Park Avenue
- SATURDAY | JANUARY 27, 2018 | 2 PM Las Palmas Park 505 S. Huntington Street
- THURSDAY | FEBRUARY 1, 2018 | 6:30 PM Council Chambers 117 Macneil Street
- SATURDAY | FEBRUARY 10, 2018 | 2 PM Council Chambers 117 Macneil Street

FOR MORE INFORMATION:

818.898.1202 | info@sfcity.org | www.sfcity.org

Discussion will include:

How can we keep cannabis out of the hands of our youth?

Will cannabis business bring crime to our community?

How much revenue can the City expect to generate from cannabis taxes and fees?

What could these revenues be used for?

What are public health and environmental impacts?

In 2016, California voters passed Prop 64 legalizing the non-medical use of cannabis, with certain restrictions, and provides for industry licensing and establishing standards for marijuana projects. Prop 64 also allows for state and local regulation and taxation of marijuana businesses.



La ciudad estará presentando una serie de talleres comunitarios para escuchar las inquietudes que los residentes pueden tener sobre el cannabis.

- JUEVES | 18 DE ENERO DEL 2018 | 6:30 PM Parque Recreación 208 Park Avenue
- SABADO | 27 DE ENERO DEL 2018 | 2 PM Parque Las Palmas 505 S. Huntington Street
- JUEVES | 1 DE FEBRERO DEL 2018 | 6:30 PM Cámara del Concilio 117 Macneil Street
- SABADO | 10 DE FEBRERO DEL 2018 | 2 PM Cámara del Concilio 117 Macneil Street

PARA MÁS INFORMACIÓN:

818.898.1202 | info@sfcity.org | www.sfcity.org

La charla incluirá:

¿Como podremos mantener el cannabis fuera del alcance de nuestros jóvenes?

¿Traerá crimen a nuestra Ciudad la industria del cannabis?

¿Cuanto ingreso se espera que los impuestos y tarifas del cannabis generen para la ciudad?

¿Para que se pueden utilizar esos ingresos?

¿Cuáles serán los impactos a la salud pública y ambientales?

En el 2016, los votantes de California pasaron la Proposición 64 que legaliza el uso no medicinal del cannabis, con ciertas restricciones, y estipula la concesión y establece normas para proyectos de marijuana. Propisición 64 también permite regulaciones estatales y locales e impuestos a los negocios de marijuana.

What do you think about the

CANNABIS INDUSTRY (MARIJUANA)

coming to our city?

Due to recent changes in California law, cities have the authority to regulate commercial cannabis in their community.

The San Fernando City Council is in the process of reviewing cannabis policy options that will best serve the interests of our community and seeks your input.

- <u>Marijuana</u> is another term for cannabis.
- <u>Cultivation</u> is growing cannabis plants.
- <u>Manufacturing</u> is producing cannabis products, including food products, cosmetic products, oils, and supplements.
- <u>Sale</u> is dispensing of cannabis products from a physical retail location, including non-storefront sales.

¿Que piensa sobre la industria de la

CULTIVACION DEL CANNABIS (MARIJUANA)

en la ciudad?

Debido a recientes cambios en la ley de California, las ciudades tienen la autoridad de regular el uso del cannabis comercial en su comunidad.

El concilio de la Ciudad de San Fernando está en el proceso de analizar opciones sobre la póliza de cannabis que mejor sirvan los intereses de nuestra comunidad y piden su participación.

- Marijuana es otro término para cannabis.
- <u>Cultivación</u> es la siembra de la planta cannabis.
- <u>Manufactura</u> es la producción de productos cannabis, incluye productos comestibles, productos cosméticos, aceites y suplementos.
- Venta es dispensar productos cannabis de una locación de venta a menudeo, incluvendo ventas en tiendas sin fachada.

Please tell us what you think about Cannabis. Por favor diganos que es lo que piensa acerca del Cannabis.

1. Should the City of San Fernando allow and regulate commercial cannabis (marijuana) activity? If yes, check all that apply. ¿Cree usted que la Ciudad de San Fernando debe de permitir y regular la actividad del cannabis (marijuana) comercial? Si su respuesta es "si", marque todo lo que aplique.

| | | Medical Non-Medical/Commerc | | | iercial | | | |
|----|-------------------------------------|-----------------------------|------------------|------------|---------------------|-------------|------------|--|
| | | | Medica | | No-Medica/Comercial | | | |
| | | Yes | Yes Undecided No | | | Undecided | No | |
| | | Si | Indeciso(a) | No | Si | Indeciso(a) | No | |
| A. | Cultivation Cultivación | \bigcirc | | \bigcirc | \bigcirc | | \bigcirc | |
| В. | Manufacturing Manufactura | \bigcirc | | \bigcirc | \bigcirc | | \bigcirc | |
| C. | Sale Venta | \bigcirc | | \bigcirc | \bigcirc | | \bigcirc | |

2. How concerned are you that regulated cannabis (marijuana) would create the following issues in the City of San Fernando? Use the rating scale below. ¿Que tan preocupado está usted de que el cannabis (marijuana) regulado crea los siguientes problemas en la Ciudad de San Fernando? Use la escala de clasificación a continuación.

| | | Very Concerned Muy Preocupado(a) | Neutral Neutral | Not Concerned At All Nada Preocupado(a) |
|----|---|---|---------------------------|--|
| Α. | Crime Issues Problemas Criminales | \bigcirc | \bigcirc | |
| В. | Environmental Issues Problemas Ambientales | \bigcirc | \bigcirc | \bigcirc |
| C. | Public Health Problemas de Salud Publica | \bigcirc | \bigcirc | \bigcirc |
| D. | Negative Impact on Youth Impacto Negativo Sobre los Problemas de la Juventud | 0 | 0 | \bigcirc |
| Ε. | Mental Health Issues Problemas de Salud Mental | \bigcirc | \bigcirc | \bigcirc |

- **3. If the City of San Fernando requires a cannabis business to:** Si la Ciudad de San Fernando require a un negocio de cannabis a someterse a:
 - Conduct thorough employee background checks through the San Fernando Police Department; una verificación a fondo de antecedentes del empleado conducido por el Departamento de Policia de San Fernando;
 - Install a physical security system that secures both the property and the building; la instalacion de un sistema de suguridad físico que asegura la propiedad y edificio;
 - Use security guards to keep employees and customers safe; and uso de guardias de seguridad para protejer a los empleados y clientes; y
 - Install odor control. Instalar artefacto de control de olor.

How likely are you to support the cultivation, manufacturing or sale of medicinal cannabis in the City of San Fernando? Use the rating scale below. ¿Que tan dispuesto estaría a apoyar la cultivación, manufactura y venta de el cannabis (marijuana) en la Ciudad de San Fernando? Use la escala de clasificación a continuación

| _ | | | | |
|----|-------------------------------------|---------------------------|---------------------------|-------------------------------|
| | | Likely Probable | Neutral Neutral | Unlikely Improbable |
| Α. | Cultivation Cultivación | | | \bigcirc |
| В. | Manufacturing Manufactura | \bigcirc | \bigcirc | \bigcirc |
| C. | Sale Venta | | \bigcirc | \bigcirc |

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three. ¿Si la Ciudad de San Fernando procediera con la regularización del cannabis (marijuana), como quisiera usted que se utilizaran los ingresos generados? Por favor marque tres.

| Α. | Fund Police School Resource Officer | \bigcap |
|----|--|---------------|
| | Financiar un Oficial de Policía de Recursos Escolares | \cup |
| В. | Parks, Play Equipment, and Sports Fields | \bigcap |
| | Parques, Equipo de Recreo, y Campos de Deporte | $\overline{}$ |
| С. | Enhance Street and Sidewalk Improvements | |
| | Dar Realce a las Mejoras a las Calles y Aceras | \cup |
| D. | Substance Abuse Outreach Programs | \bigcap |
| | Divulgación de Programas de Abuso de Sustancias | O |
| Ε. | Youth Education Programs | |
| | Programas Educacionles Para Jovenes | \cup |
| F. | Art and Culture Programs | \bigcap |
| | Programas de Arte y Cultura | O |
| G. | Reinstitute the Fourth of July Celebration Event (fireworks) | |
| | Reincorporar el Evento de Celebración del Cuatro de Julio | () |
| | (fuegos artificiales) | |
| Н. | Other: | |
| | Otro: | \cup |

5. After considering the information provided in this survey, do you now feel the City of San Fernando should allow and regulate commercial cannabis (marijuana) activity? Use the rating scale below. ¿Despues de considerar la información proveida en esta encuesta, usted ahora siente que la Ciudad de San Fernando debería permitir y regular la actividad del cannabis (marijuana) comercial? Use la escala de clasificación a continuación.

| | | | Me | dical | Non-l | Medica | I/Commercial | |
|----|-------------------------------------|------------|------------|-----------------------------|------------|---------------------|-----------------------------|--|
| | | | Ме | dica | No- | No-Medica/Comercial | | |
| | | Yes | No | Need More | Yes | No | Need More | |
| | | Si | No | Information | Si | No | Information | |
| | | | | Necesito Mas Información | | | Necesito Mas Informatión | |
| Α. | Cultivation Cultivación | \bigcirc | \bigcirc | \bigcirc | \bigcirc | \bigcirc | \bigcirc | |
| В. | Manufacturing Manufactura | \bigcirc | \bigcirc | \bigcirc | \bigcirc | \bigcirc | \bigcirc | |
| C. | Sale Venta | \bigcirc | \bigcirc | \bigcirc | \bigcirc | \bigcirc | \bigcirc | |

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? ¿Tiene algún otra preocupación que le gustaría compatir sobre el cannabis (marijuana) en la Ciudad de San Fernando?

| | | | |
|------|------|------|--|
| | | | |
| | | | |
| | | | |
| | | | |

en la Giudad? COMPLETE AND RETURN THIS SURVEY COMPLETE Y REGRESE ESTA ENCUESTA



PLACE STAMP

HEBE

ESTAMPILLA PONGA

IUΩA

CANNABIS SURVEY

CANNABIS **ENCUESTA SOBRE** San Fernando, CA 91340 117 Macneil Street CITY OF SAN FERNANDO

818.898.1202 **WWW.SFCITY.ORG**

Y COMPLETE LA FORMA ELECTRONICAMENTE

AND COMPLETE THE FORM ELECTRONICALLY

WWW.CI.SAN-FERNANDO.CA.US/CANNABIS-INDUSTRY

VISIT VISITE:

CITY OF SAN FERNANDO

THIS SURVEY

OFF AT THE ADDRESS PROVIDED LA ENCUESTA ADJUNTA Y MANDELA POR CORREO O

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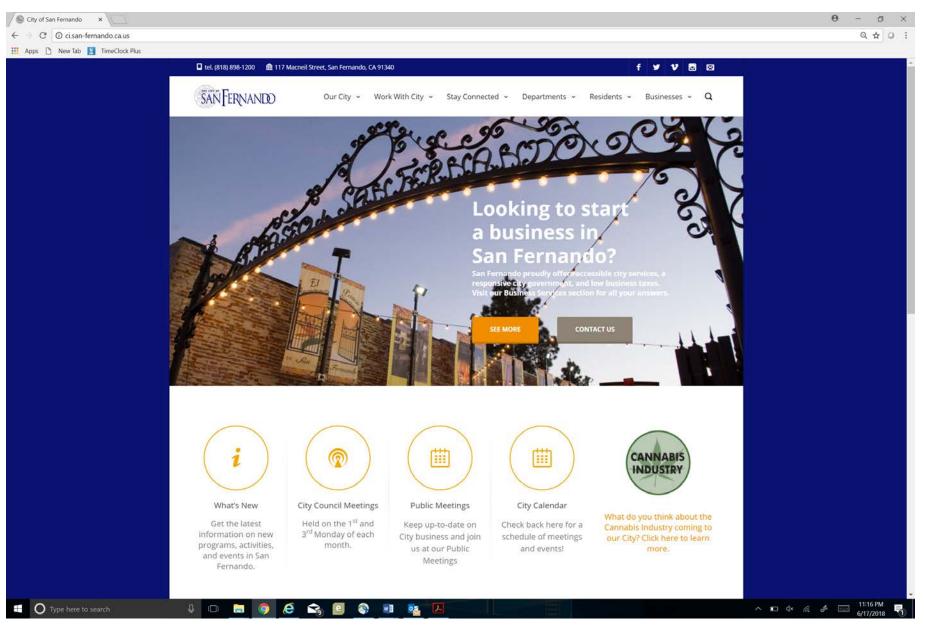
THE ENCLOSED SURVEY AND MAIL IT TO OR DROP

FILL OUT LLENE:



INFO@SFCITY.ORG

Please tell us what you think about Cannabis. Por favor diganos que es lo que piensa acerca del Cannabis.







California Cannabis Legislation

2015 2016 2017

Medical Cannabis Regulation and Safety Act (MCRSA) Proposition 64
Adult Use of Marijuana
Act (AUMA)

Trailer Bill SB 94: Medical & Adult Use Cannabis Regulation and Safety Act; AB 133

CANNABIS POLICY COMMUNITY OUTREACH



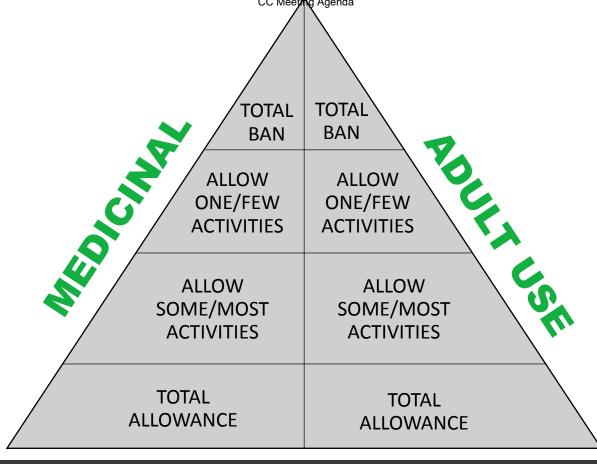
Protects local control by:

- **Dual licensing:** A requirement in statute that all marijuana businesses must have both a state license and a local license or permit to operate legally in California. Jurisdictions that regulate or ban medical marijuana will be able to retain their regulations or ban.
- Enforcement: Local governments may enforce state law and local ordinances if they request that authority and if it is granted by the relevant state agency.

MEDICAL & ADULT-USE CANNABIS REGULATION AND SAFETY ACT (MAUCRSA)



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REGULATORY OPTIONS



MARIJUANA POLICY DEVELOPMENT

"Policies designed today will help shape how your industry looks tomorrow."

-HdL Companies

CREATING REGULATIONS

Areas to Consider

- Hours of operation
- Business location (zoning)
- Signage/advertisement
- Physical security
- Smell, sight, noise
- Reporting requirements
- Employee badge requirements

CREATING REGULATIONS

Areas to Consider

- Unpermitted construction activity
- Vendors and consultants
- Access control requirements
- Record reporting/retention requirements
- Investigation and inspection protocols
- Good neighbor policy



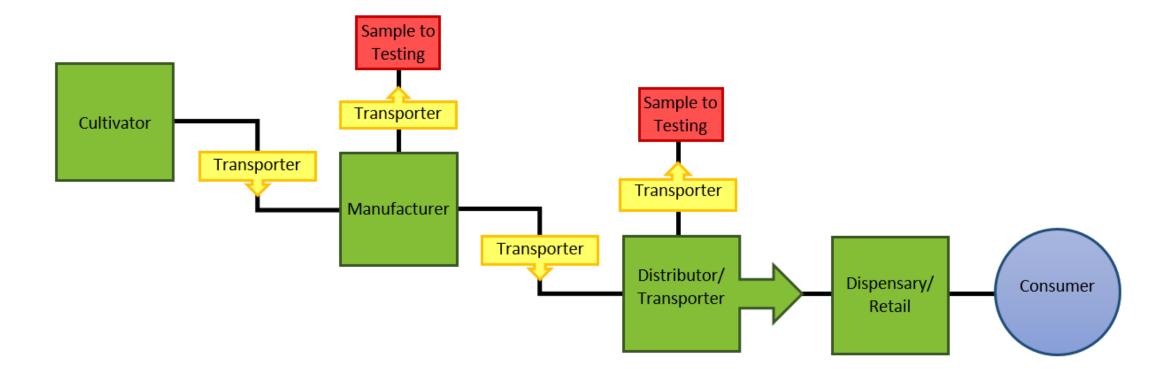


CANNABIS POLICY
COMMUNITY OUTREACH

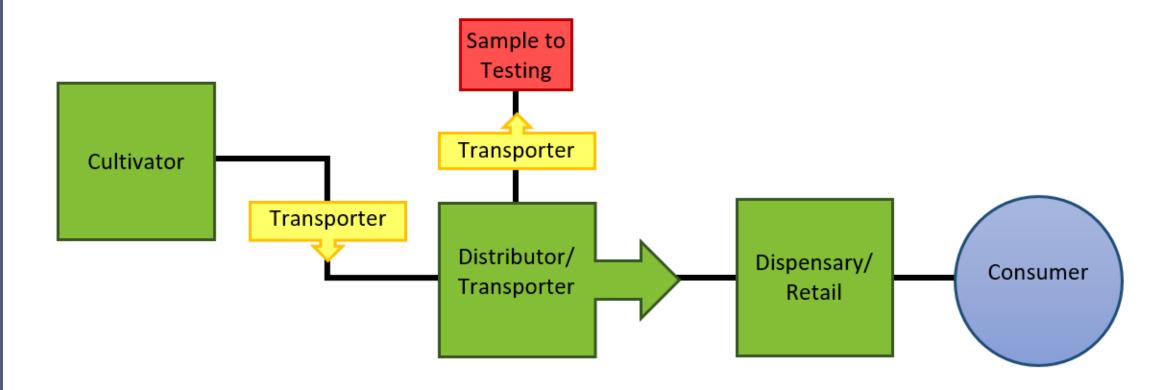
City Council Sets Cannabis Regulatory Policies on:

- Cultivation
- Microbusiness
- Manufacturing
- Testing Labs
- Delivery/Non Store Front Retailer
- Retail-Medicinal/Adult-Use
- Distribution Facilities

Manufactured Cannabis Products Model (concentrates, edibles, salves, tinctures, etc.)



Non-Manufactured Cannabis Model (flower, leaf or pre-rolled)







RETAILER/MICROBUSINESS



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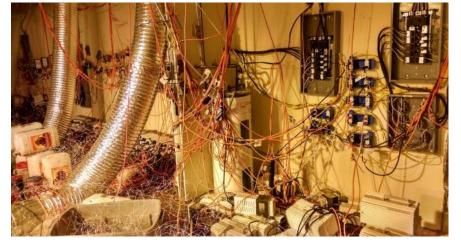




CULTIVATIONS



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ELECTRICAL EQUIPMENT



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EXTRACTION FACILITY

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MANUFACTURING











UNLICENSED ACTIVITIES







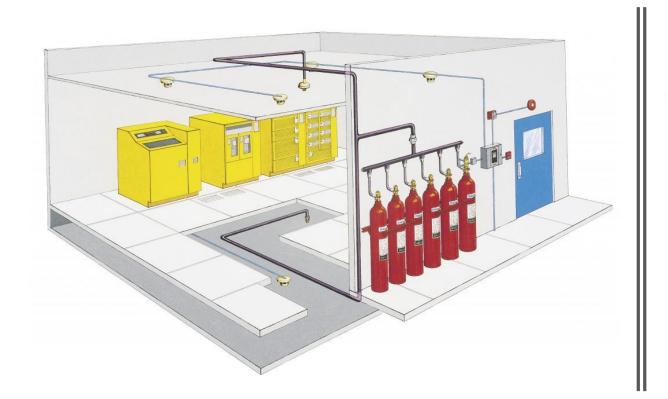


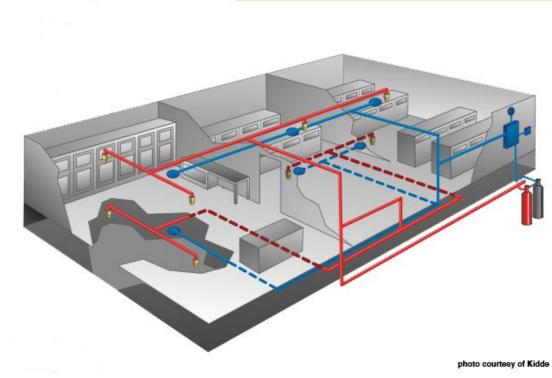
DISTRIBUTION



TESTING LABORATORIES



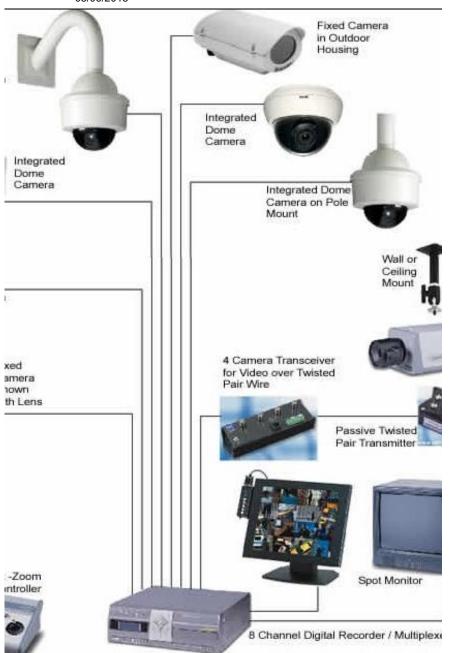




SAFETY PLAN



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SECURITY PLAN



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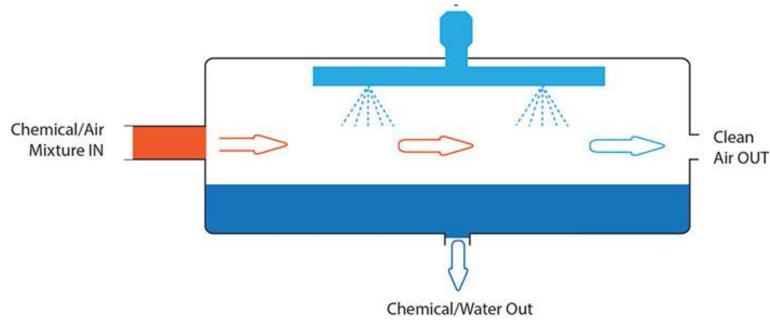




INVENTORY TRACKING













CHILD RESISTANT ASTM D3475 CERTIFIED

ENHANCED PRODUCT SAFETY

(Regulated Product Packaging)



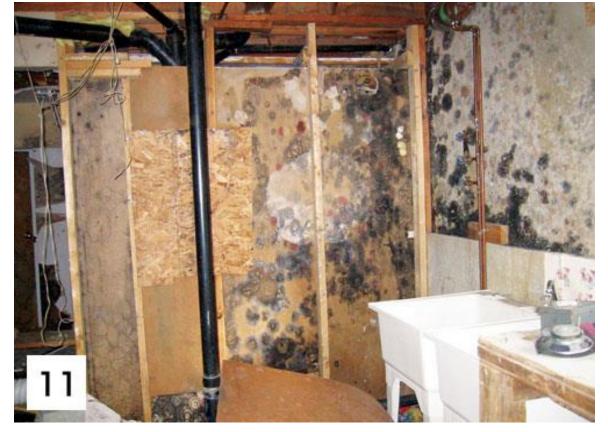
UNIVERSAL SYMBOL





PERSONAL CANNABIS CULTIVATIONS







IMPACTS OF PERSONAL CANNABIS CULTIVATIONS



THOUGHTFUL LOCAL REGULATIONS SHOULD ADDRESS THE POTENTIAL IMPACTS:

- Unsafe electrical & construction
- Waste management
- Water & power usage
- Quality of life complaints
 - Lighting, noise, odor

HEALTH AND SAFETY IMPACTS





BALANCED APPROCH TO OVERSIGHT

1

MONITOR: The

progress

2

MEASURE: The

results

3

MODIFY: The rules

as needed



CANNABIS STATE AND LOCAL TAX RATES

State Cannabis Excise Tax

(Applies to medical and non-medical)

Retail Tax

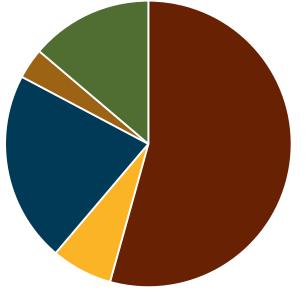
15% Gross Receipts of Retail Sales

Cultivation Tax

\$9.25/oz. Flowers \$2.75/oz. Leaves

Sales and Use Tax: 7.25% +

Adult-Use Subject to Tax Medicinal May be Subject to Tax



- State General Fund (3.9375%)
- Local Public Safety Fund (.50%)
- Local Revenue Fund (1.5625%)
- County Transportation Fund (.25%)
- City/County Operations Fund (1.00%)

City Cannabis Tax

(Medicinal /Adult –Use)

XX% of Gross Receipts \$XX Per Square Feet \$XX Flat Rate \$XX Per Weight

City Cost Recovery Fees (Prop 26)

(Medicinal/Adult-Use)

\$XX Application Fee \$XX License Fee \$XX Renewal Fee \$XX Administration Fee

| | CC Meeting Agenda MEDICINAL | ADULT-USE |
|--|--------------------------------|-----------|
| Cultivation | YES / NO | YES / NO |
| Manufacturing | YES / NO | YES / NO |
| Testing (Quality Control) | YES / NO | YES / NO |
| Retailer/Non-Store Front Retailer (Dispensary/Delivery Services) | YES / NO | YES / NO |
| Distribution Facility | YES / NO | YES / NO |
| Microbusiness | YES / NO | YES / NO |

CATEGORIES OF USE





ATTACHMENT "E"

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

1.1 Should the City of San Fernando allow and regulate medical cannabis (marijuana) activity? If yes, check all that apply.

| Top number is the count of respondents selecting the option. Bottom % is percent of | | | | |
|---|----------------------|-------------|-------------------|------------|
| the total respondents selecting the option. | | Medical YES | Medical UNDECIDED | Medical NO |
| | Electronic (English) | 70 | 1 | 35 |
| | Electronic (Spanish) | 3 | 0 | 0 |
| A. Cultivation | Hardcopy | 43 | 0 | 21 |
| | TOTAL | 116 | 1 | 56 |
| | | 67.1% | 0.6% | 32.4% |
| | Electronic (English) | 70 | 2 | 34 |
| | Electronic (Spanish) | 4 | 0 | 0 |
| B. Manufacturing | Hardcopy | 45 | 1 | 19 |
| | TOTAL | 119 | 3 | 53 |
| | | 68.0% | 1.7% | 30.3% |
| | Electronic (English) | 68 | 0 | 36 |
| | Electronic (Spanish) | 4 | 0 | 0 |
| C. Sale | Hardcopy | 42 | 6 | 20 |
| | TOTAL | 114 | 6 | 56 |
| | | 64.8% | 3.4% | 31.8% |

1.2 Should the City of San Fernando allow and regulate commercial cannabis (marijuana) activity? If yes, check all that apply.

| selecting the option. Bottom % is percent of the total respondents selecting the option. | | Non-Medical/ Commercial YES | Non-Medical/ Commercial UNDECIDED | Non-Medical/ Commercial NO |
|--|----------------------|--------------------------------|-----------------------------------|-------------------------------|
| | Electronic (English) | 64 | 3 | 38 |
| | Electronic (Spanish) | 2 | 0 | 1 |
| A. Cultivation | Hardcopy | 25 | 4 | 22 |
| | TOTAL | 91 | 7 | 61 |
| | | 57.2% | 4.4% | 38.4% |
| | Electronic (English) | 62 | 5 | 37 |
| | Electronic (Spanish) | 3 | 0 | 1 |
| B. Manufacturing | Hardcopy | 26 | 5 | 20 |
| | TOTAL | 91 | 10 | 58 |
| | | 57.2% | 6.3% | 36.5% |
| | Electronic (English) | 60 | 6 | 39 |
| | Electronic (Spanish) | 3 | 0 | 1 |
| C. Sale | Hardcopy | 22 | 7 | 24 |
| | TOTAL | 85 | 13 | 64 |
| | | 52.5% | 8.0% | 39.5% |

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

2. How concerned are you that regulated cannabis (marijuana) would create the following issues in the City of San Fernando? Use the rating scale below.

| Top number is the count of respondents selecting the option. Bottom % is percent of | | | | |
|---|----------------------|----------------|---------|----------------------|
| the total respondents selecting the option. | | Very Concerned | Neutral | Not Concerned At All |
| | Electronic (English) | 38 | 9 | 59 |
| | Electronic (Spanish) | 3 | 1 | 0 |
| A. Crime Issues | Hardcopy | 27 | 20 | 21 |
| | TOTAL | 68 | 30 | 80 |
| | | 38.2% | 16.9% | 44.9% |
| | Electronic (English) | 27 | 15 | 64 |
| | Electronic (Spanish) | 2 | 0 | 1 |
| B. Environmental Issues | Hardcopy | 23 | 17 | 28 |
| | TOTAL | 52 | 32 | 93 |
| | | 29.4% | 18.1% | 52.5% |
| | Electronic (English) | 32 | 13 | 61 |
| | Electronic (Spanish) | 3 | 0 | 1 |
| C. Public Health | Hardcopy | 27 | 16 | 23 |
| | TOTAL | 62 | 29 | 85 |
| | | 35.2% | 16.5% | 48.3% |
| | Electronic (English) | 39 | 20 | 46 |
| | Electronic (Spanish) | 3 | 0 | 1 |
| D. Negative Impact on Youth | Hardcopy | 33 | 19 | 15 |
| | TOTAL | 75 | 39 | 62 |
| | | 42.6% | 22.2% | 35.2% |
| | Electronic (English) | 33 | 12 | 60 |
| | Electronic (Spanish) | 3 | 0 | 1 |
| E. Mental Health Issues | Hardcopy | 27 | 18 | 23 |
| | TOTAL | 63 | 30 | 84 |
| | | 35.6% | 16.9% | 47.5% |

3. If the City of San Fernando requires a cannabis business to: Conduct thorough employee background checks through the San Fernando Police Department; Install a physical security system that secures both the property and the building; Use security guards to keep employees and customers safe; Install odor control. How likely are you to support the cultivation, manufacturing or sale of medicinal cannabis in the City of San Fernando? Use the rating scale below.

| Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option. | | Likely | Neutral | Unlikely |
|---|----------------------|--------|---------|----------|
| the total respondents selecting the option. | Floatronia (Fnalish) | 70 | Neutrai | 34 |
| | Electronic (English) | 70 | 2 | 34 |
| | Electronic (Spanish) | _1 | Ü | 2 |
| A. Cultivation | Hardcopy | 39 | 8 | 21 |
| | TOTAL | 110 | 10 | 57 |
| | | 62.1% | 5.6% | 32.2% |
| | Electronic (English) | 69 | 3 | 34 |
| | Electronic (Spanish) | 1 | 0 | 2 |
| B. Manufacturing | Hardcopy | 37 | 12 | 19 |
| | TOTAL | 107 | 15 | 55 |
| | | 60.5% | 8.5% | 31.1% |
| | Electronic (English) | 68 | 2 | 35 |
| | Electronic (Spanish) | 2 | 0 | 2 |
| C. Sale | Hardcopy | 33 | 16 | 19 |
| | TOTAL | 103 | 18 | 56 |
| | | 58.2% | 10.2% | 31.6% |

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three.

| | | Number of Response(s) | |
|---|---|-----------------------|--|
| | Electronic (English) | 35 | |
| | Electronic (Spanish) | 3 | |
| A. Fund Police School Resource Officer | Hardcopy | 26 | |
| | TOTAL | 64 | |
| | | 39.51% | |
| | Electronic (English) | 49 | |
| | Electronic (Spanish) | 3 | |
| B. Parks, Play Equipment, and Sports Fields | Hardcopy | 33 | |
| | TOTAL | 85 50.47% | |
| | Electronic (English) | 52.47% 64 | |
| | Electronic (English) Electronic (Spanish) | 0 | |
| C. Enhance Street and Sidewalk | Hardcopy | 33 | |
| Improvements | TOTAL | 97 | |
| | 101712 | 59.88% | |
| | Electronic (English) | 39 | |
| | Electronic (Spanish) | 3 | |
| D. Substance Abuse Outreach Programs | Hardcopy | 33 | |
| | TOTAL | 75 | |
| | | 46.30% | |
| | Electronic (English) | 59 | |
| F. Vanda Education Decrease | Electronic (Spanish) | 4 | |
| E. Youth Education Programs | Hardcopy TOTAL | 32 95 | |
| | TOTAL | 95 58.64% | |
| | Electronic (English) | 40 | |
| | Electronic (Spanish) | 1 | |
| F. Art and Culture Programs | Hardcopy | 21 | |
| ŭ | TOTAL | 62 | |
| | | 38.27% | |
| | Electronic (English) | 27 | |
| G. Reinstitute the Fourth of July Celebration | Electronic (Spanish) | 0 | |
| Event (fireworks) | Hardcopy | 9 | |
| - ' ' | TOTAL | 36 | |
| | Flacturais (Facility) | 22.22% 15 | |
| | Electronic (English) Electronic (Spanish) | 0 | |
| Other | Hardcopy | 14 | |
| Other | TOTAL | 29 | |
| | 101712 | 17.90% | |
| | Electronic (English) | 101 | |
| | Electronic (Spanish) | 4 | |
| TOTAL | Hardcopy | 57 | |
| | TOTAL | 162 | |

COMBINED Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

5.1 After considering the information provided in this survey, do you now feel the City of San Fernando should allow and regulate medical cannabis (marijuana) activity? Use the rating scale below.

| Top number is the count of respondents | | | | |
|--|----------------------|-------------|---------------------|------------|
| selecting the option. Bottom % is percent of | | Madiaal VEO | Madia al IINDECIDED | MadiaalNO |
| the total respondents selecting the option. | | Medical YES | Medical UNDECIDED | Medical NO |
| | Electronic (English) | 73 | 0 | 33 |
| | Electronic (Spanish) | 3 | 0 | 0 |
| A. Cultivation | Hardcopy | 41 | 18 | 5 |
| | TOTAL | 117 | 18 | 38 |
| | | 67.6% | 10.4% | 22.0% |
| | Electronic (English) | 73 | 0 | 32 |
| B. Manufacturing | Electronic (Spanish) | 3 | 0 | 0 |
| | Hardcopy | 42 | 17 | 5 |
| | TOTAL | 118 | 17 | 37 |
| | | 68.6% | 9.9% | 21.5% |
| | Electronic (English) | 68 | 1 | 33 |
| | Electronic (Spanish) | 4 | 0 | 0 |
| C. Sale | Hardcopy | 41 | 18 | 5 |
| | TOTAL | 113 | 19 | 38 |
| | | 66.5% | 11.2% | 22.4% |

5.2 After considering the information provided in this survey, do you now feel the City of San Fernando should allow and regulate commercial cannabis (marijuana) activity? Use the rating scale below.

| Top number is the count of respondents selecting the option. Bottom % is percent of | | Non-Medical/ Commercial | Non-Medical/ Commercial | Non-Medical/ Commercial |
|---|----------------------|-------------------------|-------------------------|-------------------------|
| the total respondents selecting the option. | | YES | UNDECIDED | NO |
| | Electronic (English) | 67 | 2 | 37 |
| | Electronic (Spanish) | 2 | 1 | 0 |
| A. Cultivation | Hardcopy | 29 | 21 | 7 |
| | TOTAL | 98 | 24 | 44 |
| | | 59.0% | 14.5% | 26.5% |
| | Electronic (English) | 66 | 2 | 38 |
| | Electronic (Spanish) | 2 | 1 | 0 |
| B. Manufacturing | Hardcopy | 31 | 22 | 4 |
| | TOTAL | 99 | 25 | 42 |
| | | 59.6% | 15.1% | 25.3% |
| | Electronic (English) | 62 | 4 | 36 |
| | Electronic (Spanish) | 3 | 1 | 0 |
| C. Sale | Hardcopy | 26 | 23 | 7 |
| | TOTAL | 91 | 28 | 43 |
| | | 56.2% | 17.3% | 26.5% |

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando?

| Responses Received | TOTAL | 83 |
|--------------------|----------------------|----|
| Responses Received | Hardcopy | 33 |
| Responses Received | Electronic (Spanish) | 2 |
| Responses Received | Electronic (English) | 48 |
| | | |

| Number of Surveys Return |
|--------------------------|
|--------------------------|

| Electronic (English) | 108 | |
|----------------------|-----|--|
| Electronic (Spanish) | 4 | |
| Hardcopy | 68 | |
| TOTAL | 180 | |

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

H. Other

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three.

| 1 | Leave it to owners how to donate to community |
|----|---|
| 2 | I do not want this in our city. |
| 3 | Schools |
| 4 | I don't want any of the money in our city. |
| 5 | Full benefits to city workers |
| 6 | Plant more shade trees |
| 7 | Why is it limited to 3? |
| 8 | Elderly support programs |
| 9 | Don't do it!! I prefer you to I crease city tax. |
| 10 | College Scholarships for Disadvantaged Students. |
| 11 | More Police Officers |
| 12 | Economic Development |
| 13 | Change culture of City Staff |
| 14 | Additional Police/Traffic Officers |
| 15 | C&F Movie Cinema for S. Fernando |
| 16 | Full benefits to city workers |
| 17 | Fund continued education and awarness in school program |
| 18 | Same as all other business tax & fees or general fund |
| 19 | Street Lighting! |
| 20 | HEALTH EDUCATION PROGRAMS |
| 21 | Hire a person that knows how to write a proper unbiased survey. |

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

4. If the City of San Fernando were to proceed with cannabis (marijuana) regulation, how would you like to see revenues spent? Please check three. (CONTINUED)

H. Other (CONTINUED)

- 22 Hire more Police Officers
- 23 Help shelter homless in a responsible manner
- 24 Advertise Against Cannabies

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando?

- WHATS the difference between a cannabis facility and allowing a nightlife like a lounge in the city of San Fernando? I also feel like the city should regulate similar business to a few mile radius. ItâÂÂs ridiculous the amount of hair salons and barber shops that are in the city of San Fernando. ItâÂÂs makes no sense to put 10 struggling salons in one street.

 During the presentations, it was mentioned that an ALARMING increase in DUI occurred in cities with
 - During the presentations, it was mentioned that an ALARMING increase in DUI occurred in cities with legalized sales. I am not willing to endanger a single pedestrian or driver for a potential tax dollar. I consider this akin to blood money. Let people drive to Sylmar or Mission Hills rather than come to our community. If
- we are so poor that this must be an option (and I would support a tax increase first), NO retail sales (medical or recreational) whatsoever. Testing and cultivation only 500 feet from schools and residential areas. Delivery services equally far from residential areas. ZERO sales. Our residents need to be safe walking and in their cars.
 - I personally only know that the people who use marijuana that I know are not successful people. I see in my community the young people who started using marijuana almost never amount to professionals or well-
- educated young people. We don't need this stuff to further destroy the young people of this city. It's hard enough to try to hire a Dependable young person for positions at work. I have never seen a young person who uses marijuana to be to be a positive member of society contributing to the good of society.
- Access to medical marijuana should be easy for patients and they shouldnâÂÂt have to travel outside their city to obtain it.
- Keep san fernando small business owned. No more corporate businesses like chipotle and cvs. Create low income housing
- San Fernando has a reputation for being small and quaint. Don't make us common by allowing the cannabis industry in. We don't NEED it.
- 7 Cannabis should not be allowed in San Fernando nor should there be any cannabis shops in the city.
- I understand the concerns of those who oppose cannabis in San Fernando because this is a very new and delicate subject. The revenue that can be generated for the city would be wonderful. If we look past our own nose we will come to find that there's a liquor store on almost every corner in San Fernando. That being said. Sale of marijuana should and without a doubt be regulated. No worries here.:)
- Reduce the use of drugs around public parks. Drug usage is destroying Carey Ranch Park (specifically) and ruining it for families.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- Should this even be in question? Lets move forward and stop playing games. Our +/- 2sq. Miles will be surrounded by this and we want to potentially ignore the possibility of bringing in revenue from this? Lets do this already! Why is medicinal even in question? I thought 64 was for recreational use.
- I attended the meeting today and feel that Cultivation and Manufacturing is the way to go. If sale was allowed I would like to see that the person opening the shop is a resident of San Fernando. I feel that they would have more stake in the community if they resided here. I would prefer we just stick to Cultivation and Manufacturing preferebly city run.
- Establish criteria for selection of cannabis licensees that incorporate: 1) long term commitment to SF community 2) diversity, equity and local roots 3) adequate capitalization and experience in cannabis industry.
- We have so many empty shopping centers and industrial centers that are empty that property owners need this industry to spur commerce again.
- We must explore other kinds of revenue such as medical/recreational marijuana so that we can continue to grow as a city that offers new job growth and retail opportunities for residents.
- 15 I live next door to someone that uses marijuana atleast 4 or more times a day. I am pregnant and have little kids I hate the smell and we should have city regulations as to how this should be used
- Ensuring that the product being sold is without additional chemicals or additives that could harm consumers is another policy liability that the City must consider. Important City regulations should be heavily imposed on Cultivation & Manufacturing since these are areas that can greatly impact residents. Areas of sale can be seen as hotspots for police to patrol so that there can be low levels of assault, robery, & DUI's.
- Itâs worked extremely well in much larger cities who are seeing revenues go up for education services and also seeing cannabis use go down among youth letâs get it regulated, taxed, and quit wasting money enforcing laws against it that do nothing for anyone but the prison system.
- 18 Make the mall to San Fernando cannabis mall
- Not allowing cannabis sales is a missed opportunity for generating tons of tax revenue for our cities programs. Fears of negative affects on the aforementioned issues are unfounded.
- 20 Don't need any more drugs around the neighborhood..
- Very concerned for our youth as many are having challenges to stay in school and also the impact it may have on crime.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

How else are residents being contacted in regards to this important issue? For example, are people who don't know how to read/write, use a computer, or speak English being considered? San Fernando is such a small and beautiful city. There are other changes happening in Sylmar where they are building homes for people who have are homeless. People who have mental health and substance abuse issues. Have the representatives of the city of San Fernando considered how a cannabis business will provide easy access for people to use. How will law enforcement be able to monitor "drugged driving"? I'm most concerned about marijuana laced candy and treats because children are being admitted in emergency rooms after accidentally ingesting the marijuana. It promotes increased use and marijuana can be the gate way to heavier drugs. The city doesn't need a marijuana business. It needs to continue to focus on the well being of their residents & providing the community with valuable resources.

- I truly believe that our little city does NOT need a dispensary. I have 5 children, ages 25-9, and I don't want to walk by a dispensary in our neighborhood. Its a shame that you try to ask in your survey what we would
- 23 like money allocated to IF it happens.....then you ask the initial questions again. We have enough issues in our city, we don't need this to add more. If you have to state that security, alarms etc wloud be used at each building for our safety, that's ridiculous!
- It's a bad idea all the way around. Drive down our streets at any given day with your windows down in the car 9x's out of 10 you can smell weed in someone's car near you...BAD BAD BAD...it;'s just going to cause more problems. What's next selling Heroin????
- I voted against legalizing pot. The smell is as bad as having neighbors who smoke cigarettes. My neighbor sits outside drinking and playing loud music all night at least three times a week, I canât wait to see what happens when he adds pot to the mix.
- As long as the city can guarantee crime does not increase & ALL the cultivating, manufacturing, sales are closely monitored & tightly controlled more people might be on board.
- I just bought a house in San Fernando 3 months ago and one of the reasons was because the marijuana industry hadn't corrupted it and I really didn't think that it would with the type of family oriented community San Fernando is known to be
- 28 No!!! No no itÃcÂÂs a small town and it will just bring more crime to our community.
- I think this industry has the potential to bring the city a great deal of income. My main concern would be keeping the homeless and drug addicts out of our city.

The city of San Fernando should promote itself and ask for inclusion in the analysis of feasibility to potentially include the San Fernando Valley for participation in the Social Equity Program for cannabis business development. This analysis was just ordered on Friday, by the Los Angeles City Councilâs Rules Committee. I am an aspiring cannabis business owner, and would like the opportunity to be able to qualify, apply for, and participate in the Social Equity program. Iâm an aspiring cannabis business owner and want to apply into the Social Equity program. If well managed, I believe that the revenue stream generated from a well regulated local cannabis industry will ultimately benefit the community in San Fernando. If the city naively does not regulate, guide, and grow this industry locally, they will lose out on needed funds to other parts of the county.

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- 31 I think it's been long overdue and the cities of San Fernando and pacoima will benefit from cannabis industry.
- City of Los Angeles Is allowing sales of recreational marijuana the city of San Fernando is surrounded by the city of Los Angeles so there will be recreational marijuana all around us why not make tax revenue from that market
- This industry is finally legal. Many other cities will take advantage of it and benefit from the income it generates. Marijuana has always been a huge part of San Fernando and will continue to be. It is in all neighboring cities therefore it is always in our city anyway why not profit from it.
- America is freedom. Inhibiting our right to consume is a violation of our natural given right. Thank you for reading .

The reason I do not support the sale of cannibis within our city is due to the fact that I have seen the dispensaries around the city of Los Angeles and they are often unattractive and there seems to be quite a bit of loitering and consumers utilitizing the product in the open around them. If the City of San Fernando were to regulate signage, dispensary presentation as well as making sure that consumers purchase and cannot use the product in the open I may reconsider my position on the sale of cannibis within the city.

California residents have voted and as elected officials you act on what it citizens want. The revenue having this in the City of San Fernando will be sufficient not bring the city out of debt but also improve the overall community (if it spent wisely) by the elected officials. It is what it is and it's time to embrace marijuana.

Here is my experience with cannabis: Regarding the use of cannabis, if an individual would like to engage in it's use, they will find a way to procure marijuana, regardless of the legality, so why not regulate and tax it? We can use the tax revenue to improve the city. If the the industry is properly regulated and taxed in the City of San Fernando, I do not see any potential harm coming to the city and it's residents. I encourage the legality, education, regulation, and taxation of the cannabis industry. Proper, educated use, should not result in higher crime rates. I believe it should be treated much the same way alcohol is treated.

This is a great opportunity to bring in a high paying industry and also properly regulate it for responsible use in a way that could benefit the greater community. It has also been proven to provide massive tax hauls for communities and curb black market distribution.

39 Get the money and fix our city.

Me preocupan los j $\tilde{A}\tilde{A}^3$ venes especialmente...por qu $\tilde{A}\tilde{C}$ Soy madre de 3 j $\tilde{A}\tilde{A}^3$ venes adultos. Me da tristeza $\tilde{A}^{\circ}\tilde{A}^{\sim}\hat{A}^{\circ}$ ver $\tilde{C}\tilde{A}\tilde{A}^3$ mo hoy lo estamos viendo de lo m $\tilde{A}\tilde{A}$ is normal $\tilde{C}\tilde{A}\tilde{A}^3$ mo en nuestra comunidad hay tantos

- 40 espendios de cannabis. The young people worry me...especially because I am a mother to 3 young adults. It saddens me (unknown) to see how we are living (unknown) normal how in our community there are numerous cannabis dispensaries.
- 41 Dispensarios o ventas muy cerca de las escuelas. *Dispensaries or sales near schools*
- The cannabis industry will be a good resource for the city with aducation to youth education programs that cannabis is not for kids.

Constant Contact Survey Results

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- I believe that if residents would like to get involved with cannabis, they would regardless of the legality with this fact, why not regulate and tax it for the good of the community? Side note: Cannabis has been proven to be much less harmful than alcohol. Studies have shown positive medicinal effects.
- Your consultant, Matthew Eaton, appears to have a strong handle on all of the issues and can provide a roadmap for the city to follow. Good presentation!
 - Yes, San Fernando should consult with professionals in this space, us. Making decisions based on opninons.
- The city should seek top professionals in the industry, as if priority is given to residences. They will fail trying to learn this business.
- Well regulated cannabis has continuously shown to negate most concerns held by citizens of newly adopted areas. By regulating youth usage decreases, black market dwindles and crime decreases.
- 47 No to marijuana
- 48 Manufacturing no retail
- 49 No commercial use permits. No sale of any kind
- We do all the prep, what if the US Government starts enforcing their laws. What is the plan on getting around US Government enforcement.
- 51 This is long overdue. It will definitely enchance SFC
- Would like to see San Fernando build a initiative that the State of Calilfornia left out to protect from special interests. Like San Fernando tradition to keep small to meduim size establishments with high security.
- 53 None
- 54 Against
- 55 I'm hoping the cannabis industry can be small to fit the city, raise revenues, and reduce crime.
- 56 Against
- 57 Please think longterm and understand that being shortsighted in scope and considerations hurts everyone involved.
- We need this sales tax revenue. Alcohol is more dangerous than marijuana. Let's gel with it and not let these dollars out of our city.
- Cannabis is still considered an illegal drug by the federal government. It is still unclear how cannabis affects a person's decision making abiities and I am concerned this would creat a larger criminal and homeless presence.
- 60 You should be fair and allow the city business owners, property owners, and residents to be able to apply.
- 61 This is a goldmine if done right. Our city can be better aestethically

Constant Contact Survey Results

6/27/2018

Survey Name: Cannabis Survey Response Status: Partial & Completed

62

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- How is police force controlling safety of guns with state card holders There should be more agencies dedicated to offering education (legal/commercial) towards Industry, 63
- and all its aspects. Do not support cannabis use in our city. City leadership and city residents are responsible to keep our
- children and families safe from drug use. We already have sever problems with alcohol. We do no need to enhance problems with marijuana in our community, trafitionally, we work to keep our cities healthy.
 - Con todo respeto doy mi opinion no estoy de acuerdo en lo que pasaria aqui mas crimenes porque no me digan que tandrian bajo control impocible digame en el estado de colorado esta controlada? No queremos
- esto aque en S.F. gracias. With all due respect I give you my opinion I am not in favor in what would happen here more crime because don't tell me everything would be under control impossible tell me is the state of Colorado under control? We don't want this in S.F. thank you.
- 66 As a cancer survivor, I 100% support the use of medical marijuana
- 67 Since cannabis is legal to use, then its cultivation and sale should be allowed
- 68 Thank you for asking our opinion
- 69 Do we need more police in schools/on the streets. What are the ongoing cost
- Me preocupa que jovenes tomen esto sin seriedad necesaria para poder llevar acabo el proyecto que se
- planea. It worries me that young people take this without necessary seriousness in order to 70 proceed with the proposed project
- I'm not talking about our adults, I'm worried about our youth. Don't allow this to happen at the cost of our 71
 - Does not belong in our city will not contribute to our quality of life nor character of our community.
- Concerned about impact on our youth, message it sends. Do we want our youth in altered state of mind or 72 preparing for a successful future to contribute to society an dlive productive life. Please do not apporve any form of cannabis in our community.
- surrounding city's already provide business opportunities for cannabis entrepreneurs. San Fernando should look to improve their business outlook (away from auto body shops and light manufacturing, which is more 73 harmful to our environment and does not provide high paying jobs or taxable revenue) to more commercial / modern business ventures.
- This industry would be a huge increase in city revenues and jobs. It would be a great loss to San Fernando if 74 they are surrounded by other cities allowing this industry and not receiving any of the revenues.

Constant Contact Survey Results

6/27/2018

Survey Name: Cannabis Survey **Response Status:** Partial & Completed

6. Do you have any other thoughts you would like to share with us regarding cannabis (marijuana) in the City of San Fernando? (CONTINUED)

- 1.1 Should the City Of San Fernando allow cannabis, Yes. Should the city of San Fernando Regulate cannabis, No.
- 1.2 Should the City Of San Fernando allow cannabis, Yes. Should the city of San Fernando Regulate cannabis, No.

Your survey is worded improperly as is therefore void. Allowance and regulation are two separate issues.

- 5.1 There is so little educational material about cannabis that this question is not legitimate.
- 5.2 There is so little educational material about cannabis that this question is not legitimate.
- After seeing the effects of sales in Sylmar, and the type of people hanging around the dispensaries, it would be a mistake to add marijuana sales in San Fernando!
 - The meeting we had, we were told that by regulating and everything said about this survey that the city would have more police to handle any crime or safety issues brought about by the cannabis measure
- 57 but if we don't have the cannabis measure in our city we would not need the extra police and our city would not have extra crime or the other issues that will eventually come by the city saying yes so NO NO NO on the bringing in it into our city.
 - When the entire state is moving forward with legalization, why would the City keep these potential tax revenues from benefiting the city?
 - There are countless studies, including by the FBI that legalization of cannabis reduces violent crime.
- Legalization takes the sale of cannabis off the streets and places it in a legal, controlled setting.

 Beyond this aspect, the countless studies demonstrating the positive health benefits for cancer patients, adults and children with seizures, etc.
 - Impeding people access to this natural plant is based on uniformed opinions of how the plant is actually used by the majority of its proponents.
- I would love a chance to operate a cannabis business in your city. I think helping set up a homeless program to help rehablitate people back into a work mode to eventually get back on there feet... not all homeless are careless. some just need a little help, i believe if the city is able to gain revinue at an early stage in this already booming industry... why wait? also many of the streets could use work, so many potholes
- MEDICAL MARIJUANA SHOULD BE DISBURSED IN PHARMACIES. ALLOWING COMMERICIAL CANNABIS ACTIVITY IS DETRIMENTAL TO ANY COMMUNITY AND BRINGS NO POSITIVE OUTCOME IN THE LONG RUN.
- People should have the right to do whatever they want to do with their own lives. However, I also have that right and the right to clean air. Just like cigars, smokers should be allowed to smoke in certain places. Also, because this is a health issue, like in the tobacco industry. Taxes on marijuana users should be used to advertise against its use.
- 82 People have no respect they smoke outside you can't eve be on your own backyard
- 83 No cultivating marijuana in the City of San Fernando. No cultivasion de mariguana aqui en San Fernando.

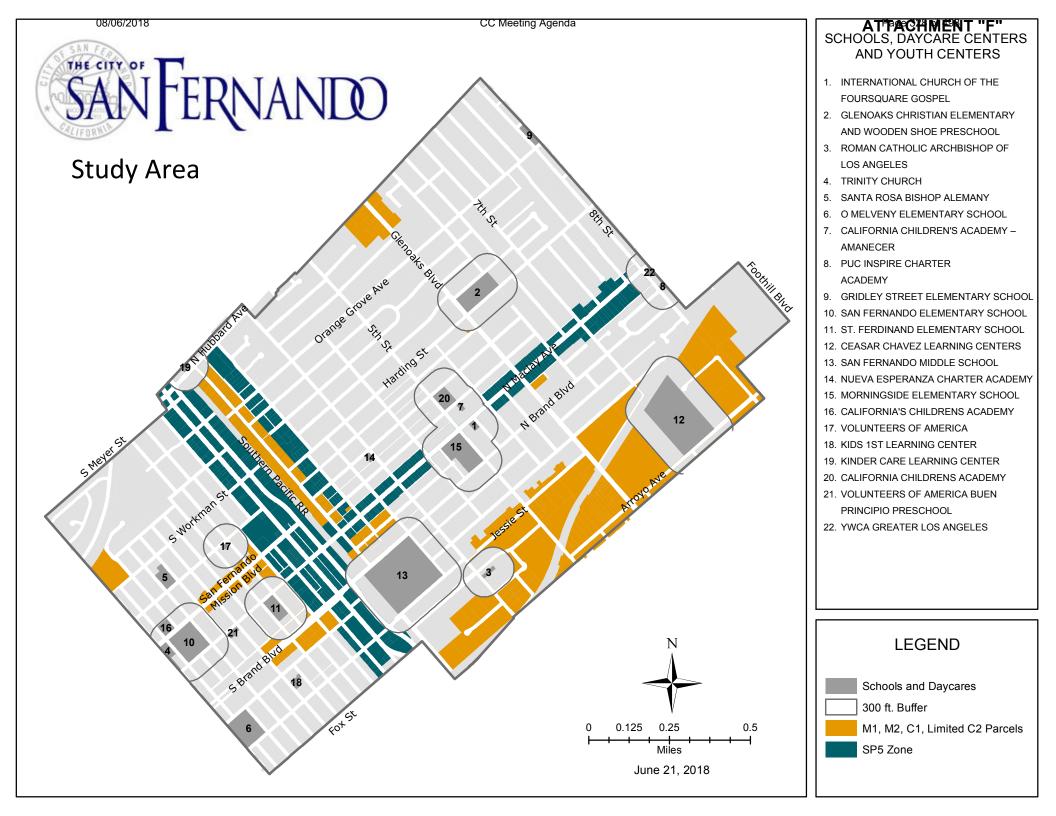
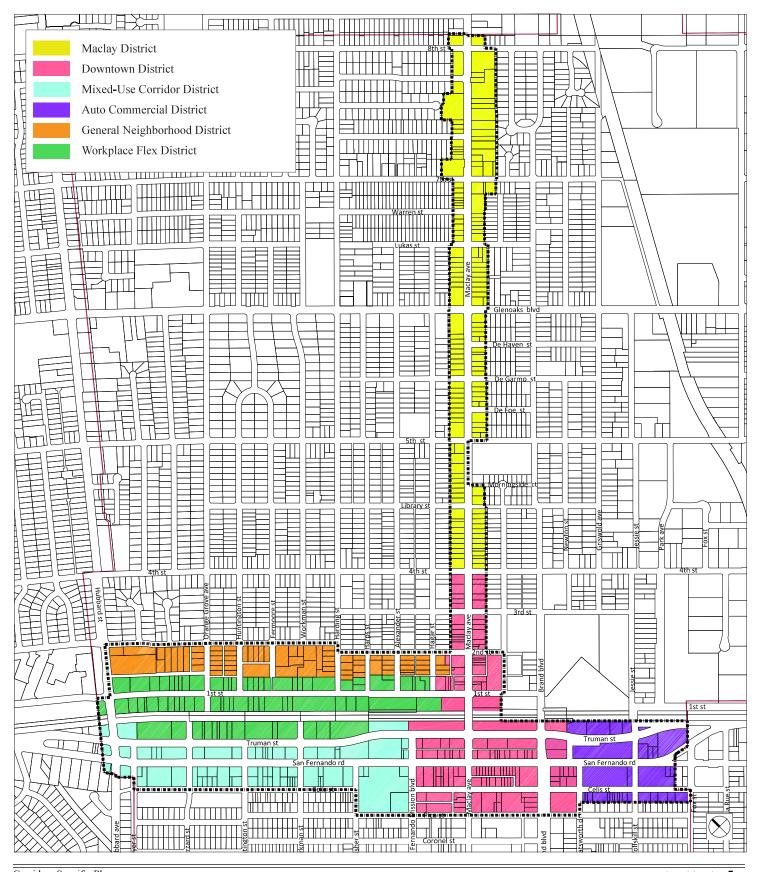


FIGURE 1.2 - SPECIFIC PLAN DISTRICTS



Corridors Specific Plan ONE: Orientation 7

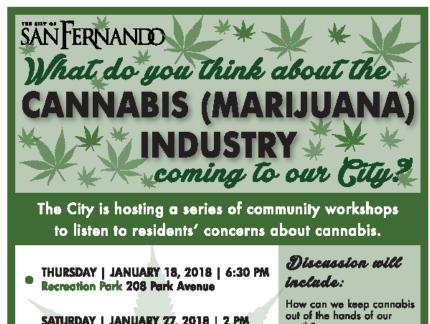




Public Outreach Effort

Community Notification

- Hosted 4 Community Workshops
- Mailed 5,000 flyers
- Ran 4 ads in San Fernando Valley Sun
 - Circulation of 6,000 homes and 4,000 racks
- Reached 10,897 individuals on Social Media
- Created Cannabis Survey to solicit input
- Created Cannabis Kiosk on City Website



- SATURDAY | JANUARY 27, 2018 | 2 PM Las Palmas Park 505 S. Huntington Street
- THURSDAY | FEBRUARY 1, 2018 | 6:30 PM Council Chambers 117 Macneil Street
- SATURDAY | FEBRUARY 10, 2018 | 2 PM Council Chambers 117 Macneil Street

FOR MORE INFORMATION:

818.898.1202 | info@sfcity.org | www.sfcity.org

Will cannabis business bring crime to our community?

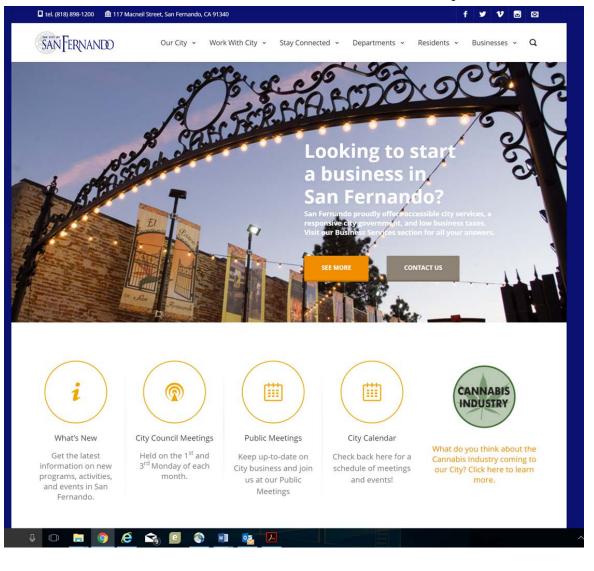
How much revenue can the City expect to generate from cannabis taxes and fees?

What could these revenues be used for?

What are public health and environmental impacts?

In 2016, California voters passed Prop 64 legalizing the non-medical use of cannobis, with certain restrictions, and provides for Industry licensing and establishing standards for marijuana projects. Prop 64 also allows for state and local regulation and taxation of marijuana businesses.

INFORMATIONAL FLYER



CANNABIS KIOSK

COMMUNITY WORKSHOPS

Four Community Workshops

- Workshops hosted at 3 City locations
 - City Council Chambers
 - Recreation Park
 - Las Palmas Park
- 85 residents, business owners, industry reps and interested community members attended
- Viewed 1,523 times on Facebook Live



COMMUNITY WORKSHOP FEEDBACK

Overall, Feedback tended to be positive

- General sentiment: Adult use is now legal in the state, San Fernando should create a regulated market and exercise control rather than react to illegal activity
- General support for medicinal benefits and positive impact on quality of life
- Opposition felt legalizing cannabis will be detrimental to youth and negatively impact City's character

SURVEY RESPONSES

Survey Responses:

- Received 180 total survey responses
 - 68 hardcopy
 - 112 online
- Structured to solicit responders' reactions as well as provide information re: potential regulatory measures and ways to use additional resources

SURVEY RESPONSES - Summary

How concerned are you that regulated cannabis would create the following issues in the City?

| | Very Concerned |
|--------------------------|----------------|
| Negative Impact on Youth | 42.6% |
| Crime Issues | 38.2% |
| Mental Health Issues | 35.6% |
| Public Health | 35.2% |
| Environmental Issues | 29.4% |

If the City were to proceed with cannabis regulation, how would you like to see the revenues spent?

| | Priority |
|--|----------|
| Enhance Street and Sidewalk Improvements | 59.9% |
| Youth Education Programs | 58.6% |
| Parks, Play Equipment and Sports Fields | 52.5% |
| Substance Abuse Outreach Programs | 46.3% |
| Fund Police School Resource Officer | 39.5% |
| Art and Culture Programs | 38.3% |
| Reinstitute Fourth of July Celebration Event | 22.2% |
| Other | 17.9% |

SURVEY RESPONSES - Summary

Should the City allow and regulate cannabis activity? (% yes)

| | Medicinal | Commercial |
|-------------|-----------|------------|
| Cultivation | 67.1% | 57.2% |
| Manufacture | 68.0% | 57.2% |
| Sale | 64.8% | 52.5% |

After considering the information provided in the survey;

Should the City allow and regulate cannabis activity? (% yes)

| | Medicinal | Commercial |
|-------------|-----------|------------|
| Cultivation | 67.6% | 59.0% |
| Manufacture | 68.6% | 59.6% |
| Sale | 66.5% | 56.2% |

SURVEY RESPONSES — Take Aways

Key Survey Themes:

- More than 56% of respondents supported all types of regulated cannabis activity
- Respondents supported medicinal activity (66.5%) at a greater rate than commercial activity (56.2%)
- After considering information in survey, 7.8% increase in support for commercial activity
- Respondents were most concerned about negative impact on youth and crime issues

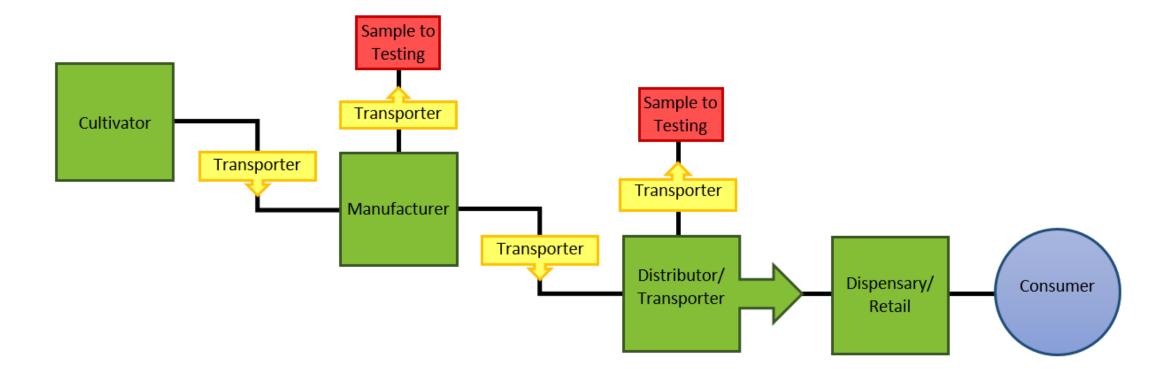


| | CC Meeting Agenda MEDICINAL | ADULT-USE |
|--|--------------------------------|-----------|
| Cultivation | YES/NO | YES/NO |
| Manufacturing | YES/NO | YES/NO |
| Testing (Quality Control) | YES / NO | YES / NO |
| Retailer/Non-Store Front Retailer (Dispensary/Delivery Services) | YES / NO | YES / NO |
| Distribution Facility | YES/NO | YES/NO |
| Microbusiness | YES/NO | YES/NO |

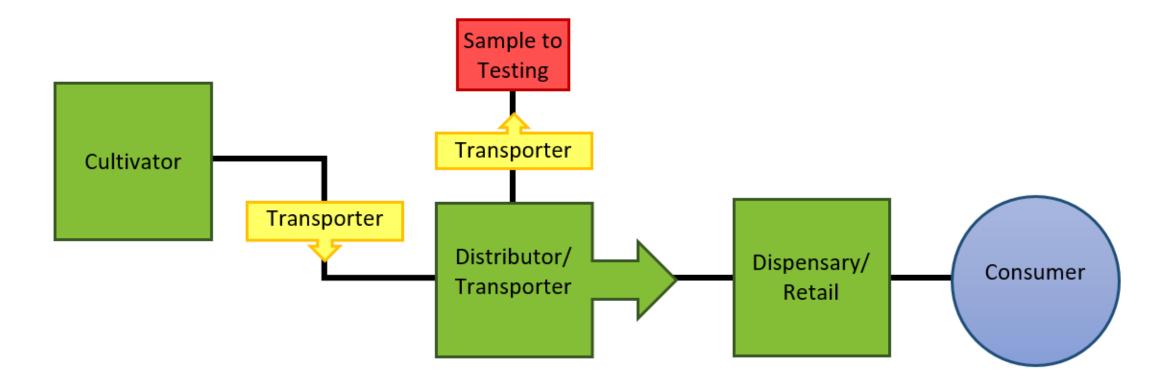
CATEGORIES OF USE



Manufactured Cannabis Products Model (concentrates, edibles, salves, tinctures, etc.)



Non-Manufactured Cannabis Model (flower, leaf or pre-rolled)



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CULTIVATIONS



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MANUFACTURING



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EXTRACTION FACILITY



TESTING LABORATORIES







RETAILER/MICROBUSINESS

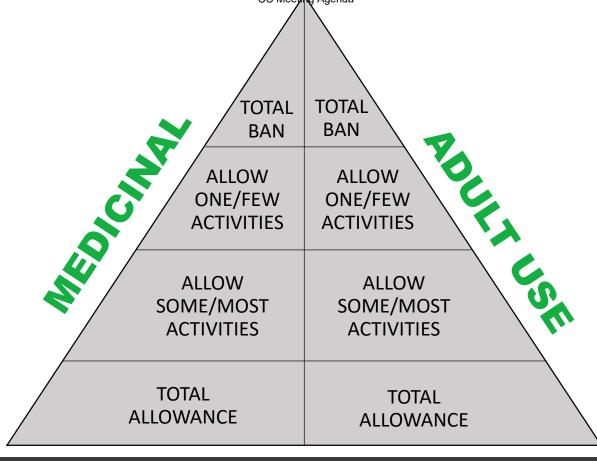








DISTRIBUTION



REGULATORY OPTIONS



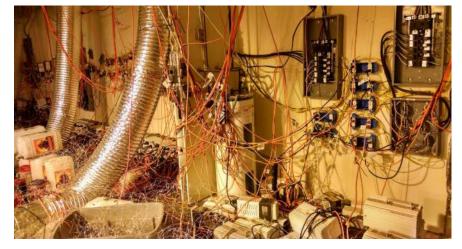
THOUGHTFUL LOCAL REGULATIONS SHOULD ADDRESS THE POTENTIAL IMPACTS:

- Unsafe electrical & construction
- Waste management
- Water & power usage
- Quality of life complaints
 - Lighting, noise, odor

HEALTH AND SAFETY IMPACTS



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UNLICENSED ELECTRICAL EQUIPMENT



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UNLICENSED ACTIVITIES







IMPACTS OF PERSONAL CANNABIS CULTIVATIONS



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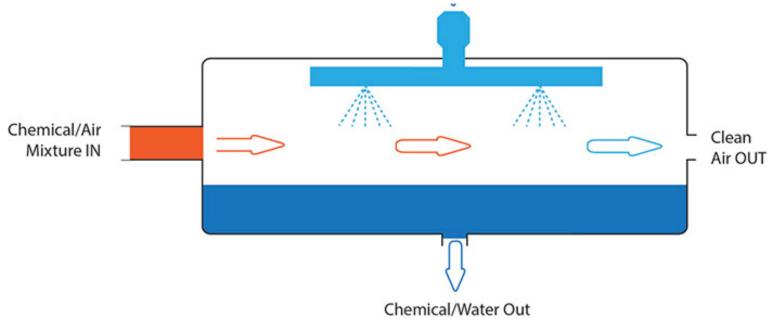




INVENTORY TRACKING



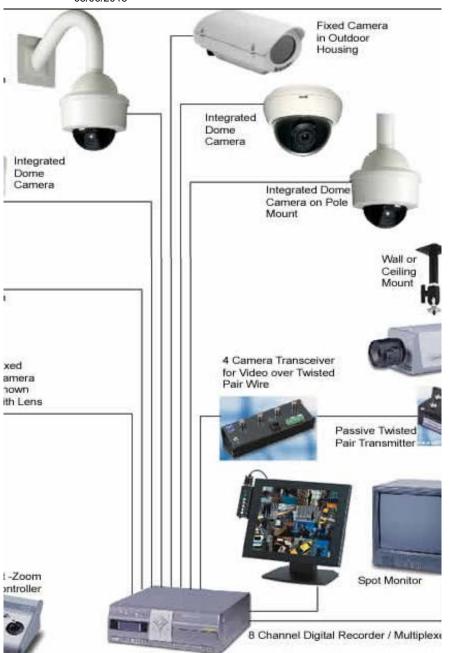








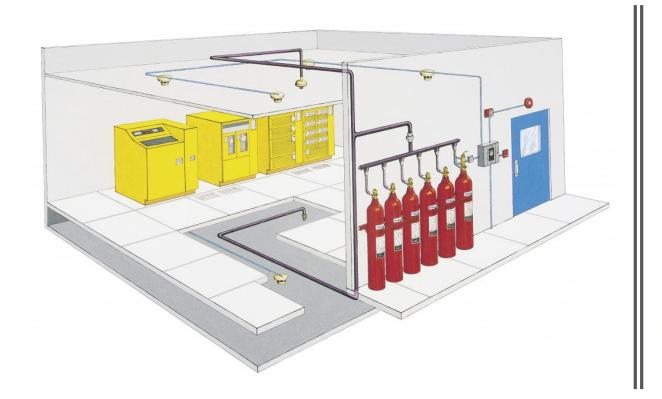
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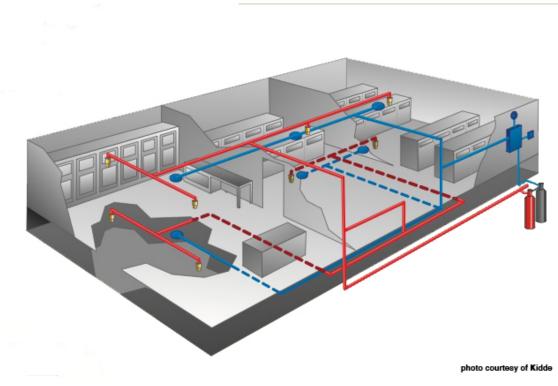




SECURITY PLAN







SAFETY PLAN





CHILD RESISTANT ASTM D3475 CERTIFIED

ENHANCED PRODUCT SAFETY

(Regulated Product Packaging)



UNIVERSAL SYMBOL







CONSENSUS RECOMMENDATIONS

Consensus Recommendations:

- Medicinal and Adult-Use Commercial **Cultivation**
 - Recommend allowing medicinal and commercial cultivation w/i manufacturing zones w/ 300' buffer
- Medicinal and Adult-Use Commercial Manufacturing
 - Recommend allowing medicinal and commercial manufacturing w/i manufacturing zones w/ 300' buffer
- Cannabis **Testing**
 - Recommend allowing testing w/i commercial and manufacturing zones w/ 300' buffer
- Number of Permits Evaluate each application on merits rather than limit number of permits

ADDITIONAL CONSIDERATION

Additional Considerations:

- **Storefront Retail Dispensaries**
- Non-storefront Retail (i.e. delivery only)
 - Cannabis delivery service is currently allowed under the City Code, by City Permit, for licensed businesses located outside City limits.
- Vertical Integration through Microbusiness
 - Allow multiple licenses (i.e. cultivation, manufacturing, and/or sale) on one property
- Revenue Generation

PERMITTING PROCESS

Recommended Permitting Process:

- Development Agreement (DA)
 - After vetting applicant, enter into a DA to agree upon community benefits and other development considerations
- Conditional Use Permit
 - After entering into a DA, Planning Commission reviews a CUP with conditions related to signage, hours of operation, parking security, noise, odor, etc.



CANNABIS STATE AND LOCAL TAX RATES

State Cannabis Excise Tax

(Applies to medical and non-medical)

Retail Tax

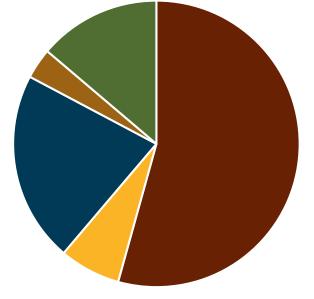
15% Gross Receipts of Retail Sales

Cultivation Tax

\$9.25/oz. Flowers \$2.75/oz. Leaves

Sales and Use Tax: 7.25% +

Adult-Use Subject to Tax Medicinal May be Subject to Tax



- State General Fund (3.9375%)
- Local Public Safety Fund (.50%)
- Local Revenue Fund (1.5625%)
- County Transportation Fund (.25%)
- City/County Operations Fund (1.00%)

City Cannabis Tax

(Medicinal /Adult –Use)

2.5% to 6% of Gross Receipts \$7 to \$10 Per Square Feet Optional Alternatives \$TBD Flat Rate \$TBD Per Weight

City Cost Recovery Fees (Prop 26)

(Medicinal/Adult-Use)

\$TBD Application Fee \$TBD License Fee \$TBD Renewal Fee \$TBD Administration Fee

TAX REVENUE ESTIMATES

| | # of Permits | Basis of Tax Revenue | Low Rev/year | High Rev/year |
|---------------------------------------|-----------------|---------------------------|-----------------|------------------|
| Cultivation | 3 | \$7-\$10 per square foot | \$259,000 | \$370,000 |
| Manufacturing | 3 | 2.5%-6% of Gross Receipts | \$262,500 | \$630,000 |
| Microbusiness | 3 | 2.5%-6% of Gross Receipts | \$187,500 | \$450,000 |
| Testing Lab | 2 | 1%-2.5% of Gross Receipts | \$20,000 | \$50,000 |
| Subtotal Consensus Items | | | \$729,000 | \$1,500,000 |
| Storefront Retail | 3 | 2.5%-6% of Gross Receipts | \$187,500 | \$450,000 |
| Non-storefront Retail (Delivery only) | 3 | 2.5%-6% of Gross Receipts | \$150,000 | \$360,000 |
| Subtotal Add'l Items | | | \$337,500 | \$810,000 |

Assumptions:

- Revenue estimates are for discussion purposes only.
- Estimates based on conservative industry average for an average sized operation.
- Actual revenues will vary based on size basis of tax revenue.
- Assumed 3 permits per type based on limited availability of adequate sites in the City.
- Assumed 2 testing permits de to limited availability of adequate sites in the City.

EXPENDITURE INCREASES

| Department | Basis of Tax Revenue | Low Exp/year | High Exp/year |
|------------------------|---|-----------------|------------------|
| Community Development | Staff or contract resources for planning review, code enforcement and building inspections for 15 licensees | | |
| Police Department | Staff or contract resources for processing permits, oversight and enforcement activities for 15 licensees | | |
| Administration/Finance | Staff or contract resources for program revenue processing and oversight for 15 licensees | | |
| Total Expense | | \$300,000 | \$450,000 |

NET TAX REVENUE

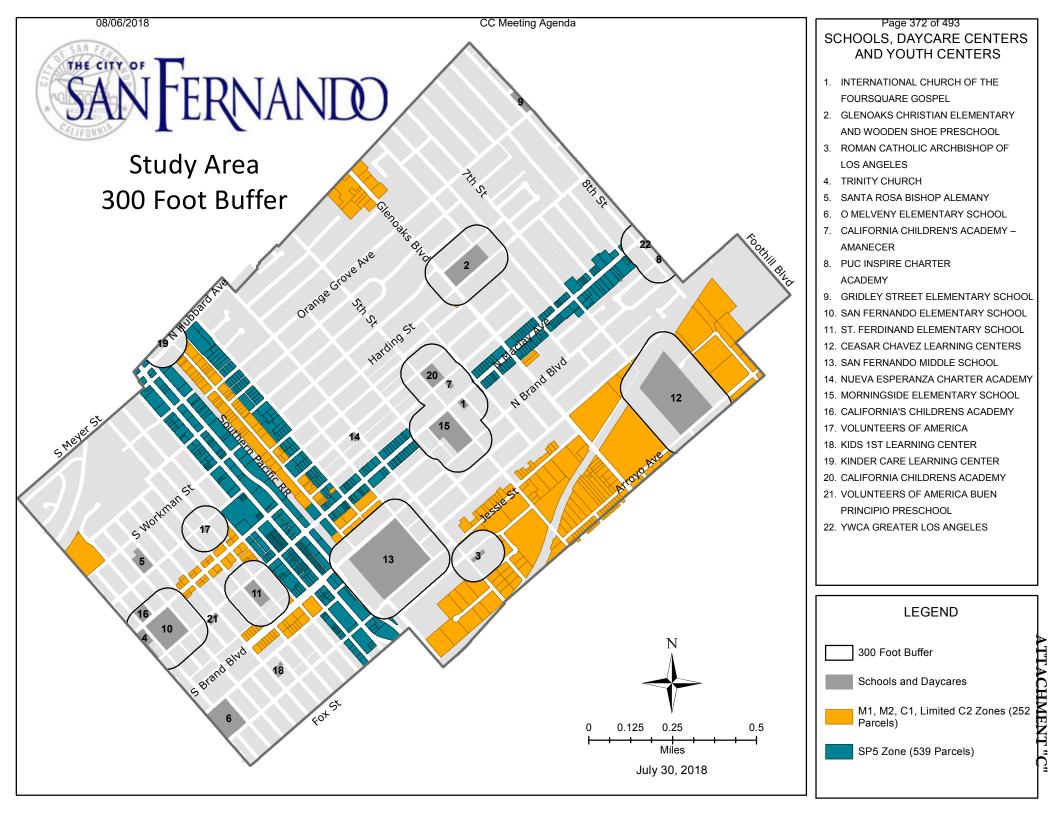
| | Low Estimate | High Estimate |
|-------------|--------------|---------------|
| Revenue | \$729,000 | \$2,310,000 |
| Expense | \$450,000 | \$300,000 |
| Net Revenue | \$279,000 | \$2,010,000 |

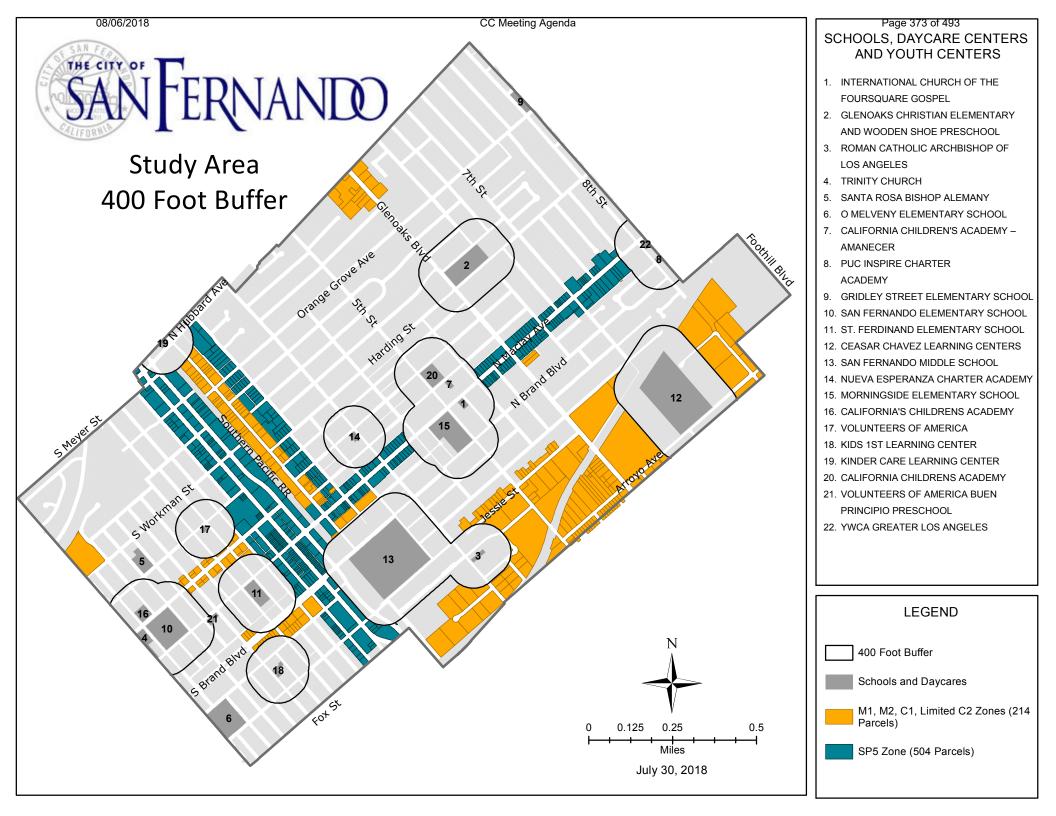
<u>Low Estimate</u> = Low revenue generation per year less high expense per year

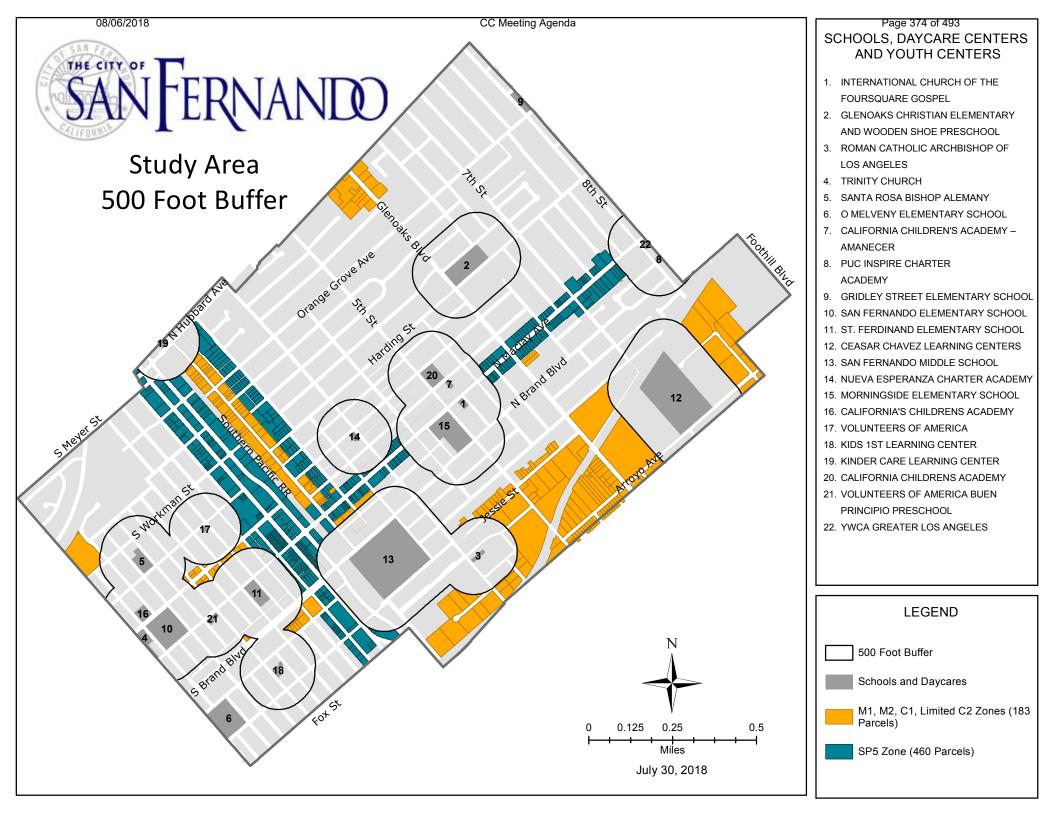
High Estimate = High revenue generation for all activities less low expenses per year

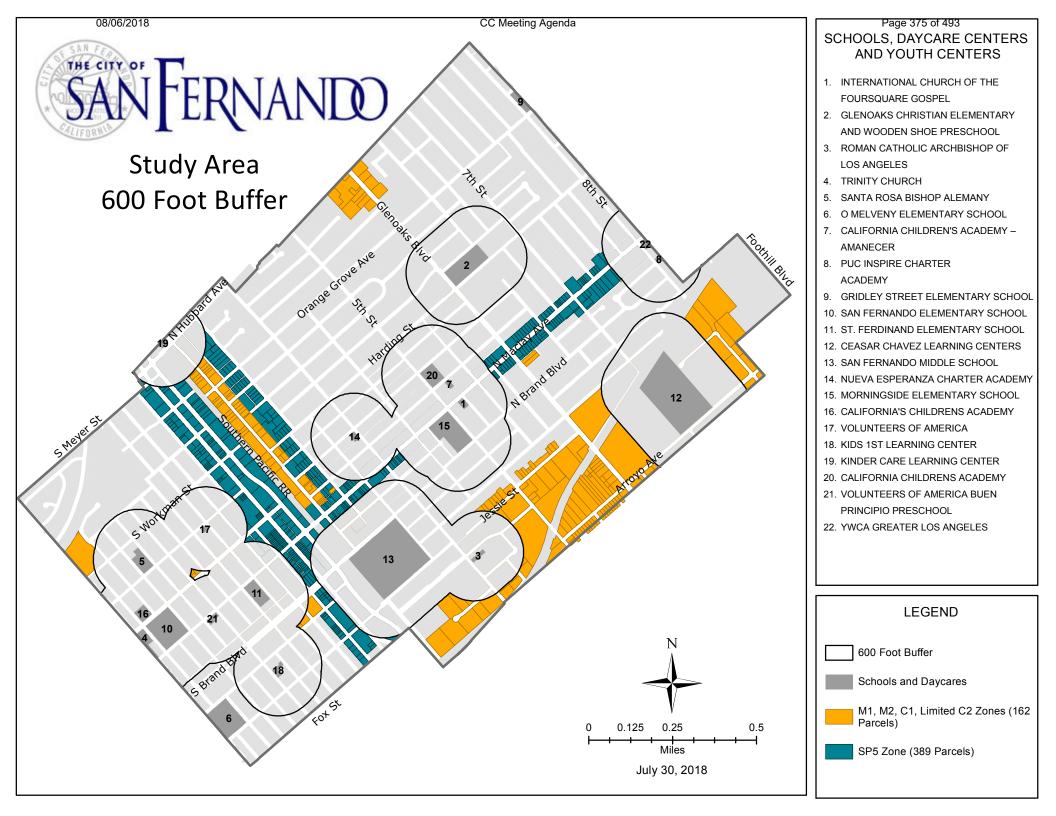
- Net revenue would be available to fund priority items identified by the community survey and City Council.
- Net revenue varies widely depending on the activities supported by City Council











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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander P. Meyerhoff, City Manager

Richard Padilla, Assistant City Attorney

Martin de los Angeles, Deputy City Attorney

Date: August 6, 2018

Subject: Overview of Legal Authority and Other Considerations Relevant to the

Implementation of a Local Minimum Wage Ordinance

RECOMMENDATION:

It is recommended that the City Council:

a. Receive and file a presentation from staff on the recent state and local minimum wage laws; and

b. Provide staff direction.

BACKGROUND:

- 1. Effective July 24, 2009, the federal minimum wage for non-exempt employees was set at \$7.25 per hour.
- 2. On September 25, 2013, the California Legislature enacted legislation, signed by the Governor, raising the minimum wage for all industries. Accordingly, effective July 1, 2014, the minimum wage in California was increased to \$9.00 per hour. As of January 1, 2018, the minimum wage in California is \$11.00 per hour.
- 3. On May 19, 2015, the City of Los Angeles City Council approved a plan to increase the City's minimum wage to \$15.00 per hour by July 1, 2020.
- 4. On June 1, 2015, City staff provided the City Council with a presentation on the City of Los Angeles' plan and received direction to continue staff review of the cost-of-doing-business study and analysis.
- 5. On July 21, 2015, the Los Angeles County Board of Supervisors voted to increase the minimum wage in unincorporated areas of Los Angeles County to \$15.00 per hour by July 1, 2020.

FINANCE DEPARTMENT

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6. On April 4, 2016, the California Legislature enacted legislation, signed by the Governor (SB 3, Leno), which will increase California's minimum wage to \$15.00 per hour by January 1, 2022. After January 1, 2023, future wage increases are tied to inflation.

ANALYSIS:

A. Authority to Enact a Local Minimum Wage Ordinance.

The Federal Fair Labor Standards Act of 1938 ("FLSA") establishes a national minimum wage, which is currently \$7.25 per hour.¹ The FLSA expressly permits state and municipal governments to establish a minimum wage higher than the federal minimum wage.² California has exercised this authority, adopting a separate statewide minimum wage that is currently \$11.00 per hour and will increase incrementally to \$15.00 per hour by January 1, 2022 (see Table).³

Although the authority of general law cities is largely untested, there is no indication that state or federal law prohibits general law cities (like the City of San Fernando) from establishing local minimum wage requirements. Initially, the majority of California cities adopting local minimum wage ordinances were charter cities. While there has been speculation as to whether or not a general law city may enact a local minimum wage, it appears that general law and charter cities have the same authority to adopt local minimum wage ordinances. The California Constitution gives both general law and charter cities the power to "make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws of the state." It is also well established that regulation of the employment relationship is an exercise of police power. This includes the establishment of a minimum wage. The power to regulate wages and employment conditions appears to lie within a state's or a municipality's police power. States also possess broad authority under their police powers to regulate the employment relationship to protect workers within the state. In turn, the California Labor Code further that "[n]othing in [the Labor Code] shall be deemed to restrict the exercise of local police powers in a more stringent manner."

B. City of Los Angeles and County of Los Angeles Minimum Wage Ordinance.

The City of Los Angeles enacted a minimum wage increase within its city limits to \$13.25 per hour as of July 1, 2018, which will increase incrementally to \$15 per hour in 2020 (see Table).

¹ 29 U.S.C. § 206.

² 29 U.S.C. § 218.

³ *See* Labor Code § 1182.12.

⁴ Cal. Const., art. XI, § 7.

⁵ Metro. Life Ins. Co. v. Massachusetts (1985) 471 U.S. 724, 756; Salas v. Sierra Chem. Co. (2014) 59 Cal. 4th 407, 423.

⁶ Metro Life Ins. Co, 471 U.S. at 756.

⁷ Labor Code § 1205(b).

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The County of Los Angeles enacted a minimum wage increase similar to the City of Los Angeles' plan (see Table), applicable only to unincorporated areas of the County.

The comparison of the three plans for large businesses (26 or more employees) is set forth below:

| Effective Date | Min. Wage | Min. Wage | Min. Wage |
|-----------------|------------|--------------|-------------|
| | City of LA | County of LA | State of CA |
| July 1, 2014 | \$9.00 | \$9.00 | \$9.00 |
| January 1, 2016 | | | \$10.00 |
| July 1, 2016 | \$10.50 | \$10.50 | |
| January 1, 2017 | | | \$10.50 |
| July 1, 2017 | \$12.00 | \$12.00 | |
| January 1, 2018 | | | \$11.00 |
| July 1, 2018 | \$13.25 | \$13.25 | |
| January 1, 2019 | | | \$12.00 |
| July 1, 2019 | \$14.25 | \$14.25 | |
| January 1, 2020 | | | \$13.00 |
| July 1, 2020 | \$15.00 | \$15.00 | |
| January 1, 2021 | | | \$14.00 |
| January 1, 2022 | | | \$15.00 |

For all three minimum wage plans, small employers (i.e., 25 or fewer employees) are afforded one additional year to implement the prescribed increase.

C. Other Minimum Wage Efforts in California.

Approximately twenty-two (22) California cities and one (1) county (see Attachment "A") have adopted minimum wage ordinances that exceed the state minimum wage rate. The majority of cities that have adopted minimum wage ordinances are in Northern California. The Southern California cities include Los Angeles, Pasadena, San Diego, and Santa Monica. All of the 2018 local minimum wages are higher than the state minimum wage. Five cities have reached the \$15.00 rate ahead of the statewide increase: Berkeley, Emeryville, Mountain View, San Francisco, and Sunnyvale.

D. Considerations to be Made in Fashioning a Local Minimum Wage Ordinance.

There are many important considerations to analyze before making a decision to increase minimum wage. As provided in the June 1, 2015 Agenda Report, the City of San Fernando is in a relatively unique position as the City is completely surrounded by the City of Los Angeles with the nearest incorporated cities—Santa Clarita, Glendale, Simi Valley and La Caňada Flintridge—more than ten (10) miles away. Therefore, businesses in San Fernando compete directly with businesses in Los Angeles for both employees and customers. Businesses also weigh the total

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cost of doing business when deciding where to locate. Cost of business decisions typically consider local permit costs, business license fees, other taxes, and wage requirements.

The June 1, 2015 Agenda Report referenced an economic study ("Study") which concluded that there is a net positive economic impact to increasing the minimum wage. While specific to the City of Los Angeles, the Study explored the impact of increasing the minimum wage to three industries—1) Restaurant, 2) Retail, and 3) Manufacturing—all of which are prominent industries in San Fernando and account for approximately thirty percent (30%) of the City's sales tax base.

Even so, estimating the impact of a minimum wage increase based on this Study may prove difficult given the business operating costs specific to San Fernando. Bearing this in mind, the following factors should also be considered in determining whether to adopt a local minimum wage ordinance for the City:

1. Timing of Increases and Affected Employers.

<u>Phase-in Schedule</u>: Cities should take into account existing and potentially new state laws regulating the minimum wage as well as neighboring jurisdictions' regulations to assess potential administrative complications for the city, employers, and employees. Since California's minimum wage automatically increases by an amount equal to the rate of inflation or 3.5% (whichever is less) beginning in January 2024, cities must also consider whether the minimum wage should increase automatically every year after the final established wage rate is reached.

<u>Small Business Exceptions</u>: Because large employers generally have a greater ability to absorb the costs of an increased minimum wage, cities adopting a local minimum wage ordinance may consider establishing a separate minimum wage for small and large employers. Depending on the city's economic circumstances, however, treating small employers differently might result in the benefits of an increased minimum wage not reaching a portion of the city's low wage workers.

2. Exceptions and Special Considerations.

Adoption of State Formula: Adopting state wage formulas, but requiring the local minimum wage to be used, allows a city to take advantage of the state's existing set of detailed regulations, while also ensuring the local minimum wage applies to the maximum extent possible.

<u>Collective Bargaining Agreements</u>: A city may exempt employees subject to a collective bargaining agreement from the city's minimum wage requirement provided such agreement complies with all federal and state labor laws. If a city wants to exempt collective bargaining agreements from the wage ordinance, the city may consider incorporating standards for

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agreements to follow in order to be exempt from the local minimum wage. Such a requirement would help ensure that employees are aware of the rights they are agreeing to waive.

<u>Treatment of Tips and Commissions</u>: California law prohibits an employer from counting the tips received by an employee toward the payment of the California minimum wage.⁸ In contrast, an employer is generally allowed to count commission payments toward the payment of minimum wage.⁹ A local minimum wage ordinance allowing tips to be counted toward the payment of minimum wage would decrease the impact of a minimum wage increase on some employers, perhaps increasing support for the ordinance.

<u>Service Charges</u>: Cities adopting local minimum wage rates may also consider mandatory disbursement of hospitality service charges (e.g., delivery fees and room service charges at a hotel) to employees. Requiring employees to receive the revenue from any hospitability service charges ensures that the employee performing the service receives the fee for that service.

3. Enforcement.

The City should also give consideration to its capacity to oversee and enforce a local minimum wage ordinance. To that end, some cities require an employer to certify that it complies with the requirements of the ordinance whenever it applies for a license renewal. Additionally, failure to pay all employees the local minimum wage could be grounds for revocation of a business license.

An ordinance could include authority to utilize the full range of enforcement tools provided to cities, such as imposing administrative citations and pursing civil enforcement. Cities may also consider including within the minimum wage ordinance a private right of action for employees, which would help ensure employees receive the full protection of the ordinance.

4. Pooling Investigation and Enforcement with Other Local Government Agencies.

A smaller city such as San Fernando may not have the resources, or the need, to dedicate significant staff time to enforcement. If neighboring cities work together, they can share expertise and expenses, such as sharing the cost of a consultant to investigate possible violations. Accordingly, the City may want to explore whether the City of Los Angeles might be amenable to collaborating with San Fernando in the enforcement of its ordinance.

5. Sick Days

Cities may also consider adopting minimum sick leave benefits at the same time they adopt a local minimum wage ordinance. Advocates of such minimum benefits argue that the lack of sick

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⁸ Labor Code § 351.

⁹ Labor Code § 200.

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leave can have significant financial consequences for low-wage workers if they are forced to take time off due to sickness or to care for a family member.

BUDGET IMPACT:

The specific budget impact is contingent on the direction given by City Council and may range from little to no budget impact to a very significant budget impact.

CONCLUSION:

Staff is seeking City Council direction related to further discussion and community outreach related to a potential minimum wage increase in San Fernando. Potential direction includes, but is not limited to, the following:

- 1. Do not pursue increasing the minimum wage at this time (no budget impact);
- 2. Continue to pursue increasing the minimum wage and direct staff to conduct the related analysis (Cost of Attorney and staff time with a few months turnaround);
- 3. Continue to pursue increasing the minimum wage and engage an economic consultant to calculate the specific impact on San Fernando (significant budget impact and potentially significant turnaround).

ATTACHMENTS:

- A. Summary of Local Minimum Wages in California
- B. June 1, 2015 Agenda Report with Attachments

ATTACHMENT "A"

Summary of Local Minimum Wages California

Berkeley City Minimum Wage

Oct. 1, 2016: \$12.53 per hour Oct. 1, 2017: \$13.75 per hour Oct. 1, 2018: \$15.00 per hour

From July 1, 2019 Berkeley will peg its annual increases to match inflation rates.

Cupertino City Minimum Wage

Jan. 1, 2017: \$12.00 per hour Jan. 1, 2018: \$13.50 per hour Jan. 1, 2019: \$15.00 per hour

Jan. 1, 2020: \$15.35 (estimated based on CPI)

El Cerrito City Minimum Wage

July 1, 2016: \$11.60 per hour Jan. 1, 2017: \$12.25 per hour Jan. 1, 2018: \$13.60 per hour Jan. 1, 2019: \$15.00 per hour

Beginning January 1, 2020 and each year thereafter the wage will increase based on the local consumer price index (CPI).

Emeryville City Minimum Wage

| Effective date | Minimum Wage businesses with 55 or fewer employees | Minimum Wage businesses with 65 or more employees |
|----------------|--|---|
| July 2, 2015 | \$12.25 | \$14.44 |
| July 1, 2016 | \$13.00 | \$14.82 (CPI) |
| July 1, 2017 | \$14.00 | \$15.20 (CPI) |
| July 1, 2018 | \$15.00 | \$15.60 (CPI) |
| July 1, 2019 | \$16.00 (CPI) | \$16.00 (CPI) |
| July 1, 2020 | \$16.42 (CPI) | \$16.42 (CPI) |

Long Beach City Minimum Wage

The minimum wage in Long Beach was originally scheduled to rise to \$13 by 2019. However, only months after the originally passing the new ordinance, the City Council decided to slow the minimum wage increases to match the state's new minimum wage law.

Los Altos City and Town Minimum Wage

Jan. 1, 2017: \$12.00 per hour Jan. 1, 2018: \$13.50 per hour Jan. 1, 2019: \$15.00 per hour

Adjustment of the minimum wage will be announced by October and shall become effective as the new minimum wage on Jan. 1 of each year.

Los Angeles City and County Minimum Wage

| Effective date: | Minimum Wage businesses with 26 or more employees | Minimum Wage businesses with 25 or fewer employees |
|-----------------|---|--|
| July 1, 2016 | \$10.50 | \$10.00 |
| July 1, 2017 | \$12.00 | \$10.50 |
| July 1, 2018 | \$13.25 | \$12.00 |
| July 1, 2019 | \$14.25 | \$13.25 |
| July 1, 2020 | \$15.00 | \$14.25 |
| July 1, 2021 | Increase by CPI | \$15.00 |

Malibu City Minimum Wage

| Effective date: | Minimum Wage businesses with 26 or more employees | Minimum Wage businesses with 25 or fewer employees |
|-----------------|---|--|
| July 1, 2016 | \$10.50 | Federal Minimum |
| July 1, 2017 | \$12.00 | \$10.50 |
| July 1, 2018 | \$13.25 | \$12.00 |
| July 1, 2019 | \$14.25 | \$13.25 |
| July 1, 2020 | \$15.00 | \$14.25 |
| July 1, 2021 | Increase by CPI | \$15.00 |

Milpitas Minimum Wage

July 1, 2017: \$11.00 per hour Jan. 1, 2018: \$12.00 per hour July 1, 2018: \$13.50 per hour July 1, 2019: \$15.00 per hour July 1, 2020: Based on CPI

Mountain View City Minimum Wage

Jan. 1, 2017: \$13.00 per hour Jan. 1, 2018: \$15.00 per hour Jan. 1, 2019: Based on CPI

Oakland City Minimum Wage

Jan. 1, 2017: \$12.86 per hour

Jan. 1, 2018: \$13.23 per hour Based on CPI

Palo Alto City Minimum Wage

Jan. 1, 2017: \$12.00 per hour Jan. 1, 2018: \$13.50 per hour Jan. 1, 2019: \$15.00 per hour

Adjustment of the minimum wage will be announced by October and shall become effective as the new minimum wage on Jan. 1 of each year.

Pasadena City Minimum Wage

July 1, 2017: \$10.50 per hour July 1, 2017: \$12.00 per hour July 1, 2018: \$13.25 per hour July 1, 2019: \$14.25 per hour July 1, 2020: \$15.00 per hour

For companies with 25 or fewer employees, the same schedule is delayed by one year.

Richmond City Minimum Wage

| Effective date: | Employee Benefits | No Employee Benefits |
|-----------------|-------------------|----------------------|
| July 1, 2016 | \$10.02 | \$11.52 |
| July 1, 2017 | \$10.08 | \$12.30 |
| July 1, 2018 | \$11.91 | \$13.41 |
| July 1, 2019 | \$13.50 | \$15.00 |

San Diego Minimum Wage

Jan. 1, 2017: \$11.50 per hour

Beginning in 2019, the minimum wage increases on an annual basis as determined by CPI.

San Francisco Minimum Wage

July 1, 2016: \$13.00 per hour July 1, 2017: \$14.00 per hour July 1, 2018: \$15.00 per hour

Beginning in 2019, the minimum wage increases on an annual basis as determined by CPI.

San Jose Minimum Wage

Jan. 1, 2017: \$10.50 per hour July 1, 2017: \$12.00 per hour Jan. 1, 2018: \$13.50 per hour Jan. 1, 2019: \$15.00 per hour

San Leandro Minimum Wage

July 1, 2017: \$12.00 per hour July 1, 2018: \$13.00 per hour July 1, 2019: \$14.00 per hour July 1, 2020: \$15.00 per hour

San Mateo Minimum Wage

| <u>Year</u> | <u>Citywide</u> | 501(c)(3) tax exempt non profits |
|--------------|-----------------|----------------------------------|
| 2016 | \$10.00 | \$10.00 |
| Jan. 1, 2017 | \$12.00 | \$10.50 |
| Jan. 1, 2018 | \$13.50 | \$12.00 |
| Jan. 1, 2019 | \$15.00 | \$13.50 |
| Jan. 1, 2020 | \$15.00 + CPI | \$15.00 |
| Jan. 1, 2021 | CPI | СРІ |

Santa Clara City Minimum Wage

Jan. 1, 2017: \$11.10 per hour

Jan. 1, 2018: \$13.00 Jan. 1, 2019: \$15.00

Jan. 1, 2020: Based on the CPI

Santa Monica Minimum Wage

| Year | Businesses with 26 or more employees | Businesses with 25 or less employees | All Hotels |
|------|--------------------------------------|--------------------------------------|-------------|
| 2016 | \$10.50 | \$10.00 | \$13.25 |
| 2017 | \$12.00 | \$10.50 | \$15.66 |
| 2018 | \$13.25 | \$12.00 | Inc. by CPI |
| 2019 | \$14.25 | \$13.25 | Inc. by CPI |
| 2020 | \$15.00 | \$14.25 | Inc. by CPI |
| 2021 | \$15.00 | \$15.00 | Inc. by CPI |

Sunnyvale City Minimum Wage

Jan. 1, 2017: \$13.00 per hour Jan. 1, 2018: \$15.00 per hour

Following years: adjustment of the minimum wage based on regional CPI increase

Citations:

WageIndicator 2018, Paywizard.org, Minimum Wage California http://www.paywizard.org/main/salary/minimum-wage/California

California Minimum Wage Across Cities and Towns 2018 Guide for Employers https://www3.swipeclock.com/blog/california-minimum-wage-across-cities-towns-2018-guide-employers/



AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Brian Saeki, City Manager

By: Nick Kimball, Finance Director

Date: June 1, 2015

Subject: Update of City of Los Angeles Recent Action to Increase Minimum Wage

RECOMMENDATION:

It is recommended that the City Council:

- a. Receive and file a staff presentation on the City of Los Angeles' increase of minimum wage; and
- b. Provide staff with direction.

BACKGROUND:

- 1. On May 19, 2015, the City of Los Angeles City Council voted to approve a plan to increase the City's minimum wage to \$15 per hour by July 1, 2020.
- 2. Beginning in 2016, the minimum wage in the City of Los Angeles will increase as follows:
 - a. July 1, 2016: \$10.50
 - b. July 1, 2017: \$12.00
 - c. July 1, 2018: \$13.25
 - d. July 1, 2019: \$14.25
 - e. July 1, 2020: \$15.00
- 3. Beginning in 2017, a modified minimum wage schedule for businesses with 25 or fewer employees will increase as follows:
 - a. July 1, 2017: \$10.50
 - b. July 1, 2018: \$12.00
 - c. July 1, 2019: \$13.25
 - d. July 1, 2020: \$14.25
 - e. July 1, 2021: \$15.00

Update of City of Los Angeles Recent Action to Increase Minimum Wage Page 2 of 4

- 4. Non-profit organizations with 25 or fewer employees may apply with a waiver if they meet certain criteria set forth by the City of Los Angeles.
- 5. Beginning July 1, 2022, the minimum wage will increase annually based on the average Consumer Price Index over the previous 20 years.
- 6. On September 25, 2013, the California Legislature enacted legislation, signed by the Governor, raising the minimum wage for all industries. Accordingly, effective July 1, 2014, the minimum wage in California was increased to \$9.00 per hour. Additionally, effective January 1, 2016, the minimum wage in California is \$10.00 per hour.

ANALYSIS:

Minimum wage is the minimum hourly wage an employer can pay an employee for work. Minimum wage may be set by federal, state, or local governments, but cannot be less than the federal minimum wage, which is currently \$7.25 per hour. The State of California has enacted a higher minimum wage that is currently \$9.00 per hour and will increase to \$10.00 per hour on January 1, 2016. The City of Los Angeles recently approved raising the minimum wage within their City limits to \$10.50 per hour on July 1, 2016 with incremental increases thereafter until the City's minimum wage reaches \$15 per hour in 2020.

To support their decision, the City of Los Angeles retained numerous consultants and commissioned an economic study from the Institute for Research on Labor and Employment's Center on Wage and Employment Dynamics at the University of California, Berkeley (Attachment "A"). The study concluded, the proposed minimum wage increase would provide significant gains in income to Los Angeles' low-wage workers and their families. Most businesses would be able to absorb the increased costs, and consumers would see a small one-time increase in restaurant prices. The increases impact on overall employment is not likely to be significant.¹

There are many important considerations to analyze before making a decision to increase minimum wage. The City of San Fernando is in a relatively unique position as the City is completely surrounded by the City of Los Angeles with the nearest incorporated cities – Santa Clarita, Glendale, Simi Valley and La Cañada – Flintridge – more than ten (10) miles away. Therefore, businesses in San Fernando compete directly with businesses in Los Angeles for both employees and customers. Businesses also weigh the total cost of doing business when deciding where to locate. Cost of business decisions typically consider local permit costs, business license fees, other taxes, and wage requirements.

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¹ M. Reich, K. Jacobs, A. Bernhardt, and I. Perry (2014); The Mayor of Los Angeles' Proposed City Minimum Wage Policy: A Prospective Impact Study; Center on Wage and Employment Dynamics Study, University of California, Berkeley

Update of City of Los Angeles Recent Action to Increase Minimum Wage

Page 3 of 4

In accordance with state law, San Fernando's minimum wage will increase to \$10.00 per hour effective January 1, 2016. Further increasing the City's minimum wage to match Los Angeles' minimum wage schedule would increase the cost of doing business in San Fernando, which may, in turn, put upward pricing pressure on local goods and services. Conversely, failing to increase the minimum wage may keep the cost of doing business in San Fernando lower relative to City of Los Angeles, but may put the City's businesses at a competitive disadvantage in the labor pool due to lower wages. It is important to note, if local businesses are having trouble with hiring staff that meets their needs due to low wages, they may make the business decision to increase wages above the minimum wage to better compete in the labor pool.

The economic study included as Attachment "A" ("Study") provides information specific to the City of Los Angeles. However, using the demographic and economic data provided in the report for the City of Los Angeles as well as demographic and economic data available for the City of San Fernando, staff can extrapolate an estimated impact on the effect of a minimum wage increase on workers in San Fernando.

Estimating the impact of a minimum wage increase on business operating costs specific to San Fernando will be a little more difficult. However, the Study explores the impact to three industries – 1) Restaurant, 2) Retail, and 3) Manufacturing – which are all prominent industries in San Fernando. Together, those three industries account for approximately thirty percent (30%) of the City's sales tax base.

Overall, the Study concludes there is a net positive economic impact to increasing the minimum wage. It should be noted that there are also studies that conclude there is a net negative economic impact to increasing the minimum wage. This particular Study has been highlighted because it formed the basis for the City of Los Angeles' decision to increase minimum wage.

BUDGET IMPACT:

The specific budget impact is contingent on the direction given by City Council and may range from little to no budget impact to a very significant budget impact. See options in the Conclusion of this report for a brief identification of potential budget impact.

CONCLUSION:

Staff is seeking City Council direction related to further discussion and community outreach related to a potential minimum wage increase in San Fernando. Potential direction include, but is not limit to, the following:

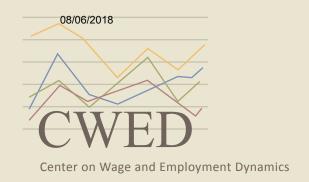
1. Do not pursue increasing the minimum wage at this time (no budget impact);

Update of City of Los Angeles Recent Action to Increase Minimum Wage Page 4 of 4

- 2. Continue to pursue increasing the minimum wage and direct staff to conduct the related analysis (minimal budget impact with a few month turnaround);
- 3. Continue to pursue increasing the minimum wage and engage an economic consultant to calculate the specific impact on San Fernando (significant budget impact and potentially significant turnaround).

ATTACHMENT:

A. M. Reich, K. Jacobs, A. Bernhardt, and I. Perry (2014); The Mayor of Los Angeles' Proposed City Minimum Wage Policy: A Prospective Impact Study; Center on Wage and Employment Dynamics Study, University of California, Berkeley



Institute for Research on Labor and Employment
University of California, Berkeley

The Mayor of Los Angeles' Proposed City Minimum Wage Policy: A Prospective Impact Study

by Michael Reich, Ken Jacobs, Annette Bernhardt and Ian Perry

This report was prepared at the request of the Mayor of Los Angeles

Michael Reich is a Professor at UC Berkeley and Director of the UC Berkeley Institute for Research on Labor and Employment; Ken Jacobs is the Chair of the UC Berkeley Center for Labor Research and Education; Annette Bernhardt is a visiting professor of sociology and visiting researcher, Institute for Research on Labor and Employment; Ian Perry is a researcher at the UC Berkeley Center for Labor Research and Education.

This report draws on material in Reich, Jacobs and Bernhardt (2014) and Reich, Jacobs, Bernhardt and Perry (2014), as part of a continuing series of policy briefs that the Center on Wage and Employment Dynamics is issuing on local minimum wage policies.

Acknowledgments: We thank staff of the California Employment Development Department as well as Jennifer Bair, Laurel Lucia, Peter Olney and Goetz Wolff for their helpful assistance.

Executive Summary

The Mayor of Los Angeles has requested that UC Berkeley's Institute for Research on Labor and Employment conduct an impact study of his proposal to establish a city-wide minimum wage of \$13.25 an hour by 2017, phased in over three steps. This report therefore examines the effects of the minimum wage policy on Los Angeles workers, businesses and the overall economy. Drawing on a variety of government data sources, we find the following:

About 567,000 workers – or 37 percent of workers covered by the policy – would receive a pay raise under the proposed law by 2017.

• 39 percent of female workers and 35 percent of male workers would receive pay increases.

Workers' hourly wages and annual incomes would rise, resulting in a total increase in aggregate earnings of \$1.8 billion (in 2014 dollars) by 2017.

- Hourly wages of affected workers would rise by an average of \$1.89 per hour.
- Average annual earnings would increase by 21 percent, or about \$3,200 per year.

Adults, workers of color, and working poor families would see significant benefits from the proposed policy.

- 97 percent of affected workers are in their twenties or older, and 59 percent of the workers receiving raises are in their thirties or older.
- The average worker who would benefit from the law contributes 51 percent of his or her family's income.
- Workers of color (black, Hispanic, Asian and other) will disproportionately benefit from the law, representing about 83 percent of affected workers.
- The affected workers have a wide range of educational backgrounds—46 percent have at least some college and 14 percent have a bachelor's degree or higher.
- Over 80 percent of Los Angeles workers who are in low-income families will receive an increase in income from the proposed law.
- The current median annual earnings of affected workers is about \$16,000, or 44 percent of the median annual earnings in Los Angeles (\$36,000).

Previous economic research on federal, state and local minimum wage increases has found little to no measurable effect on employment or hours from minimum wage policies.

• Instead, research evidence indicates that the costs of minimum wage increases are absorbed through reduced worker turnover, improved worker performance and small one-time increases in restaurant prices. Increased costs may also be offset by the additional spending by low-wage workers and their families, acting as an economic stimulus in local economies.

The proposed minimum wage law would have a modest impact on business operating costs and consumer prices.

- About half of all affected workers are employed in four industries: restaurants (17.4 percent); retail trade (13.9 percent); health services (11.7 percent); and administrative and waste management services (9.5 percent).
- Operating costs would increase by 0.6 percent for retailers, by 4.7 percent for restaurants, and by 0.4 percent in the manufacturing sector by the time the proposed law is fully implemented in 2017.
- Restaurant prices would increase by 4.1 percent by the time the law is fully implemented. A \$10 meal would increase by 41 cents, to a total of \$10.41. For retail and the local economy as a whole, price increases would be negligible.
- We cannot rule out the possibility that the restaurant industry might experience small
 reductions in growth (about 560 fewer jobs a year) over the three year phase-in of the proposed
 law, and that some apparel manufacturing jobs might relocate outside the city.

The percentage increase in the proposed minimum wage policy is above the average of existing local minimum wage laws, but within their range.

- The proposal would raise Los Angeles' minimum wage by 47.2 percent over 3 years in nominal dollars (adjusted for inflation, the percentage increase is 36.7 percent). The 14 existing local minimum wage laws in the U.S. have mandated an average total increase of 41.3 percent, with a range of 13.3 percent to 84.5 percent.
- The proposed policy would increase the minimum wage to 59 percent of the Los Angeles median wage for full-time workers. This ratio is similar to the ratio for Seattle, and somewhat above the 55 percent historical peak for the ratio of the federal minimum wage to the national median wage.

In sum, the proposed policy would provide significant gains in income to Los Angeles' low-wage workers and their families. Most businesses would be able to absorb the increased costs, and consumers would see a small one-time increase in restaurant prices. The policy's impact on overall employment is not likely to be significant.

Introduction

The Mayor of Los Angeles has requested that UC Berkeley's Institute for Research on Labor and Employment conduct an impact study of his proposed minimum wage law for the city of Los Angeles. The proposal under consideration would establish a minimum wage of \$13.25 an hour for businesses operating in the city by 2017. The minimum wage would be raised to \$10.25 an hour in 2015; to \$11.75 in 2016; and to \$13.25 in 2017 (see Table 1). It would then be indexed to inflation in subsequent years. The proposed law would cover everyone who works in Los Angeles (except state and federal government employees and the self-employed).

In this report, we first estimate the number of workers that would be affected by the law and describe their demographic and job characteristics. We next estimate the resulting increase in wages and analyze their likely impacts on business costs, prices and employment, drawing in part on previous research. We then compare the magnitude of the proposed increase to those in existing local minimum wage laws.

| Year | Nominal Dollars | Constant 2014 Dollars |
|------|-----------------|-----------------------|
| 2015 | \$10.25 | \$10.00 |
| 2016 | \$11.75 | \$11.18 |
| 2017 | \$13.25 | \$12.30 |

Table 1. The Mayor of Los Angeles' Proposed Minimum Wage Policy

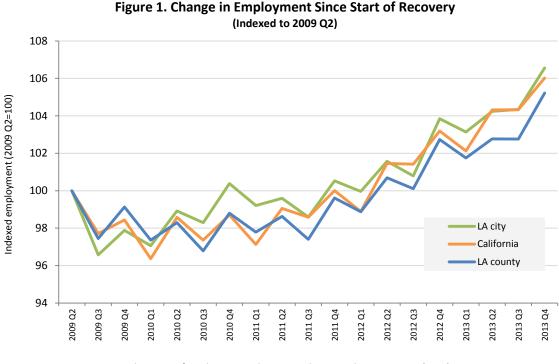
Notes: Constant dollar values are calculated using the average annual change for the past ten years of the Los Angeles-Anaheim-Riverside Consumer Price Index for All Urban Consumers (CPI-U).

Background

Although Los Angeles experienced significant job losses and unemployment during the Great Recession, its recovery is well on track. Employment growth during the recovery has matched that of California and Los Angeles County (see Figure 1). During the past year (July 2013 to July 2014), the city's employment growth rate of 2.7 percent has outpaced California's of 1.6 percent. And while the city's current unemployment rate of 9.1 percent is higher than California's (7.4 percent), it has been declining at about the same rate as the state's. In particular, analysts point to the recent rebound of the construction sector in projecting continued economic growth in the coming years (Beacon Economics 2014; Kleinhenz 2014).

By contrast, workers' wages have not recovered. Between 2007 and 2012, median annual earnings (adjusted for inflation) fell by 11.3 percent for those who work in the city of Los Angeles.³ And according to a recent Brookings Institution report, household income inequality in Los Angeles ranks ninth among U.S. cities and has increased since the start of the recession (Berube 2014).

Los Angeles is one of many localities looking to set their minimum wages at levels that reflect local economic conditions and living costs. To date, 14 cities and counties have approved local minimum wage laws, with Seattle capturing national attention this spring when it approved a minimum wage of \$15 an hour, to be phased in over several years. In California, San Jose voters approved a minimum wage initiative in 2012, and San Diego, Berkeley and Richmond all adopted city minimum wage laws this summer. Oakland will vote on a \$12.25 minimum wage in November, and San Francisco will vote on a \$15 minimum wage.



Source: Quarterly Census of Employment and Wages and UCLA Anderson Forecast (2014). Data are not seasonally adjusted.

Impacts on Workers

Estimated Number of Affected Workers

To estimate the number of workers affected by the proposed minimum wage increase, we obtain the wage distribution of workers in Los Angeles County using the 2012 American Community Survey (ACS), scaled to approximate employment counts for the city of Los Angeles.⁴ This step is necessary because the ACS does not allow us to identify individuals who work in the city of Los Angeles; the smallest geographic area for measuring place of work is the county. (Using place of work data is critical for analyzing wages because 54.4 percent of those who work in the city of Los Angeles live outside the city).⁵ Our analysis suggests that the Los Angeles County wage distribution serves as a good proxy for the city of Los Angeles wage distribution. For example, 2012 median annual earnings were \$31,754 for workers employed in Los Angeles County and \$31,746 for workers employed in the city of Los Angeles.⁶ We do not include self-employed workers or federal or state government employees in our sample, since these groups of workers are not covered by the proposed Los Angeles law (the latter because of limits on city authority to regulate state and federal employers).

After simulating the wage distribution in the city of Los Angeles just before the proposed minimum wage law would go into effect in 2015, we estimate, for each yearly phase-in step, the number of workers that would be affected by the increase and the additional wages they would receive as a result. We also project

the wage distribution if the proposed law is not adopted; our impact estimates are therefore a comparison of wages under the proposed minimum wage law to wages under the state minimum wage law. In constructing these estimates, we also adjust for expected employment growth and wage growth (see Welsh-Loveman, Perry and Bernhardt (2014) for more details).

Our model produces a low and a high estimate to account for measurement error. Both estimates include a directly affected group (workers who make less than the proposed minimum wage) and an indirectly affected group (workers who make slightly more than the proposed minimum wage, but who are also likely to receive a small raise via what is known as the "ripple effect"). The two estimates differ in their assumptions about the size of the ripple effect and the number of very low-wage earners (workers making less than the minimum wage). More information on our methodology is available in the online technical appendix (Welsh-Loveman, Perry and Bernhardt 2014). In this report we present the average of the two estimates, unless otherwise noted.

Table 2 shows the estimated number and percent of workers affected by Los Angeles' proposed minimum wage increase. By 2017, 36.9 percent of covered workers will receive pay raises, or about 567,000 workers. The majority of the affected workers are directly affected workers – that is, those earning less than \$13.25 when the law is fully implemented in 2017.

| | Average | Estimate | Low Estimate | | High Estimate | |
|------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|
| Year | Number of Workers | Percent of Covered Workers | Number of Workers | Percent of Covered Workers | Number of Workers | Percent of Covered Workers |
| 2015 | 413,000 | 27.7 | 390,505 | 26.1 | 436,389 | 29.2 |
| 2016 | 510,000 | 33.7 | 489,823 | 32.3 | 530,944 | 35.0 |
| 2017 | 567,000 | 36.9 | 544,500 | 35.4 | 589,900 | 38.4 |

Table 2. Number of Workers Affected by Los Angeles' Proposed Minimum Wage Increase

Source: Authors' analysis of ACS, OES, and QCEW data.

Note: The average estimate is the average of the low and high estimates.

Estimated Size of Wage Increases

We also estimate the additional earnings that affected workers would receive as a result of the proposed city minimum wage law, relative to their earnings under the state's minimum wage law. Table 3 presents four measures: the average increase in hourly wages, the average increase in annual earnings, the average percentage increase in annual earnings, and the total projected increase in earnings. By full implementation in 2017, we estimate that hourly wages of affected workers will have risen by about \$1.89 and that their annual earnings will have risen by about \$3,200, an increase of about 21.4 percent. In total, workers will earn about \$1.8 billion more in the first year of full implementation as a result of the higher wage rate. All estimates are expressed in 2014 dollars.8

^{*} The proposal does not cover self-employed and state and federal workers.

Table 3. Cumulative Pay Increases for Workers Affected by Los Angeles' Proposed Minimum Wage Law (in 2014 dollars)

| | 2015 | 2016 | 2017 |
|--|---------|---------|---------|
| Average Hourly Wage Increase | \$0.72 | \$1.08 | \$1.89 |
| Average Annual Earnings Increase | \$1,100 | \$1,800 | \$3,200 |
| Average Percent Annual Earnings Increase | 8.1 | 12.3 | 21.4 |
| Total Increase In Earnings (millions) | \$442 | \$936 | \$1,831 |

Source: Authors' analysis of ACS, OES, QCEW, and BLS data.

Notes: Results are cumulative across the phase-in years. Estimates are the average of low and high

estimates.

Demographics of Affected Workers

Table 4 profiles key demographic characteristics of the workers affected (both directly and indirectly through the ripple effect) by the proposed Los Angeles minimum wage law.

The first column of Table 4 displays the distribution of affected workers among demographic groups. For example, 50.7 percent of affected workers are women and 49.3 percent are men. Column 2 shows the same breakdown for all covered workers in Los Angeles. The last column shows the percentage of workers in each demographic group that will be affected by the proposed law. For example, 38.6 percent of female workers and 35.2 percent of male workers will receive a wage increase under the proposed law.

Contrary to the common perception that minimum wage workers are mainly teens, we estimate that 97 percent of affected workers are in their twenties or older, and that 59 percent of the workers receiving raises are in their thirties or older. Over one-third (36.4 percent) of affected workers have children and 35 percent are married. On average, affected workers contribute 51.0 percent of family income.

Workers of color will disproportionately benefit from the law, representing about 83 percent of affected workers. Over half of affected workers are immigrants (51.8 percent). The families of affected workers are disproportionately low-income (with 51.3 percent at or below 200 percent of the federal poverty level). Over four-fifths of working poor families will receive an increase in income from the proposed law. Compared to the overall workforce, affected workers are less likely to hold a Bachelor's degree.

Job Characteristics of Affected Workers

In Table 5, we profile the job characteristics of workers affected by the proposed minimum wage law. The median of annual earnings among the affected workers is less than half of the median for the Los Angeles workforce as a whole. Affected workers are also more likely to work part-time and part-year than the overall workforce, and are less likely to have health insurance provided by their employer.

The industry breakdown is also instructive. About half of all affected workers are employed in four industries: restaurants (17.4 percent); retail trade (13.9 percent); health services (11.7 percent); and administrative and waste management services (9.5 percent). (The latter set of industries includes building services contractors and employment agencies). Several smaller industries also have a disproportionate number of affected workers, such as accommodation, apparel manufacturing, social assistance and other services.

Table 4. Demographic Characteristics of Workers Affected by Los Angeles' Proposed Minimum Wage Increase (all figures are percentages unless otherwise noted)

| | % of All Affected Workers | % of All Covered Workers | % of Group Affected |
|---|---------------------------------|--------------------------------|------------------------|
| Gender | | | |
| Male | 49.3 | 51.6 | 35.2 |
| Female | 50.7 | 48.4 | 38.6 |
| Median Age | 33 | 39 | |
| Age | | | |
| 18-19 | 3.2 | 1.4 | 83.2 |
| 20-29 | 38.0 | 23.8 | 58.9 |
| 30-39 | 21.7 | 25.1 | 31.8 |
| 40-54 | 27.2 | 35.7 | 28.1 |
| 55-64 | 9.9 | 14.0 | 26.3 |
| Race/Ethnicity | | | |
| White (Non-Hispanic) | 17.2 | 29.0 | 21.9 |
| Black (Non-Hispanic) | 5.8 | 7.4 | 28.9 |
| Hispanic | 62.6 | 44.9 | 51.4 |
| Asian (Non-Hispanic) | 12.1 | 16.1 | 27.7 |
| Other (Non-Hispanic) | 2.2 | 2.6 | 32.2 |
| Education | | | |
| Less than High School | 27.8 | 14.6 | 70.0 |
| High School or G.E.D. | 26.0 | 18.5 | 51.8 |
| Some College | 26.1 | 23.5 | 41.0 |
| Associate's Degree | 5.7 | 7.8 | 27.0 |
| Bachelor's Degree or Higher | 14.5 | 35.6 | 15.0 |
| Country of Birth | | | |
| U.S. Born | 48.2 | 57.5 | 31.0 |
| Foreign Born | 51.8 | 42.5 | 44.9 |
| Family Structure | | | |
| Married | 35.0 | 46.6 | 27.7 |
| Have Children | 36.4 | 42.8 | 31.4 |
| Family Income Relative to Poverty Level (FPL) | | | |
| Less than 100% of FPL | 16.1 | 6.8 | 87.2 |
| 100% to 150% of FPL | 18.6 | 8.4 | 81.3 |
| 150% to 200% of FPL | 16.7 | 9.0 | 68.1 |
| Greater than 200% of FPL | 48.7 | 75.8 | 23.6 |
| Average Worker Share of Family Income | 51.0 | 62.4 | |

Source: Authors' analysis of ACS, OES, and QCEW data.

Notes: Estimates for affected workers are the average of low and high impact estimates.

Table 5. Job Characteristics of Workers Affected by Los Angeles' Proposed Minimum Wage Increase (all figures are percentages unless otherwise noted)

| | % of All Affected Workers | % of All Covered Workers | % of Group Getting a Raise |
|--|------------------------------|-----------------------------|-------------------------------|
| Median Individual Annual Earnings (in 2014 Dollars) | \$16,000 | \$36,000 | |
| Full-Time / Part-Time Worker | | | |
| Full-Time (35 or More Hours per Week) | 67.4 | 80.3 | 31.0 |
| Part-Time (Fewer than 35 Hours per Week) | 32.6 | 19.7 | 61.0 |
| Full-Year / Part-Year Worker | | | |
| Full-Year (50-52 Weeks per Year) | 82.1 | 86.0 | 35.2 |
| Part-Year (Fewer than 50 Weeks per Year) | 17.9 | 14.0 | 47.1 |
| Sector | | | |
| Private Sector Employer | 87.6 | 78.2 | 41.3 |
| Non-Profit Employer | 5.8 | 7.9 | 27.2 |
| Local Government | 6.6 | 13.9 | 17.6 |
| Health Insurance Provided by Employer | | | |
| Yes | 42.0 | 66.4 | 23.3 |
| No | 58.0 | 33.6 | 63.7 |
| Industry | | | |
| Agriculture, Forestry, Fishing, Hunting, and Mining | 0.2 | 0.2 | 50.0 |
| Construction | 2.5 | 2.7 | 34.5 |
| Manufacturing | 7.2 | 6.6 | 39.9 |
| Wholesale Trade | 4.5 | 4.5 | 36.4 |
| Retail Trade | 13.9 | 9.3 | 54.9 |
| Transportation, Warehousing, and Utilities | 3.6 | 5.4 | 24.8 |
| Information and Communications | 1.9 | 3.8 | 18.3 |
| Finance, Insurance, Real Estate, and Rental and Leasing | 3.7 | 6.3 | 21.8 |
| Professional, Scientific, and Management | 3.8 | 9.4 | 15.0 |
| Administrative and Waste Management Services | 9.5 | 6.3 | 55.6 |
| Educational Services | 5.9 | 8.1 | 26.8 |
| Health Services | 11.7 | 14.5 | 29.8 |
| Social Assistance | 3.9 | 3.2 | 44.4 |
| Arts, Entertainment, Recreation | 2.2 | 2.2 | 37.0 |
| Accommodation | 1.6 | 1.3 | 46.4 |
| Restaurants and food services | 17.4 | 8.3 | 77.3 |
| Other Services | 5.8 | 3.7 | 57.9 |
| Public Administration | 0.7 | 4.2 | 6.5 |

Source: Authors' analysis of ACS, OES, and QCEW data.

Notes: Estimates for affected workers are the average of low and high impact estimates.

Impacts on Businesses

Impact on Costs for Business Owners

We next estimate the impact of Los Angeles' proposed minimum wage law on the operating costs of businesses. Our analysis compares the estimated increase in total labor costs resulting from the proposed law to the existing labor costs paid by employers, drawing on our estimates in Table 2 and Table 3 above.

Table 6. Cumulative Impact of Los Angeles' Proposed Minimum Wage Increase On Business Operating Costs

| | 2015 | 2016 | 2017 |
|--------------------------------------|------|------|------|
| Restaurant Industry | | | |
| % Change in Payroll Costs | 4.2 | 7.6 | 14.0 |
| Labor Costs as % of Operating Costs* | 31.0 | 31.9 | 33.5 |
| % Change in Operating Costs | 1.3 | 2.4 | 4.7 |
| Retail Industry | | | |
| % Change in Payroll Costs | 1.3 | 2.7 | 5.2 |
| Labor Costs as % of Operating Costs* | 11.0 | 11.1 | 11.4 |
| % Change in Operating Costs | 0.1 | 0.3 | 0.6 |
| Manufacturing Sector | | | |
| % Change in Payroll Costs | 0.8 | 1.6 | 3.0 |
| Labor Costs as % of Operating Costs* | 13.0 | 13.1 | 13.3 |
| % Change in Operating Costs | 0.1 | 0.2 | 0.4 |

Source: Authors' analysis of ACS, OES, QCEW, Economic Census, U.S. Census Monthly and Annual Retail Trade and BEA data.

Table 6 shows our analysis of the estimated increase in business operating costs in three industries that play a key role in the Los Angeles economy and that have significant numbers of low-wage workers. By 2017, businesses' total payroll costs will increase by 14.0 percent in the restaurant industry, 5.2 percent in the retail industry, and 3.0 percent in the manufacturing sector, compared to payroll costs under state minimum wage law. However, operating costs will rise by a much smaller amount, since labor costs only make up a portion of total operating costs that businesses face. Labor costs excluding health benefits currently account for 31 percent of restaurant operating costs, 11 percent of retail operating costs and 13 percent of manufacturing operating costs (these percentages will increase over time as labor costs rise due the proposed minimum wage increase). We therefore estimate that by 2017, total operating costs will increase by 4.7 percent for restaurants, by 0.6 percent for retail and by 0.4 percent for manufacturing, as a result of the proposed minimum wage law.

Offsets to Increased Business Costs

As reviewed in detail by Reich, Jacobs and Bernhardt (2014), businesses absorb the costs of a higher minimum wage in a variety of ways. One mechanism, discussed next, involves increases in prices. Others

^{*} Labor costs exclude health insurance.

include improved worker performance and reduced turnover. We also summarize what the research evidence shows in terms of impacts on employment and hours, and briefly discuss possible responses in apparel manufacturing in particular. Finally, we review the potential benefits from increased spending by affected workers and their families.

Impact on Restaurant and Retail Prices

Firms may adjust to increased costs by passing on some or all of the increases to consumers through higher prices. Since the minimum wage applies to all employers, individual firms such as restaurants that serve the local market will be able to pass costs through to consumers without experiencing a competitive disadvantage within their industry.

Research by Aaronson, French and MacDonald (2008) has found that for every percentage point increase in the minimum wage, restaurant prices rise by 0.072 percent. Preliminary results from a study of San Jose's recent minimum wage increase (from \$8 to \$10 in March 2013) arrive at a similar estimate (Allegretto and Reich 2014). An earlier study (Lee et al. 2000) showed that restaurant operating costs increase by about 0.1 percent for each percentage increase in the minimum wage (see also Benner and Jayaraman 2012). These studies together thus suggest that 70 to 75 percent of cost increases are passed on as higher restaurant prices.

In Table 7 we provide our estimates of the impact on restaurant and retail prices under the proposed Los Angeles minimum wage law.¹⁰ (We do not estimate likely price adjustments for manufacturing because the minimum wage research literature does not offer guidance on how this sector will adjust.) For restaurants, we predict a cumulative increase in prices of 4.1 percent by 2017, which is very similar to the prediction from the research literature above. The price of a \$10 menu item would thus increase very modestly, to \$10.41. (Prices in the restaurant industry overall have increased about 2.1 percent per year in recent years.) For retail trade and the local economy as a whole, price increases would be negligible.

Table 7. Cumulative Percentage Increase of Restaurant and Retail Prices Under Los Angeles' Proposed Minimum Wage Law

| | 2015 | 2016 | 2017 |
|---------------------|------|------|------|
| Restaurant Industry | 1.1 | 2.1 | 4.1 |
| Retail Industry | 0.1 | 0.3 | 0.5 |

Source: Authors' analysis of ACS, OES, QCEW, U.S. Census Monthly and Annual Retail

Trade and BEA data.

Note: Estimates are the average of low and high estimates.

Impact on Turnover and Productivity

Increasing the minimum wage can also reduce the high levels of job churning that characterize low-wage labor markets. The National Restaurant Association estimates that annual employee turnover in restaurants approaches 75 percent in some restaurant classifications (National Restaurant Association 2010). Turnover levels are high because workers often leave to find a higher-wage job, or because they are unable to stay in their jobs due to poverty-related problems such as difficulties with transportation, child

care, or health. Dube, Naidu and Reich (2007) found that worker tenure increased substantially in San Francisco restaurants after the 2003 minimum wage law, especially in fast-food restaurants. Dube, Lester and Reich (2013) found that a 10 percent increase in the minimum wage results in a 2.1 percent reduction in turnover for restaurant workers. Turnover can be quite costly to firms, even for low-wage workers. Boushey and Glynn (2012) find that the median cost of replacement for a job paying \$30,000 a year or less is 16.1 percent of an employee's annual earnings. As a result, raising the minimum wages can reduce turnover and increase job stability. The associated reduction in employers' recruitment and retention costs offsets about 20 to 25 percent of the costs of minimum wage increases (Dube, Lester and Reich 2013).¹¹

Paying workers more can also affect morale, absenteeism, the number of grievances, customer service, and work effort among other metrics (Reich, Jacobs and Dietz 2014; Hirsch, Kaufman and Zelenska 2011).

Impact on Employment and Hours

The above research on prices, turnover, and work performance helps to explain why an extensive body of research has found few to no measurable impacts on employment or hours from minimum wage increases in the United States. Belman and Wolfson (2014) provide the most extensive recent summary of the minimum wage research literature. They conclude that minimum wage employment effects in the U.S. are "both vanishingly small and not statistically significant in even the most generous test" (p. 168). A separate review of minimum wage research by Schmitt (2013) similarly finds "the minimum wage has little or no discernible effect on the employment prospects of low-wage workers."

Allegretto, Dube, Reich and Zipperer (2013) looked at every state and federal minimum wage increase in the U.S. between 1990 and 2012 and identified several hundred pairs of adjacent counties that were located on different sides of a state border with a minimum wage difference. This research design compares the employment trends of the most affected groups – teens and restaurants – across adjacent counties with different minimum wage levels. The comparison across county borders provides a close proxy for what can be expected from local minimum wage laws. The study finds no statistically significant effects of minimum wage increases on either employment or hours in restaurants and other low-wage industries, controlling for a range of regional and local differences. Using the border county pair method, Aaronson, French and Sorkin (2013) obtained similar results.

Several rigorous studies have analyzed the impact of local minimum wage laws, with similar results. Dube, Naidu and Reich (2007) studied the impact of San Francisco's minimum wage law after it increased from \$6.75 to \$8.50 an hour in 2004. The authors surveyed a sample of restaurants before and after the wage increase. The sample included restaurants from San Francisco as well as neighboring East Bay cities that were not covered by the policy.

The authors found no statistically significant negative effects on either employment or the proportion of full-time jobs as a result of the San Francisco law. This finding holds for both full-service and fast-food restaurants (one might expect more sensitivity to a higher minimum wage in the latter). Figure 2 shows the results from their follow-up study (Reich, Jacobs, and Dietz 2014). Restaurant employment in San Francisco rose slightly faster than in surrounding counties after the minimum wage increase, and again after San Francisco implemented two additional policies (paid sick leave and a health spending requirement).

Potter (2006) studied the impact of Santa Fe's minimum wage law after it increased from \$5.15 to

\$8.50 in 2004, a substantial increase of 65 percent. Potter compares changes in employment at Santa Fe businesses before and after the ordinance went into effect, and to changes in employment in nearby Albuquerque over the same time period. (Albuquerque did not have a city minimum wage law at that time.) Potter found no statistically significant negative impact of Santa Fe's minimum wage increase on the city's employment. This finding also held for accommodation and food services, the industries with the highest proportion of minimum wage workers.

Schmitt and Rosnick (2011) studied the impact of city minimum wage laws in San Francisco and Santa Fe, comparing employment trends in these cities before and after their minimum wage increases to control groups of surrounding suburbs and nearby metropolitan areas. The authors focused on fast-food restaurants, food services, retail trade, and other low-wage industries, and found no discernible negative employment effects, even three years after the ordinances were implemented.¹²

In summary, the best research studies find that minimum wage mandates (in the range implemented to date) do not have a statistically significant negative effect on employment or hours. However, the minimum wage increase proposed for Los Angeles is higher than the range studied in existing research. We therefore cannot rule out limited disemployment effects in highly affected industries. The most affected industries are likely to be restaurants (and apparel manufacturing, to which we turn below). To illustrate the potential magnitudes involved, we have modeled a scenario that uses high-range estimates of restaurant employment losses due to minimum wage increases (Allegretto et al. 2013; Zipperer 2014). Under this scenario, the proposed law might reduce restaurant employment growth in the city of Los Angeles by about 560 jobs per year – or 0.5 percent of annual employment – over the next three years. To place this estimate in context, consider that the Los Angeles restaurant industry grew by 3.5 percent from February 2013 to February 2014 (Beacon Economics 2014). This estimate can also be compared to the large number of Los Angeles' restaurant workers – 77 percent – who will receive significant wage increases.

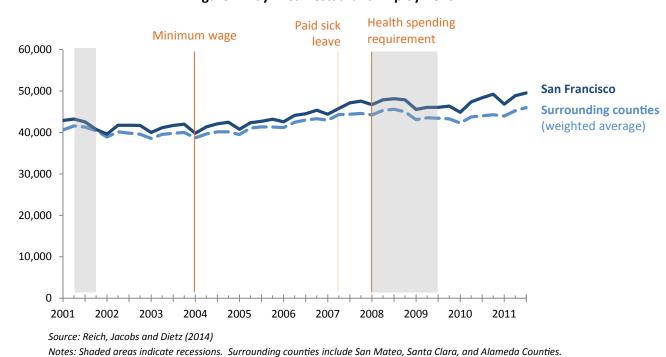


Figure 2. Bay Area Restaurant Employment

Impact on the Location of Apparel Manufacturing

Wages in the Los Angeles manufacturing sector range from very low in apparel manufacturing to much higher in aerospace and biotech manufacturing. As seen in Table 6, the impact on operating costs for the city's manufacturing sector as a whole is relatively small, but this estimate averages across very different industries. In particular, for apparel manufacturing, the impact of the proposed minimum wage law on operating costs by 2017 is larger, at 3.3 percent. Unfortunately, the existing research literature does not give guidance on how apparel firms are likely to adjust to minimum wage increases. We do know that employment in the Los Angeles apparel industry exhibits a long-term downward trend due to the globalization of production, and that the industry currently represents 1.7 percent of employment (28,000 jobs in the third quarter of 2013). Two scenarios are possible for the firms that remain.¹³ On the one hand, the apparel manufacturers that still operate in Los Angeles are there because of specific location advantages, serving just-in-time markets or specializing in higher-end segments of the industry – and those advantages might outweigh the impact of a minimum wage increase. If all manufacturers in the city fit this description, employment would not decline because of the proposed law, but prices might increase by as much as 3.3 percent. On the other hand, smaller garment contractors in particular are quite mobile and therefore might move from the city of Los Angeles to other locations within the county, where the minimum wage would remain lower. The actual effect is likely to be somewhere between these two scenarios.

Impact on Consumer Spending

Finally, a higher minimum wage will boost consumer spending by low- and moderate-income households whose workers receive pay increases, which in turn can act as a modest economic stimulus (Cooper and Hall 2012). Low-wage workers spend a greater share of their income than do other income groups. As with other forms of economic stimulus, the increased spending would have a multiplier effect resulting in additional benefits to economic growth (Aaronson and French 2013; Cooper and Hall 2012). The industries that would gain the most from increased consumer spending include those that are also more highly affected by the minimum wage increase – such as restaurants and retail. While not all of the increased spending would be captured in the city, it would have a positive impact on consumer demand in the economic region. A full estimation of the consumer spending impact in Los Angeles is beyond the scope of this paper. But this stimulus effect is likely one of the factors that explains the consistent finding in the literature of no significant net employment effects of minimum wage increases.

The Overall Impact on the Los Angeles Economy

Given the above analysis, how will the proposed minimum wage increase affect the Los Angeles economy as a whole? There will be both positive and negative effects, and a key question is which will be larger. On the positive side, as Table 3 reports, by the time the law is fully implemented, Los Angeles' low-wage workers would receive about \$1.8 billion more in pay, beyond what they would receive under scheduled increases in the state's minimum wage law. These workers and their families will in turn spend this amount, some of it in Los Angeles, some of it in the rest of the county, and some elsewhere. The spending that takes place in Los Angeles will increase the level of economic activity. Also on the positive side, employer turnover costs will fall and worker productivity will increase. On the negative side, there may be a small reduction in restaurant growth during the law's phase-in period, some apparel jobs may relocate outside the city, some companies may earn lower profits, and we can expect a modest one-time price

increase, mainly in the restaurant industry. For moderate minimum wage increases, the findings in the minimum wage research literature indicate that these positive and negative effects on the overall economy balance each other out, without measurable net effects either way.

Still, the economic research summarized above is necessarily limited to studying the minimum wage laws that have been implemented to date. While these studies are suggestive, they cannot tell us definitively what might occur when minimum wages are increased significantly beyond existing local, state, or federal mandates. It is therefore useful to ask how Los Angeles' proposed minimum wage increase compares to those that have been implemented in the past.

Comparison to Other Minimum Wage Increases

As shown in Table 8, at the point of full implementation in 2017, the proposed ordinance will have increased Los Angeles' minimum wage by 47.2 percent in nominal dollars (adjusting for inflation, the percentage increase is 36.7 percent).

This percentage increase in the minimum wage is within the range of other local minimum wage laws. The 14 other local minimum wage laws in the U.S. have mandated a total average increase of 41.3 percent in their minimum wage, with a range of 13.3 to 84.5 percent.¹⁵ A number of these laws were also phased in over time. Across all existing local laws, first-year increases ranged from 6.7 to 65.0 percent, with an average of 22.0 percent. The first-year increase in Los Angeles would be 13.9 percent, so again, Los Angeles' proposed increase falls within the range of other cities' laws.

Table 8. Proposed Los Angeles Minimum Wage Increase Compared to Existing Local Minimum Wage Increases

| | Proposed | Existing Local Mir | nimum Wage Laws |
|---------------------|----------------------|--------------------|--------------------|
| | Los Angeles Increase | Average Increase | Range of Increases |
| Overall Increase | 47.2 | 41.3 | 13.3 – 84.5 |
| First-Year Increase | 13.9 | 22.0 | 6.7 – 65.0 |

Source: Authors' analysis of statutory increases in 14 existing local minimum wage laws.

Note: Increases calculated in nominal dollars

The ratio of the minimum wage to the median full-time wage provides another measure used by economists to determine the ability of an economy to absorb higher minimum wage levels. The proposed final 2017 wage of \$13.25 (converted to 2014 dollars) equals 59 percent of the 2014 median full-time wage in Los Angeles of \$20.81 an hour. This ratio is above the historical range of the federal minimum wage/median ratio, which reached 55 percent in 1968 (Dube 2013) and it is equal to the 59 percent ratio in the new Seattle law (Weissman 2014). New research by Zipperer (2014) shows that the overall effects of past minimum wage increases have been no greater at up to 55 percent of the median wage than at lower percentages. The Los Angeles proposal can also be compared to current California minimum wage law. The minimum wage/median wage ratio will increase to just under 50 percent when California's minimum wage increases to \$10 on January 1, 2016 (Allegretto, Reich and West 2014).

While these perspectives on past increases are instructive, the share of workers projected to receive wage increases under the proposed law (37 percent), is higher than found in research on other laws. Caution is therefore required. As we have mentioned in the context of the restaurant industry, Los Angeles' proposed minimum wage increase could increase restaurant prices by about 4.1 percent, which in turn might have a small effect on restaurant industry growth. We also cannot estimate how low-wage manufacturing industries such as apparel will be affected. Nonetheless, the effect on employment overall in Los Angeles is not likely to be significant. The phase-in period would provide additional information on this issue.

Conclusion

Drawing on a variety of government data sources, we estimate that 567,000 workers would benefit from the proposed minimum wage law, with the average worker earning an additional \$3,200 a year (once the law is fully implemented). Our analysis of the existing economic research literature suggests that most businesses will adjust to modest increases in operating costs through reduced employee turnover costs, improved work performance, and a small, one-time increase in restaurant prices. A few industries might experience slower growth or some relocation of jobs outside the city; these effects would be far outweighed by the income increases of the low-wage workforce as a whole.

The existing research evidence is based upon minimum wage increases between 1990 and 2012, which did not reach the levels now being proposed or enacted by Los Angeles, San Francisco, Seattle and other localities. Prudence therefore suggests that the actual effects of the law should be monitored.

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Endnotes

- ¹ Current Employment Statistics, retrieved from http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1006.
- ² Bureau of Labor Statistics, Local Area Unemployment Statistics and U.S. Census Bureau, Quarterly Workforce Indicators. Data are not seasonally adjusted.
- ³ U.S. Census Bureau, American Community Survey, 2007 and 2012, 1-Year Estimates, Table B08521. For 2007, earnings were adjusted to 2012 dollars using the average annual change for the past ten years of the Los Angeles-Anaheim-Riverside Consumer Price Index for All Urban Consumers (CPI-U).
- ⁴ According to the Quarterly Census of Employment and Wages, the city of Los Angeles accounted for 37.6 percent of Los Angeles County employment in the third quarter of 2013.
- ⁵ Inflow/Outflow Report, Los Angeles City, 2011, OnTheMap (http://onthemap.ces.census.gov). Accessed August 27, 2014.
- ⁶ U.S. Census Bureau; American Community Survey, 2012 1-Year Estimates, Table B08521; http://factfinder2.census.gov; accessed 26 August 2014.
- ⁷ The sampling margin of error for the percent of workforce affected is +/- 0.8 percent for the average estimate.
- ⁸ Constant dollar values are calculated using the average annual change for the past ten years of the Los Angeles-Anaheim-Riverside Consumer Price Index for All Urban Consumers (CPI-U)..
- ⁹To determine the labor share of operating costs in retail trade, we use data from the <u>U.S. Census Monthly and Annual Retail Trade Reports</u>, which provide data on retail sales, payroll costs, merchandise purchased for resale, and detailed operating expenses. We add operating expenses and purchases together to determine total operating costs. We add the costs of fringe benefits (minus health insurance) to annual payroll to estimate total labor costs. Health benefits are excluded since, unlike payroll taxes and workers' compensation insurance, the costs of the benefits will not change if wages are increased. Dividing labor costs by operating costs gives us the labor share in retail trade. For the restaurant industry, we use industry data on gross operating surplus available from the <u>Bureau of Economic Analysis Input-Output Account Data</u> (Use Table, 2012, Before Redefinitions, Producer Value). We subtract gross operating surplus from sales to get total restaurant operating costs, and then proceed as was done for retail. For manufacturing industries we use data from the <u>2012 Economic Census (Table EC123111)</u>. To determine operating expenses we add together payroll costs and fringe benefits, total cost of materials, total capital expenditures, depreciation, rental or lease payments, and all other operating expenses. To determine labor costs we add together payroll costs and fringe benefits excluding health insurance.
- ¹⁰ The table shows the average of the low and high estimate. The low estimate uses the estimated increase in operating costs from Table 6, and assumes that 75 percent of those costs are passed through to consumers. The high estimate also uses the estimate for increases in operating costs, but assumes that 100 percent of the costs are passed through to consumers.
- ¹¹ An increased minimum wage may also lead to greater firm turnover in the time period immediately following the increase as well. A recent study at the Chicago Federal Reserve Board (Aaronson, French and Sorkin 2013) estimates that while a larger number of restaurants exit the industry after a minimum wage increase, they are replaced by an equal number of new and similarly-sized entrants, and that overall employment does not change.
- ¹² The restaurant industry-backed Employment Policies Institute has produced three studies of Santa Fe and San Francisco (Yelowitz 2005a; 2005b; 2012). In our assessment, these studies suffer from serious methodological

problems that make the results unreliable. They also offer contradictory results; see Reich, Jacobs and Bernhardt (2014) for details.

- ¹³ This discussion has benefited greatly from conversations with Goetz Wolff, Luskin School of Public Affairs, UCLA.
- ¹⁴ Based on author's analysis using IMPLAN 3.0, 2010.
- ¹⁵ These calculations include recent laws passed in Seattle, Richmond, Berkeley, San Diego and Las Cruces. We have confirmed that the average increase is similar when dropping very high and very low observations.

Center on Wage and Employment Dynamics

Institute for Research on Labor and Employment University of California, Berkeley 2521 Channing Way #5555 Berkeley, CA 94720-5555 (510) 643-8140 http://www.irle.berkeley.edu/cwed This Page
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AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Alexander Meyerhoff, City Manager

Date: August 6, 2018

Subject: Consideration to Determine a City Position on the 2018 League of California

Cities Resolutions

RECOMMENDATION:

It is recommended that the City Council discuss the two resolutions to be presented at the 2018 League of California Cities ("League") Annual Business Meeting and provide direction to the Voting Delegate regarding the City of San Fernando's position on each resolution.

BACKGROUND:

- 1. The League 2018 Annual Conference is scheduled for September 12-13, 2018, in Long Beach, California. An important part of the Annual Conference is the Annual Business Meeting; at this meeting, the League membership considers and takes action on resolutions that establish League policy.
- On July 2, 2018, the City Council designated Vice Mayor Antonio Lopez as the Voting Delegate and Councilmember Joel Fajardo as the Alternate Voting Delegate for the League's General Assembly meeting on September 13, 2018.
- 3. In July 2018, staff received the 2018 Annual Conference Resolutions Packet (Attachment "A") to be considered during the business meeting at the Annual Conference. Resolutions submitted to the General Assembly must be concurred by five cities or by city officials from at least five or more cities.

ANALYSIS:

The League encourages each City Council to consider the resolutions and determine the City position on each. There are two resolutions that will be considered during the League's General Assembly meeting:

ADMINISTRATION DEPARTMENT

Consideration to Determine a City Position on the 2018 League of California Cities ResolutionsPage 2 of 4

1. RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES CALLING UPON THE LEAGUE TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE AND EXPLORE THE PREPARATION OF A BALLOT MEASURE AND/OR CONSTITUTIONAL AMENDMENT THAT WOULD FURTHER STRENGTHEN LOCAL DEMOCRACY AND AUTHORITY

Summary: This Resolution states that the League of California Cities should assess the vulnerabilities to local authority, control and revenue and explore the preparation of a ballot measure and or constitutional amendment that would give the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

Background: The City of Beverly Hills is sponsoring this resolution in reaction to their concerns over measures coming from the Legislature and the initiative process attempting to roll back local control and hinder cities from providing optimal services to their residents.

As examples, the city cites the 2017-2018 legislative cycle, the Legislature introduced bills such as Senate Bill 649 (Hueso) Wireless Telecommunications Facilities, and AB 252 (Ridley Thomas) proposing to prohibit taxes on video streaming services, and more recently Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing. SB 649 was vetoed by the Governor and SB 827 died in policy committee, however if these measures had been signed into law they would have impinged on the ability of a local government to be responsive to the needs of their constituents.

The city maintains that "local government, when done right, is the best form of democracy precisely because it is closest to home. A ballot measure and/or constitutional amendment would provide the state's voters an opportunity to further strengthen local authority and maintain the role of local democracy to best preserve their local quality of life while still leaving the appropriate issues at the county, regional or state legislature depending on the topic."

Fiscal Impact: By requesting the League to "assess" vulnerabilities and "explore" the preparation of a ballot measure that would further protect local authority, there are no proposals to be quantified. But it is presumed that the League would not pursue a measure that did not have positive impacts of further protecting local authority.

For the League as an organization, however, the fiscal impact of sponsoring a ballot measure can be very expensive. It can take several million dollars to qualify a measure via signature gathering, and much more to fund an effective campaign and overcome organized opposition.

Consideration to Determine a City Position on the 2018 League of California Cities ResolutionsPage 3 of 4

2. A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Summary: This resolution seeks to have the state and the League study the negative impacts of anticoagulant rodenticides and address the inability of cities to regulate the use of rodenticides and pesticides.

Specifically related to anticoagulant rodenticides, the resolution would encourage the state to fund research into the negative impacts and a potential restriction or ban; direct the League to consider creating a task force to study and report on the unintended negative consequences; encourage cities and property owners to eliminate use; and encourage cities to join advocacy efforts. In addition, the resolution would direct the League to endorse repeal of a statute that preempts local regulation of pesticides.

Background: The City of Malibu is sponsoring this resolution out of concern about the effect of a certain type of rodent control (anticoagulant rodenticides) has on other wildlife. According to the City, anticoagulant rodenticides disrupt the blood clotting process and therefore cause rodents to die from bleeding or hemorrhaging. This rodenticide is commonly used on rats, mice, gophers, and squirrels. Predator animals that eat rodents can be exposed to anticoagulant rodenticides if they consume animals that have eaten the bait. These animals include owls, hawks, bobcats, bears, foxes, coyotes, and mountain lions. Furthermore, pets can also be exposed to anticoagulant rodenticides if they eat the bait or consume animals that have eaten the bait.

Some cities have passed "ceremonial resolutions" locally. For example, the City of Malibu has two ordinances in place to discontinue use of rodenticides and traps in city-owned parks, roads, and facilities, as well as encourage businesses and property owners not to use anticoagulant rodenticides on their property.

Fiscal Impact: Costs to cities would include using alternative methods of rodent control and studying the efficacy. Since the resolution encourages, but does not mandate action by cities, city costs would be taken on voluntarily.

BUDGET IMPACT:

There is no fiscal impact associated with taking a position on each resolution. The intended outcomes of the proposed resolutions are to increase local control and protect public health, respectively.

Consideration to Determine a City Position on the 2018 League of California Cities Resolutions Page 4 of 4

CONCLUSION:

Staff recommends that the City Council discuss the proposed resolutions and provide direction to the Voting Delegate regarding the City's position on each resolution.

ATTACHMENT:

A. 2018 League Annual Conference Resolutions Packet



Annual Conference Resolutions Packet

2018 Annual Conference Resolutions



Long Beach, California September 12 – 14, 2018

INFORMATION AND PROCEDURES

RESOLUTIONS CONTAINED IN THIS PACKET: The League bylaws provide that resolutions shall be referred by the president to an appropriate policy committee for review and recommendation. Resolutions with committee recommendations shall then be considered by the General Resolutions Committee at the Annual Conference.

This year, <u>two resolutions</u> have been introduced for consideration at the Annual Conference and referred to League policy committees.

POLICY COMMITTEES: Five policy committees will meet at the Annual Conference to consider and take action on the resolutions referred to them. The committees are: Environmental Quality, Governance, Transparency & Labor Relations; Housing, Community & Economic Development; Revenue and Taxation; and Transportation, Communication & Public Works. The committees will meet from 9:00 – 11:00 a.m. on Wednesday, September 12, at the Hyatt Regency Long Beach. The sponsors of the resolutions have been notified of the time and location of the meeting.

GENERAL RESOLUTIONS COMMITTEE: This committee will meet at 1:00 p.m. on Thursday, September 13, at the Hyatt Long Beach, to consider the reports of the policy committees regarding the resolutions. This committee includes one representative from each of the League's regional divisions, functional departments and standing policy committees, as well as other individuals appointed by the League president. Please check in at the registration desk for room location.

ANNUAL LUNCHEON/BUSINESS MEETING/GENERAL ASSEMBLY: This meeting will be held at 12:30 p.m. on Friday, September 14, at the Long Beach Convention Center.

PETITIONED RESOLUTIONS: For those issues that develop after the normal 60-day deadline, a resolution may be introduced at the Annual Conference with a petition signed by designated voting delegates of 10 percent of all member cities (48 valid signatures required) and presented to the Voting Delegates Desk at least 24 hours prior to the time set for convening the Annual Business Meeting of the General Assembly. This year, that deadline is 12:30 p.m., Thursday, September 13. Resolutions can be viewed on the League's Web site: www.cacities.org/resolutions.

Any questions concerning the resolutions procedures may be directed to Meg Desmond at the League office: mdesmond@cacities.org or (916) 658-8224

GUIDELINES FOR ANNUAL CONFERENCE RESOLUTIONS

Policy development is a vital and ongoing process within the League. The principal means for deciding policy on the important issues facing cities is through the League's seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence policy decisions.

Annual conference resolutions constitute an additional way to develop League policy. Resolutions should adhere to the following criteria.

Guidelines for Annual Conference Resolutions

- 1. Only issues that have a direct bearing on municipal affairs should be considered or adopted at the Annual Conference.
- 2. The issue is not of a purely local or regional concern.
- 3. The recommended policy should not simply restate existing League policy.
- 4. The resolution should be directed at achieving one of the following objectives:
 - (a) Focus public or media attention on an issue of major importance to cities.
 - (b) Establish a new direction for League policy by establishing general principals around which more detailed policies may be developed by policy committees and the board of directors.
 - (c) Consider important issues not adequately addressed by the policy committees and board of directors.
 - (d) Amend the League bylaws (requires 2/3 vote at General Assembly).

LOCATION OF MEETINGS

Policy Committee Meetings

Wednesday, September 12, 9:00 – 11:00 a.m. Hyatt Regency Long Beach 200 South Pine Avenue, Long Beach

The following committees will be meeting:

- 1. Environmental Quality
- 2. Governance, Transparency & Labor Relations
- 3. Housing, Community & Economic Development
- **4.** Revenue & Taxation
- **5.** Transportation, Communication & Public Works

General Resolutions Committee

Thursday, September 13, 1:00 p.m. Hyatt Regency Long Beach 200 South Pine Avenue, Long Beach

Annual Business Meeting and General Assembly Luncheon

Friday, September 14, 12:30 p.m. Long Beach Convention Center 300 East Ocean Boulevard, Long Beach

KEY TO ACTIONS TAKEN ON RESOLUTIONS

Resolutions have been grouped by policy committees to which they have been assigned.

| Number | Key Word Index | | Revie | wing Body | Action |
|--------|---|--|----------|-----------|-----------------|
| | | | 1 | 2 | 3 |
| | | 1 - Policy Committee Recommendation to General Resolutions Committee 2 - General Resolutions Committee 3 - General Assembly | | | |
| | ENVIRONMENTAL QUALITY PO | OLICY (| COMMITT | EE 2 | 3 |
| 2 | Repeal Preemption of Regulating Pesticides | | | | |
| G | OVERNANCE, TRANSPARENCY & LABOR R | ELATI(| ONS POLI | CY COMM | 11TTEE 3 |
| 1 | Local Municipal Authority, Control, and Revenue | | | | |
| Н | OUSING, COMMUNITY & ECONOMIC DEVE | LOPMI | ENT POLI | CY COMM | IITTEE 3 |
| 1 | Local Municipal Authority, Control, and Revenue | | | | |
| | REVENUE & TAXATION POL | ICY CO | MMITTEI | E 2 | 3 |
| 1 | Local Municipal Authority, Control, and Revenue | | | | |
| TR | ANSPORTATION, COMMUNICATION & PUB | LIC WO | ORKS POL | ICY COM | MITTEE 3 |
| 1 | Local Municipal Authority, Control, and Revenue | | | | |
| | | | | | |

Information pertaining to the Annual Conference Resolutions will also be posted on each committee's page on the League website: www.cacities.org. The entire Resolutions Packet will be posted at: www.cacities.org/resolutions.

KEY TO ACTIONS TAKEN ON RESOLUTIONS (Continued)

Resolutions have been grouped by policy committees to which they have been assigned.

| KEY TO REVIEWING BODIES | KEY' | TO ACTIONS TAKEN |
|--|------|---|
| 1. Policy Committee | A | Approve |
| 2. General Resolutions Committee | D | Disapprove |
| 3. General Assembly | N | No Action |
| ACTION FOOTNOTES | | Refer to appropriate policy committee for study |
| | | Amend+ |
| * Subject matter covered in another resolution | Aa | Approve as amended+ |
| ** Existing League policy | Aaa | Approve with additional amendment(s)+ |
| *** Local authority presently exists | Ra | Refer as amended to appropriate policy committee for study+ |
| | Raa | Additional amendments and refer+ |
| | Da | Amend (for clarity or brevity) and Disapprove+ |
| | Na | Amend (for clarity or brevity) and take No Action+ |
| | W | Withdrawn by Sponsor |

Procedural Note:

The League of California Cities resolution process at the Annual Conference is guided by the League Bylaws. A helpful explanation of this process can be found on the League's website by clicking on this link: Resolution Process.

1. RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES CALLING UPON THE LEAGUE TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE AND EXPLORE THE PREPARATION OF A BALLOT MEASURE AND/OR CONSTITUTIONAL AMENDMENT THAT WOULD FURTHER STRENGTHEN LOCAL DEMOCRACY AND AUTHORITY

Source: City of Beverly Hills

<u>Concurrence of five or more cities/city officials:</u> Cities: Arcadia, Burbank, Cupertino; Duarte; Oceanside; Ontario; Palo Alto; Redondo Beach; Santa Cruz; Sunnyvale; Torrance; West Hollywood

<u>Referred to</u>: Governance, Transparency & Labor Relations; Housing, Community & Economic Development; Revenue and Taxation; and Transportation, Communication & Public Works Policy Committees

WHEREAS, the State of California is comprised of diverse communities that are home to persons of differing backgrounds, needs, and aspirations; yet united by the vision that the most accessible, responsive, effective, and transparent form of democratic government is found at the local level and in their own communities; and

WHEREAS, subsidiarity is the principle that democratic decisions are best made at the most local level best suited to address the needs of the People, and suggests that local governments should be allowed to find solutions at the local level before the California Legislature imposes uniform and overreaching measures throughout the State; and

WHEREAS, the California Constitution recognizes that local self-government is the cornerstone of democracy by empowering cities to enact local laws and policies designed to protect the local public health, safety and welfare of their residents and govern the municipal affairs of charter cities; and

WHEREAS, over recent years there have been an increasing number of measures introduced within the Legislature or proposed for the state ballot, often sponsored by powerful interest groups and corporations, aimed at undermining the authority, control and revenue options for local governments and their residents; and

WHEREAS, powerful interest groups and corporations are willing to spend millions in political contributions to legislators to advance legislation, or to hire paid signature gatherers to qualify deceptive ballot proposals attempting to overrule or silence the voices of local residents and their democratically-elected local governments affected by their proposed policies; and

WHEREAS, powerful interest groups and corporations propose and advance such measures because they view local democracy as an obstacle that disrupts the efficiency of implementing corporate plans and increasing profits and therefore object when local residents—either through their elected city councils, boards of supervisors, special district boards, or by action of local voters—enact local ordinances and policies tailored to fit the needs of their individual communities; and

WHEREAS, public polling repeatedly demonstrates that local residents and voters have the highest levels of confidence in levels of government that are closest to the people, and thus would be likely to strongly support a ballot measure that would further strengthen the ability of communities to govern themselves without micromanagement from the state or having their authority undermined by deep-pocketed and powerful interests and corporations.

RESOLVED that the League of California Cities should assess the increasing vulnerabilities to local authority, control and revenue and explore the preparation of a ballot measure and/or constitutional amendment that would give the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy to best preserve their local quality of life.

Background Information on Resolution No. 1

Source: City of Beverly Hills

Background:

The relationship between the state and cities functions best as a partnership where major policy issues are approached by the state with careful consideration of the varied conditions among the state's 482 cities and 58 counties. There should be an appreciation of the importance of retaining local flexibility to tailor policies to reflect the needs and circumstances of the local community. Still, cities have had to respond to state legislation that undermines the principle of "local control" over important issues such as land use, housing, finance, infrastructure, elections, labor relations and other issues directly affecting cities.

Alexis de Tocqueville's "Democracy in America" examined the operation of the principle of subsidiarity in the early 19th century. Subsidiarity is an organizing principle that states matters should be handled by the smallest, lowest or least centralized competent authority. Tocqueville wrote that "Decentralization has not only an administrative value, but also a civic dimension, since it increases the opportunities for citizens to take interest in public affairs; it makes them get accustomed to using freedom." Tocqueville's works were first published in 1835 with a second volume published in 1840. The United States had a population of just 17 million people in 1840, less than 50% of the population of California today and yet there was value found in decentralization.

Another consideration is to examine how the European Union ("EU") operates. There are two prime guiding principles for the EU. The first is principle of conferral, which states that the EU should act only within the limits of the competences conferred on it by the treaties. The second, which is relevant to this resolution, is the principle of subsidiarity, which states that the EU should act only where an objective cannot be sufficiently achieved by the member states acting alone. Sacramento should operate in a similar manner and only govern when objectives need to be achieved at a much larger level than a local government.

For years, Governor Jerry Brown himself has spoken on the principle of "subsidiarity." Governor Brown has asserted for numerous years that local officials should have the flexibility to act without micromanagement from Sacramento.

Legislation introduced in both 2017 and 2018 by the state legislature has continually threatened local control in flagrant opposition to the principle of subsidiarity. This has included, but not been limited to, Senate Bill 649 (Hueso) Wireless Telecommunications Facilities ("SB 649") in 2017; AB 252 (Ridley-Thomas) Local government: taxation: prohibition: video streaming services ("AB 252") in 2017; and Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus ("SB 827") in 2018.

SB 649 would have applied to all telecommunications providers and the equipment they use, including "micro-wireless," "small cell," and "macro-towers," as well as a range of video and cable services. The bill would have allowed the use of "small cell" wireless

antennas and related equipment without a local discretionary permit in all zoning districts as a use by-right, subject only to an administrative permit. Additionally, SB 649 provided a de facto CEQA exemption for the installation of such facilities and precluded consideration by the public for the aesthetic, nuisance, and environmental impacts of these facilities. SB 649 would have also removed the ability for cities to obtain fair and reasonable compensation when authorizing the use of public property and rights of way from a "for profit" company for this type of use.

SB 649 passed out of the State Assembly by a vote of 46-16-17 and out of the State Senate by a vote of 22-10-8 despite over 300 cities and 47 counties in California providing letters of opposition. Ultimately, Governor Brown vetoed the bill as he believed "that the interest which localities have in managing rights of way requires a more balanced solution than the one achieved in this bill." It is strongly believed that the issue of wireless telecommunications facilities is not over and it is anticipated that legislation will be introduced on this topic in January 2019.

Another example of an incursion into local control was AB 252, which would have prohibited any tax on the sale or use of video streaming services, including sales and use taxes and utility user taxes. Over the last two decades, voters in 107 cities and 3 counties have adopted measures to modernize their Utility User Tax ("UUT") ordinances. Of these jurisdictions, 87 cities and 1 county approved ordinances to allow a UUT on video providers. Prior to its first Committee hearing, AB 252 received opposition letters from 37 cities, the League of California Cities, South Bay Council of Governments, California Contract Cities Association, and nine other organizations. This bill failed in the Assembly Revenue and Taxation Committee 8-0-2, which the author of the Committee chaired.

More recently, SB 827 would have overridden local control on housing development that was within ½ mile of a major transit stop or ¼ mile from a high-quality bus corridor as defined by the legislation with some limitations. On April 17, 2018, SB 827 failed in the Senate Transportation and Housing Committee 4-6-3 but was granted reconsideration. State legislators have indicated they will continue to introduce legislation that will override local zoning ordinances for the development of affordable housing in conjunction with mixed use and/or luxury condominium/apartment housing.

These are just three examples of the increasing attempts by Sacramento to supersede local control. Presently, there are discussions occurring in Sacramento to ban cities from creating their own municipal broadband or to prohibit local ordinances over the regulation of shared mobility devices such as dockless electric scooters. These decisions should remain with each individual jurisdiction to decide based on the uniqueness of their community and the constituents that live in each city.

Often fueled by the actions of special interest groups, Sacramento is continually attempting to overreach their authority with various incursions on local control. The desire in Sacramento to strip communities of their ability to make decisions over issues which should remain at the local level seems to intensify each state legislative cycle. Increasingly, legislation is being introduced with a "one-size-fits-all" approach which is detrimental in a

state with over 40 million residents that have extremely diverse communities from the desert to the sea, from the southern to the northern borders.

Loren King in the book "Cities, Subsidiarity and Federalism" states, "Decisions should be made at the lowest feasible scale possible". The proposed resolution directs the League of California Cities to assess the increasing vulnerabilities to local authority, control and revenue. It also directs the League of California Cities to explore the preparation of a ballot measure and/or constitutional amendment which would aim to ensure that decisions are made as close to home as possible.

Local government, when done right, is the best form of democracy precisely because it is closest to home. A ballot measure and/or constitutional amendment would provide the state's voters an opportunity to further strengthen local authority and maintain the role of local democracy to best preserve their local quality of life while still leaving the appropriate issues at the county, regional or state legislature depending on the topic. Any ballot measure and/or constitutional amendment should institutionalize the principle of subsidiarity, while encouraging inclusive regional cooperation that recognizes the diversity of California's many individual communities. The time has come to allow the residents of California's voters to decide if they prefer top down governance from Sacramento or bottom up governing from their own locally elected officials.

League of California Cities Staff Analysis on Resolution No. 1

Staff: Dan Carrigg, Johnnie Pina

Committees: Governance, Transparency and Labor Relations

Housing, Community & Economic Development

Revenue & Taxation

Transportation, Communication and Public Works

Summary:

This Resolution states that the League of California Cities should assess the vulnerabilities to local authority, control and revenue and explore the preparation of a ballot measure and or constitutional amendment that would give the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

Background:

The City of Beverly Hills is sponsoring this resolution in reaction to their concerns over measures coming from the Legislature and the initiative process attempting to roll back local control and hinder cities from providing optimal services to their residents.

As examples, the city cites the 2017-2018 legislative cycle, the Legislature introduced bills such as Senate Bill 649 (Hueso) Wireless Telecommunications Facilities, and AB 252 (Ridley-Thomas) proposing to prohibit taxes on video streaming services, and more recently Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing. SB 649 was vetoed by the Governor and SB 827 died in policy committee, however if these measures had been signed into law they would have impinged on the ability of a local government to be responsive to the needs of their constituents.

The city maintains that "local government, when done right, is the best form of democracy precisely because it is closest to home. A ballot measure and/or constitutional amendment would provide the state's voters an opportunity to further strengthen local authority and maintain the role of local democracy to best preserve their local quality of life while still leaving the appropriate issues at the county, regional or state legislature depending on the topic."

Fiscal Impact:

By requesting the League to "assess" vulnerabilities and "explore" the preparation of a ballot measure that would further protect local authority, there are no proposals to be quantified. But it is presumed that the League would not pursue a measure that did not have positive impacts of further protecting local authority.

For the League as an organization, however, the fiscal impact of sponsoring a ballot measure can be very expensive. It can take several million dollars to qualify a measure via signature gathering, and much more to fund an effective campaign and overcome organized opposition.

Comments:

1) Ballot measure advocacy is a settled aspect of California's political process. This year's November ballot is an example of that, with proposals ranging from dividing California

- into three states, restoring rent control, repealing transportation funding, to funding housing and water bonds. Three other measures are not on the November ballot after their sponsors spent millions gathering signatures to qualify measures, then leveraged last-minute legislative deals in exchange for pulling them from the ballot.
- 2) Most major stakeholder organizations in Sacramento have realized that they cannot rely on legislative advocacy alone to protect their interests, but must develop and maintain the capacity to protect their interests in the ballot process as well.
- 3) The League has been engaged in ballot advocacy for nearly 20 years. In the early 2000's, city officials were angered by repeated state raids of local revenues. These concerns led to the League —for the first time in its then 100-year history—developing a ballot advocacy infrastructure that included forming and fundraising for an issues political action committee (PAC), establishing a network of regional managers, and building a coalition with other organizations that ultimately led to the passage of Prop. 1A of 2004. Over the years, the League's successful campaigns include the passage of Proposition 1A and Proposition 99 and the defeat of Propositions 90 and 98.

a. Yes on Proposition 1A (2004)

As a result of the passage of Prop 1A, local government revenues that otherwise would have been raided by the state legislature were kept in local coffers. This resulted in increased funding for public safety, health, libraries, parks and other locally delivered services. Proposition 1A PASSED WITH 83.7% OF THE VOTE.

b. No on Proposition 90 (2006)

Prop. 90 was a well-financed special interest-backed initiative that sought to eliminate most of local governments' land use decision making authority. Led by the League, the opposition educated voters on how this measure's far reaching provisions would have cost taxpayers billions of dollars by driving up the cost of infrastructure projects, prevented voters and state and local agencies from enacting environmental protections, jeopardized public safety services and more. Proposition 90 FAILED WITH 52.4% OF THE VOTERS VOTING NO.

c. No on Proposition 98 Yes on Proposition 99 (2008)

Given the hidden agendas within Prop 98, our message was not always an easy one to communicate to the electorate. The No on 98/ Yes on 99 campaign was able to educate voters on the important differences between both measures. As a result, important eminent domain reforms were enacted and both land use decision making and rent control were preserved within our communities. Proposition 98 FAILED WITH 61.6% OF THE VOTERS VOTING NO. Proposition 99 PASSED BY 61% OF THE VOTE.

d. Yes on Proposition 22 (2010)

As a result of the passage, local governments have been able to pay for infrastructure investment, create local jobs and avoid devastating cuts in our communities. Proposition 22 APPROVED BY 60.7% OF VOTERS.

- 4) While the League has been able to recently defeat several major legislative proposals aimed and undermining local authority, and avoid a battle over the Business Roundtable's measure in November due to the "soda tax" deal, the threats to local authority and revenue remain a constant concern. Other interest groups may be emboldened by some of the recent "deals" cut by ballot proponents and seek to implement similar strategies for the 2020 ballot. The next Governor may also have different philosophies then Governor Jerry Brown on "subsidiarity."
- 5) The League's President opted to send this resolution to four policy committees for several reasons: (a) the recent major threats to local control covered broad policy areas: telecom, land use, contracting, and revenue; and (b) having this issue vetted broadly within the League policy process will provide a better assessment of the depth of concern for the vulnerability to local control within the membership
- 6) If the membership chooses to approve this measure, it is strongly advisable to retain continued flexibility for the League to "assess" vulnerabilities and "explore" options. Any ballot initiative consideration must be approached very carefully by the organization. It is a difficult and very expensive endeavor that can have additional political ramifications. For 120 years the League's core mission has been to protect local control and it has gone to the ballot successfully before to do so -- but any such effort must be approached thoughtfully, prudently and cautiously.

Existing League Policy:

Related to this Resolution, existing policy provides:

- The League of California Cities' Mission Statement is, "To expand and protect local control for cities through education and advocacy. To enhance the quality of life for all Californians"
- The League of California Cities' Summary of Existing Policy and Guidelines states, "We Believe
 - o Local self-governance is the cornerstone of democracy.
 - o Our strength lies in the unity of our diverse communities of interest.
 - o In the involvement of all stakeholders in establishing goals and in solving problems.
 - o In conducting the business of government with openness, respect, and civility.
 - o The spirit of public service is what builds communities.
 - Open decision-making that is of the highest ethical standards honors the public trust.
 - o Cities are the economic engine of California.
 - o The vitality of cities is dependent upon their fiscal stability and local autonomy.
 - o The active participation of all city officials increases the League's effectiveness.
 - Focused advocacy and lobbying is most effective through partnerships and collaboration.
 - Well-informed city officials mean responsive, visionary leadership, and effective and efficient
 - o city operations."
- Click here to view the Summary of Existing Policy and Guiding Principles 2018.

Support:

The following letters of concurrence were received: Steven Scharf, Cupertino City Council Member; Michael S. Goldman, Sunnyvale City Council; Lydia Kou, Palo Alto City Council Member; David Terrazas, Mayor of Santa Cruz; Peter Weiss, Mayor of Oceanside; Alan D. Wapner, Mayor pro Tem of Ontario; Patrick Furey, Mayor of Torrance; Lauren Meister, West Hollywood Council Member; Liz Reilly, Duarte Mayor Pro Tem; Bill Brand, Mayor of Redondo Beach; Sho Tay, Mayor of Arcadia; Emily Gabel-Luddy, Mayor of Burbank.

2. A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Source: City of Malibu

Concurrence of five or more cities/city officials: Cities: Agoura Hills; Calabasas; Davis; Menlo

Park; Moorpark; Ojai; Oxnard; Richmond; West Hollywood

Referred to: Environmental Quality

WHEREAS, anticoagulant rodenticides are poisonous bait products that are poisoning 80 to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals, including pets, that accidentally ingest the products. Approximately 10,000 children under the age of six are accidentally poisoned by anticoagulant rodenticides each year nationwide; and

WHEREAS, in response to these harms, the California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides; and

WHEREAS, the state of California currently only recognizes the harm posed by secondgeneration anticoagulant rodenticides, which are prohibited in state wildlife habitat areas but are still available for agricultural purposes and by certified applicators throughout the state of California; and

WHEREAS, first-generation anticoagulant rodenticides are still available to the public and used throughout California without limitation; and

WHEREAS, nonpoisonous rodent control methods, such as controlling trash, sealing buildings, setting traps, erecting raptor poles and owl boxes, and removing rodent nesting areas are also effective rodent control methods; and

WHEREAS, the state of California preempts cities from regulating pesticides; and

WHEREAS, many cities across California have passed resolutions restricting pesticide use on city property and have expressed the desire to ban the use of pesticides within their jurisdictions.

NOW, THEREFORE, BE IT RESOLVED by the General Assembly of the League of California Cities, assembled in Long Beach, California on September 14, 2018, to do as follows:

1. Encourage the state of California to fund and sponsor further research into the negative impacts of anticoagulant rodenticides to determine whether the use of these products should be further restricted or banned statewide.

- 2. Direct the League of California Cities staff to consider creating a task force with other organizations and jointly commission a report on the unintended negative impact of anticoagulant rodenticides;
- 3. Encourage cities throughout California to eliminate use of anticoagulant rodenticides as part of their maintenance program in city-owned parks, lands, and facilities and to report on the effectiveness of other rodent control methods used in in their maintenance program;
- 4. Encourage property owners throughout California to eliminate use of anticoagulant rodenticides on their properties;
- 5. Encourage cities throughout California to join in these advocacy efforts to mitigate the unintended negative impacts of anticoagulant rodenticides;
- 6. Endorse a repeal of California Food and Agriculture Code § 11501.1 to end local preemption of regulating pesticides; and
- 7. Call for the Governor and the Legislature to work with the League of California Cities and other stakeholders to consider and implement this reform.

Background Information on Resolution

Source: City of Malibu

Background:

A. Anticoagulant rodenticides are unnecessarily destructive and dangerous

Anticoagulant rodenticides contain lethal agents that disrupt the normal blood clotting or coagulation process causing dosed rodents to die from uncontrolled bleeding or hemorrhaging. Deaths typically occur between four days and two weeks after rodents begin to feed on the bait. Animals commonly targeted by anticoagulant rodenticides include rats, mice, gophers and squirrels. Non-target predator wildlife victims, which are exposed to an 80-90% risk of poisoning, include owls, hawks, bobcats, bears, foxes, coyotes, and mountain lions. The endangered species at risk of poisoning include fishers, spotted owls, and San Joaquin foxes. The use of anticoagulant rodenticides not only harms rodents, but it commonly harms pets, such as dogs, cats, and bunnies, and other wildlife that mistakenly eat the bait through primary poisoning or that unknowingly consume animals that have ingested the anticoagulant rodenticide through secondary poisoning. Children also suffer poisoning by mistakenly ingesting anticoagulant rodenticides.

California recognizes the grave harm that can be caused by anticoagulant rodenticides and has partially restricted access to second-generation anticoagulant rodenticides by the public:

Because of documented hazards to wildlife, pets and children, the California Department of Pesticide Regulation has restricted public access to some of these materials in California. As of July 1, 2014, rodenticide products containing the active ingredients brodifacoum, bromadiolone, difethialone and difenacoum are only to be used by licensed applicators (professional exterminators).¹

California has also prohibited the use of these ingredients in any "wildlife habitat area," which is defined as "any state park, state wildlife refuge, or state conservancy."²

The United State Environmental Protection Agency³ and the California Department of Pesticide Regulation⁴ have both documented in detail the damage to wildlife from second-generation anticoagulant rodenticides in support of the 2014 consumer ban on the purchase and use of the products. While first-generation anticoagulant rodenticides are less toxic, they are far more abundant due to their continued availability to all members of public.⁴ The California Department of Fish & Wildlife was tasked with collecting data on poisoning incidents to ascertain the effectiveness of the restrictions on second-generation anticoagulant rodenticides. After almost four years of collecting data, there was no evidence supporting a reduction in the number of poisonings.

¹ https://www.wildlife.ca.gov/living-with-wildlife/rodenticides.

² Cal. Food and Agric. Code § 12978.7.

³ https://www.epa.gov/rodenticides/restrictions-rodenticide-products

⁴ https://www.cdpr.ca.gov/docs/registration/reevaluation/chemicals/brodifacoum final assess.pdf

Recent studies by the University of California, Los Angeles and the National Park Service on bobcats have shown that first-generation anticoagulant rodenticide poisoning levels similar to the second-generation anticoagulant rodenticides poisoning levels.⁵ A comprehensive study of 111 mountain lions in 37 California counties found first-generation anticoagulant rodenticides in the liver tissue of 81 mountain lions (73% of those studied) across 33 of the 37 counties, and second-generation anticoagulant rodenticides in 102 mountain lions (92% of those studied) across 35 of the 37 counties.⁶ First-generation anticoagulant rodenticides were identified as contributing to the poisoning of Griffith Park mountain lion, P-22, (who was rescued), and the deaths of Newbury Park mountain lion, P-34, and Verdugo Hills mountain lion, P-41.

This data demonstrates the inadequacy of current legislative measures to ameliorate the documented problem caused by both second-generation and first-generation anticoagulant rodenticides.

B. State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides

A general law city may not enact local laws that conflict with general state law. Local legislation that conflicts with state law is void. A local law conflicts with state law if it (1) duplicates, (2) contradicts, or (3) enters a field that has been fully occupied by state law, whether expressly or by implication. A local law falling into any of these categories is "preempted" and is unenforceable.

State law expressly bars local governments from regulating or prohibiting pesticide use. This bar is codified in the California Food and Agricultural Code § 11501.1(a):

This division and Division 7 . . . are of statewide concern and occupy the whole field of regulation regarding the registration, sale, transportation, or use of pesticides to the exclusion of all local regulation. Except as otherwise specifically provided in this code, no ordinance or regulation of local government, including, but not limited to, an action by a local governmental agency or department, a county board of supervisors, or a city council, or a local regulation adopted by the use of an initiative measure, may prohibit or in any way attempt to regulate any matter relating to the registration, transportation, or use of pesticides, and any of these ordinances, laws or regulations are void and of no force or effect.

State law also authorizes the state to take action against any local entity that promulgates an ordinance or regulation that violates § 11501.1(a). The statute was specifically adopted to overrule a 30 year old court decision in *People v. County of Mendocino*, ¹⁰ which had held that a

⁵ L. E. K. Serieys, et al, "Anticoagulant rodenticides in urban bobcats: exposure, risk factors and potential effects based on a 16-year study," *Ecotoxicology* (2015) 24:844–862.

⁶ J. Rudd, et al, "Prevalence of First-Generation and Second-Generation Rodenticide Exposure in California Mountain Lions," Proceeding of the 28th Vertebrate Pest Conference, February 2018.

⁷ Cal. Const. art. XI § 7.

⁸ City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc. (2013) 56 Cal. 4th 729, 743.

⁹ Cal. Food and Agric. Code § 11501.1, subd. (b).

¹⁰ People ex rel. Deukmejian v. County of Mendocino (1984) 36 Cal. 3d 476.

local regulation prohibiting aerial application of phenoxy herbicides was not then preempted by state or federal law.¹¹

The use of pesticides is broadly regulated by state law. In the language of preemption law, the state "occupies the field," leaving no room for additional local law on the subject. Accordingly, a city's ban on the use of anticoagulant rodenticides would be unenforceable.

C. California should repeal the preemption in Cal. Food and Agric. Code § 11501.1 to provide cities with the authority to decide how to regulate pesticides within their own jurisdictions based on local concerns

The state of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

Recognizing that cities' power to "make and enforce within its limits all local, police, sanitary, and other ordinances and regulations" is presently preempted by the general laws of the state, cities throughout California request that the state provide cities with the authority to decide how to deal with rodents based on their land use.

Depending on such land use, cities may decide to allow the use of nonpoisonous control methods, non-anticoagulant rodenticides, or anticoagulant rodenticides, if necessary. Nonpoisonous methods to control rodent pests, include sealing entrances to buildings, sanitizing property, removing rodent habitats, such as ivy or wood piles, setting traps, and erecting raptor poles or owl boxes. For example, a recent landmark study by Ventura County established that installing raptor poles for hawks and owls was more effective than anticoagulant rodenticides in reducing the damage to water control levees caused by ground squirrel burrows. Burrows decreased by 66% with the change. 12

The ultimate goal is to allow cities to address their local concerns with the input of community members at open and public meetings. Presently, cities are unable to adequately address local concerns; they are limited to encouraging or discouraging behavior.

D. Conclusion

The negative effects from the use of anticoagulant rodenticides across California has garnered the interest of cities and community members to remedy the problem. By presenting this resolution to the League of California Cities, the City of Malibu hopes to organize support and gain interest at the state level to repeal the preemption in Cal. Food and Agric. Code § 11501.1 to provide cities with the authority to regulate pesticides based on individual, local concerns.

¹¹ IT Corp. v. Solano County Bd. Of Supervisors (1991) 1 Cal. 4th 81, fn. 9; Turner v. Chevron USA Inc., 2006 WL 1314013, fn. 14 (unpublished).

¹² http://vcportal.ventura.org/BOS/District2/RaptorPilotStudy.pdf

League of California Cities Staff Analysis on Resolution No. 2

Staff: Erin Evans-Fudem Committee: Environmental Quality

Summary:

This resolution seeks to have the state and the League study the negative impacts of anticoagulant rodenticides and address the inability of cities to regulate the use of rodenticides and pesticides.

Specifically related to anticoagulant rodenticides, the resolution would encourage the state to fund research into the negative impacts and a potential restriction or ban; direct the League to consider creating a task force to study and report on the unintended negative consequences; encourage cities and property owners to eliminate use; and encourage cities to join advocacy efforts. In addition, the resolution would direct the League to endorse repeal of a statute that preempts local regulation of pesticides.

Background:

The City of Malibu is sponsoring this resolution out of concern about the effect of a certain type of rodent control (anticoagulant rodenticides) has on other wildlife. According to the City, anticoagulant rodenticides disrupt the blood clotting process and therefore cause rodents to die from bleeding or hemorrhaging. This rodenticide is commonly used on rats, mice, gophers, and squirrels. Predator animals that eat rodents can be exposed to anticoagulant rodenticides if they consume animals that have eaten the bait. These animals include owls, hawks, bobcats, bears, foxes, coyotes, and mountain lions. Furthermore, pets can also be exposed to anticoagulant rodenticides if they eat the bait or consume animals that have eaten the bait.

Some cities have passed "ceremonial resolutions" locally. For example, the City of Malibu has two ordinances in place to discontinue use of rodenticides and traps in city-owned parks, roads, and facilities, as well as encourage businesses and property owners not to use anticoagulant rodenticides on their property.

Fiscal Impact:

Costs to cities would include using alternative methods of rodent control and studying the efficacy. Since the resolution encourages, but does not mandate action by cities, city costs would be taken on voluntarily.

Fiscal impact to the League would include costs associated with the task force, scientific research, and educating League staff and members. For the task force, the League may incur costs associated with staffing, convening, and educating a task force to study anticoagulant rodenticides, as well as the cost of writing a report. This could include a need for outside experts with knowledge of pesticides and their ecological impacts. League resources would also be utilized to support proposals to repeal the statute preempting local regulation of pesticides; however, this cost may be absorbed with existing staff resources.

Comments:

Pesticides are regulated by federal and state governments. The Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) reserves for the federal government authority over pesticide labeling. States can adopt stricter labeling requirements and can effectively ban sale and use of pesticides that do not meet state health or safety standards. For 51 years, California has reserved regulation of pesticides for the state only, preempting local regulation. This preemption has been ratified and confirmed in subsequent court decisions and legislation. However, County Agricultural Commissioners work to enforce the state laws. Local governments may regulate or restrict pesticide use in their own operations, including use in municipal buildings or parks. The prediction of the state laws are regulated to the state laws.

Broad direction. This resolution would direct the League to take a position allowing broad local discretion over pesticide regulation in general. Because the regulation of anticoagulant rodenticides is largely based in science, additional or outside expertise may be needed to ensure full understanding of the science behind rodent control methods. The resolution itself is not limited to allowing local governments to regulate anticoagulant rodenticides, which this resolution otherwise targets.

Rodent control methods. There are numerous methods of controlling rodents, including lethal traps, live traps, and poison baits. There are two generations of rodenticide poisons because after rodents became resistant to the first generation, the second was developed. The U.S. Environmental Protection Agency (U.S. EPA) provides the following information below related to the science and use of anticoagulant rodenticides:

Most of the rodenticides used today are anticoagulant compounds that interfere with blood clotting and cause death from excessive bleeding. Deaths typically occur between four days and two weeks after rodents begin to feed on the bait.

First-generation anticoagulants include the anticoagulants that were developed as rodenticides before 1970. These compounds are much more toxic when feeding occurs on several successive days rather than on one day only. Chlorpophacinone, diphacinone and warfarin are first-generation anticoagulants that are registered to control rats and mice in the United States.

Second-generation anticoagulants were developed beginning in the 1970s to control rodents that are resistant to first-generation anticoagulants. Second-generation anticoagulants also are more likely than first-generation anticoagulants to be able to kill after a single night's feeding. These compounds kill over a similar course of time but tend to remain in animal tissues longer than do first-generation ones. These properties mean that second-generation products pose greater risks to nontarget species that might feed on bait only once or that might feed upon animals that have eaten the bait. Due to these

¹ California Department of Pesticide Regulation (CDPR), *A Guide to Pesticide Regulation in California: 2017 Update*, pg. 9, https://www.cdpr.ca.gov/docs/pressrls/dprguide/dprguide.pdf.

² California Food and Agriculture Code § 11501.1 (1967).

³ CDPR, *A Guide to Pesticide Regulation in California: 2017 Update*, pg. 9, https://www.cdpr.ca.gov/docs/pressrls/dprguide/dprguide.pdf.

⁴ County Agricultural Commissioners work with CDPR to enforce state laws. CDPR, *A Guide to Pesticide Regulation in California: 2017 Update*, pg. 13, https://www.cdpr.ca.gov/docs/pressrls/dprguide/dprguide.pdf.

risks, second-generation anticoagulant rodenticides no longer are registered for use in products geared toward consumers and are registered only for the commercial pest control and structural pest control markets. Second-generation anticoagulants registered in the United States include brodifacoum, bromadiolone, difenacoum, and difethialone.

Other rodenticides that currently are registered to control mice include bromethalin, cholecalciferol and zinc phosphide. These compounds are not anticoagulants. Each is toxic in other ways.⁵

Legislative attempts to ban. Several legislative measures have been introduced to ban the use of certain anticoagulant rodenticides (AB 1687, Bloom, 2017. AB 2596, Bloom, 2016). However, neither of these measures were heard and failed to pass key legislative deadlines.

Existing League Policy:

The League does not have policy related to pesticides or rodenticides.

Related to federal regulation, League policy states:

• The League supports flexibility for state and local government to enact environmental and other standard or mandates that are stronger than the federal standards. However, the League reserves the right to question or oppose stronger standards on the merits. The League also opposes legislation that prohibits state and local governments from enacting stricter standards.

Support:

The following letters of concurrence were received: William Koehler, Mayor of Agoura Hills; Fred Gaines, Mayor of Calabasas; Brett Lee, Mayor Pro Tem of Davis; Catherine Carlton, Menlo Park City Council Member; Janice Parvin, Mayor of Moorpark; Suza Francina, Ojai City Council Member; Carmen Ramirez, Oxnard City Council Member; Tom Butt, Mayor of Richmond; Lindsey Horvath, West Hollywood City Council Member

⁵ U.S. EPA, Restrictions on Rodenticide Products, https://www.epa.gov/rodenticides/restrictions-rodenticide-products

LETTERS OF CONCURRENCE

Resolution No. 1

Local Municipal Authority, Control and Revenue



Office of the City Council

Sho Tay Mayor

April A. Verlato Mayor Pro Tem

Peter M. Amundson Council Member

Tom Beck Council Member

Roger Chandler Council Member July 10, 2018

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As the Mayor of the City of Arcadia, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that prohibits constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by the state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons, I strongly support this resolution.

Sincerely,

Sho Tay

Mayor, City of Arcadia

CC:

City of Arcadia City Council

Vice Mayor John Mirisch, City of Beverly Hills

240 West Huntington Drive Post Office Box 60021 Arcadia, CA 91066-6021 (626) 574-5403 City Hall (626) 446-5729 Fax www.ArcadiaCA.gov



July 11, 2018

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING
VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As the Mayor of the City of Burbank, on my own behalf, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned on constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by the state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

Emily Gabel-Luddy

Mayor, City of Burbank

cc: Vice Mayor John Mirisch, City of Beverly Hills

Kabel-Luddy

Jennifer Quan, League Regional Public Affairs Manager (via email)

From: Steven Scharf < scharf.steven@gmail.com>

Sent: Sunday, July 08, 2018 8:34 PM

To: Cindy Owens

Subject: Letter of Support for California League of Cities Resolution

Dear Ms. Cowens,

I was forwarded your email requesting support for a resolution in support of "the preparation of a ballot measure and/or state constitutional amendment that would strengthen local authority and preserve the role of local democracy at the local level as the state legislature is continually attempting to override the local authority of cities."

Speaking only for myself, and not on behalf of the City of Cupertino or other Cupertino City Council Members, I hereby give my support for such a measure. You may use my name as a supporter.

Sincerely, Steven Scharf Cupertino City Council Member



City of Duante

1600 Huntington Drive | Duarte, CA 91010 | Bus. 626.357.7931

Fax 626.358.0018 | www.accessduarte.com

July 10, 2018

Mayor John Fasana

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

Mayor Pro Tem Liz Reilly

Councilmembers

Margaret E. Finlay Samuel Kang Tzeitel Paras-Caracci

> City Manager Darrell J. George

2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL, AND REVENUE

Dear Committee:

The City of Duarte supports the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) (Wireless Telecommunications Facilities) or the more recently introduced Senate Bill 827 (Wiener) (Planning and Zoning: Transit-Rich Housing Bonus) that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a State ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned constituents in local jurisdictions from passing a soda tax for twelve years, trumping the will of the people should they wish to support such a measure. However, as a result of the passage of that Assembly Bill, the State ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by the State legislature and powerful interest groups should be prohibited in areas where it is unwarranted, and does not best serve the unique communities that make up the State of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons, the City of Duarte strongly supports this resolution.

Sincerely,

Liz Reilly

Mayor Pro Tem



MAYOR PETER WEISS

July 10, 2018

COUNCIL MEMBERS
JACK FELLER
JEROME KERN
CHARLES "CHUCK" LOWERY
ESTHER SANCHEZ

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE

INCREASING VULNERABILITIES TO LOCAL MUNICIPAL

AUTHORITY, CONTROL AND REVENUE

Dear Committee:

I'm writing on behalf of the City of Oceanside to support the League of California Cities' ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities, or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned constituents in local jurisdictions from passing a soda tax for twelve years, trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by the state legislature and powerful interest groups should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons, I strongly support this resolution.

Sincerely,

Peter Weiss MAYOR

cc: Vice Mayor John Mirisch, City of Beverly Hills





ONTARIO

CALIFORNIA 91764-4105

(909) 395-2000 FAX (909) 395-2070

PAUL S. LEON MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

JIM W. BOWMAN
DEBRA DORST-PORADA
RUBEN VALENCIA
COUNCIL MEMBERS

July 10, 2018

SCOTT OCHOA
CITY MANAGER

SHEILA MAUTZ

JAMES R. MILHISER
TREASURER

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

Re:

2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee Members,

As Mayor pro Tem for the City of Ontario, I support the Annual Conference Resolution proposed by the City of Beverly Hills calling for the League of California Cities to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

In recent years, the state legislature has aggressively ramped up its efforts to wrestle authority away from local government. In the past session alone, we saw egregious and unprecedented attacks on local control with several bills that strike at the heart of local government. These bills, including Senate Bill 649 (Hueso – Wireless Telecommunications Facilities) and Senate Bill 827 (Wiener – Planning and Zoning: Transit-Rich Housing Bonus) show a blatant contempt for the ability of local governments to meet the needs of the local community.

Unfortunately, these bills are likely only the beginning. As such, there is a need for a ballot measure and/or constitutional amendment to clearly enshrine the role of local government in regulating local issues. The passage of the proposed resolution by the City of Beverly Hills recognizes that it is local government, not the state legislature, that best understands the local community and is therefore best-situated to regulate and respond to local issues. For these reasons, I strongly support this resolution.

Sincerely,

Alan D. Wapner

Mayor pro Tem – City of Ontario

cc: Vice Mayor John Mirisch, City of Beverly Hills



Page 455 of 493

July 11, 2018

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

Re: EXPLORING A RESOLUTION TO RESPOND TO INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY

Dear Committee Members:

As one Councilmember of the City of Palo Alto, and in my individual capacity and not on behalf of the Council as a body, or the City, I write to support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills. This resolution asks the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide voters an opportunity to further strengthen local authority and preserve the role of local democracy. If the resolution passes, I encourage the League to ensure any potential measure includes both charter and general law cities.

State legislation introduced in both 2017 and 2018 has continually threatened to erode local control. Whether this was SB 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced SB 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned on constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I support this resolution.

Sincerely,

Lydia Kou

Lydia Kou

Councilmember, City of Palo Alto

CC:

Palo Alto City Council Mayor John Mirisch, City of Beverly Hills James Keene, Palo Alto City Manager

> P.O. Box 10250 Palo Alto, CA 94303 650.329.2477 650.328.3631 fax



 Bill Brand
 415 Diamond Street, P.O. BOX 270
 tel 310 372-1171

 Mayor
 Redondo Beach, California 90277-0270
 ext. 2260

 www.redondo.org
 fax 310 374-2039

July 9, 2018

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES

TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As Mayor of Redondo Beach, I support the League of California Cities Annual Conference Resolution proposed by the City of Beverly Hills calling for the LCC to explore the preparation of a ballot measure and/or constitutional amendment that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the Legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities, or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, The State Legislature is continuing to introduce proposals that impinge on the ability of local governments to institute discretionary legislation that is responsive to the needs of their communities.

These continual incursions into local control by the State Legislature, and powerful special interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the State of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

Bill Brand



809 Center Street, Room 10, Santa Cruz, CA 95060 • (831) 420-5020 • Fax: (831) 420-5011 • citycouncil@cityofsantacruz.com

July 9, 2018

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

RE: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL, AND REVENUE

Dear General Resolutions Committee Members:

As Mayor of the City of Santa Cruz, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the Legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a State ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned constituents of local jurisdictions from passing a soda tax for twelve years, trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the State ballot initiative was pulled from the November 2018 Ballot.

These continual incursions into local control by the State Legislature and powerful interest groups should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the State of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

David Terrazas

Mayor

cc: Vice Mayor John Mirisch, City of Beverly Hills

From: Michael Goldman <miklg@yahoo.com>

Sent: Saturday, July 07, 2018 4:37 PM

To: Cindy Owens

Subject: Letter of Support for California League of Cities Resolution

Dear Ms. Cowens,

I was forwarded your email requesting support for a resolution in support of "the preparation of a ballot measure and/or state constitutional amendment that would strengthen local authority and preserve the role of local democracy at the local level as the state legislature is continually attempting to override the local authority of cities."

Speaking solely on my own behalf, I hereby give my whole-hearted support for such a measure. The essence of democracy is the control by the people of their community. As public servants, we elected officials serve the democratically expressed will of the public.

Sincerely,

Michael S. Goldman

Sunnyvale City Council, Seat 7



CITY OF TORRANCE

PATRICK J. FUREY MAYOR July 5, 2018

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

SUBJECT:

2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND

REVENUE

Dear Committee:

As Mayor of the City of Torrance, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned on constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continually incursions into local control by the state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely

Mayo

cc: Vice Mayor John Mirisch, City of Beverly Hills



CITY OF West Hollywood

CITY HALL 8300 SANTA MONICA BEVD, WEST HOLLYWOOD, CA 90069-6216 TEL; (323) 848-6460 FAX; (323) 848-6562

TTY: For hearing impaired (323) 848-6496

CITY COUNCIL

JOHN J. DURAN Mayor

JOHN D'AMICO Mayor Pro Tempore

> JOHN HEILMAN Councilmember

LINDSEY P. HORVATH Councilmember

LAUREN MEISTER
Councilmember

July 11, 2018

General Resolutions Committee League of California Cities 1400 K Street, Suite 400 Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE

INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY,

CONTROL AND REVENUE

Dear Committee:

As a Councilmember of the City of West Hollywood, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

During the current 2017-2018 regular session of the California Legislature, legislators introduced several pieces of legislation that have attempted to erode local control. Whether this was Senate Bill (SB) 649 (Hueso) Wireless Telecommunications Facilities, or more recently SB 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus, which was defeated in Committee, legislators continue to introduce proposals that impinge on the ability of local governments to self-determine.

Another good example of how the Legislature takes actions that are detrimental to local governments' control is the legislative compromise between the Legislature and beverages' manufacturers who agreed to withdraw their ballot initiative in exchange for the approval of Assembly Bill (AB) 1838 (Committee on Budget): Local government: taxation: prohibition: groceries, (Chapter 61, Statutes of 2016). As you know, AB 1838 basically prohibited the adoption of a local "soda tax" by any municipality for the next twelve years.







General Resolutions Committee League of California Cities July 11, 2018 Page two of two

These incursions into local control by the Legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

Lauren Meister, Councilmember

cc: Vice Mayor John Mirisch, City of Beverly Hills





LETTERS OF CONCURRENCE

Resolution No. 2

Repeal Preemption of Regulating Pesticides



"Gateway to the Santa Monica Mountains National Recreation Area"

July 10, 2018

The Honorable Rich Garbarino League of California Cities 1400 K Street Sacramento, CA 95814

Re: RESOLUTION OF LEAGUE OF CALIFORNIA CITIES DECLARING ITS

CONTRACT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE §11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino:

The City of Agoura Hills supports the proposed above referenced resolution that supports the repeal of preemption in California Food and Agriculture Code §11501.1 that prevents local Governments from regulating pesticides.

Accordingly, we concur in the submission of the resolution for consideration by the League of Cities General Assembly at its annual meeting on September 14, 2018.

As the gateway to the Santa Monica Mountains we have been witness to the harmful effects of anticoagulant rodenticides on wildlife in our community, and surrounding areas.

For this reason, the City of Agoura Hills is supportive of this resolution, and requests the league's support.

Sincerely,

WILLIAM D. KOEHLER Mayor - City of Agoura Hills

cc: Ms. Meg Desmond - mdesmond@cacities.org

Ms. Mary Linden - mlinden@malibucity.org

Mr. Greg Ramirez - gramirez@ci.agoura-hills.ca.us

FRED GAINES Mayor

July 9, 2018

ORIGINAL BY U.S. MAIL

VIA EMAIL mdesmond@cacities.org

The Honorable Rich Garbarino, President League of California Cities 1400 K Street Sacramento, CA 95814

Re: RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE §11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino:

The City of Calabasas supports the proposed resolution to support the repeal of the preemption clause in California Food and Agriculture Code Section 11501.1 regarding pesticide use and regulation so that each city in the State of California is able to decide how to regulate pesticides within their own jurisdiction to adequately address local concerns.

Accordingly, we concur in the submission by the City of Malibu of the above-referenced resolution for consideration by the League of Cities General Assembly at its annual meeting on September 14, 2018.

The City of Calabasas has identified the devastating effect of anticoagulent rodenticides on wildlife in our community and on the ecosystem in our native Santa Monica Mountains. While our City has adopted resolutions and implemented programs to discourage the use of the pesticides by our residents and businesses, we are limited by State law from taking more effective actions.

100 Civic Center Way Calabasas, CA 91302 (818) 224-1600 Fax (818) 225-7324 The Honorable Rich Garbarino, President League of California Cities July 9, 2018 Page 2

The City of Calabasas is in strong support of providing cities across the State of California with the authority to regulate pesticides based on local concerns in the communities and supports the proposed Resolution.

Sincerely,

Fred Gaines

Mayor

cc: Mary Linden (MLinden@malibucity.org)



July 13, 2018

The Honorable Rich Garbarino, President League of California Cities 1400 K Street Sacramento, California 95814

RE: A Resolution of the League of California Cities Declaring Its Commitment to Support the Repeal of Preemption in California Food and Agriculture Code § 11501.1 That Prevents Local Governments from Regulating Pesticides

Dear President Garbarino:

Anticoagulant rodenticides poison unintended targets, including predator wildlife in California and pets that ingest the products. These poisons cause painful, internal hemorrhaging in non-target animals. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. In my official capacity as a city councilmember I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely,

Brett Lee

Mayor Pro Tem

July 5, 2018

The Honorable Rich Garbarino, President League of California Cities 1400 K Street Sacramento, California 95814

RE: RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino,

Anticoagulant rodenticides are products that are poisoning 80% to 90% of predator wildlife in our cities and throughout California. These poisons cause painful, internal hemorrhaging in non-target animals - including pets - that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

My own mother lost a dearly loved pet dog, who was poisoned when it ate a poisoned rat!

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

State law now preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely,

Catherine Carlton

Environmental Committee Vice Chair for the League of California Cities



CITY OF MOORPARK

799 Moorpark Avenue, Moorpark, California 93021 Main City Phone Number (805) 517-6200 | Fax (805) 532-2205 | moorpark@moorparkca.gov

July 12, 2018

The Honorable Rich Garbarino, President League of California Cities 1400 K Street Sacramento, CA 95814

RE: RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino:

The City of Moorpark supports the above referenced resolution being brought to a vote at the upcoming League of California Cities Conference on September 14, 2018.

As a community surrounded by the beauty of the Santa Monica Mountains and its wildlife, the City adopted a resolution in 2013 urging Moorpark residents and businesses to not use anticoagulant rodenticides in Moorpark. In 2014, the City applauded passage of AB 2657, which removed many second generation anticoagulant rodenticides from the state.

However, as we are all unfortunately aware, scientific research continues to find anticoagulant rodenticides in non-target animals, including the natural predators that help regulate rodent populations and endangered species throughout California. Accordingly, the City has supported subsequent legislative proposals to ban all anticoagulant rodenticides statewide, including AB 2422, which is currently stalled in the state legislature.

The City further believes that local governments should have the opportunity to regulate pesticide usage within their jurisdictions if the communities they represent desire to do so. Therefore, the City supports the above referenced resolution being brought to a vote.

Yours truly,

Janice Parvin

Mayor

Resolution of the League of California Cities re: Anticoagulant Rodenticides Page 2

cc: City Council City Manager

Assistant City Manager

Assistant to the City Manager

League of California Cities, Meg Desmond (mdesmond@cacities.org)

City of Malibu, Mary Linden (MLinden@malibucity.org)

Councilmember Suza Francina City of Ojai 401 South Ventura Street, Ojai, CA 93023 Email: Suzaojaicitycouncil@gmail.com

Cell: 805 603 8635

July 9, 2018

The Honorable Rich Garbarino, President League of California Cities 1400 K Street Sacramento, California 95814

RE: A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino,

Anticoagulant rodenticides are products that are poisoning 80 to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals including pets that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. In my official capacity as a city councilmember I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely, Suza Francina Councilmember, City of Ojai July 12, 2018

The Honorable Rich Garbarino, President League of California Cities 1400 K Street Sacramento, California 95814

RE: A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino,

I write as one council member of the City of Oxnard regarding the state law that preempts general law cities such as ours from regulating the use of pesticides. Our city is heavily impacted with environmental burdens associated with pesticide use as well as other industrial toxins, which affect the health of the people, wildlife and our environment. Oxnard residents are requesting that the use of pesticides in our public spaces be curtailed and restricted. This would include anticoagulant rodenticides, products that are poisoning 80 to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals including pets that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. In my official capacity as a city councilmember I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

Letter to President Garbarino July 12, 2018 Page two

Carner Jambe 7

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018. Thank you very much for your attention to this.

Sincerely,

Carmen Ramirez



July 6, 2018

The Honorable Rich Garbarino
President, League of California Cities
1400 K Street
Sacramento, California 95814

Re: In Support to Repeal the Preemption in California Food and Agriculture Code § 11501.1 that Prevents Local Governments from regulating pesticides

Dear President Garbarino,

Anticoagulant rodenticides poison 80% to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals including pets that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides, which has minimized the impact of the State's ban. Despite collecting data for almost four years, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to the partial restriction of the supply.

As a member of the League of California Cities' Environmental Quality Policy Committee, I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely,

Mayor Tom Butt Richmond, California



CITY OF West Hollywood

CITY HALL 8300 SANTA MONICA BLVD. WEST HOLLYWOOD, CA 90069-6216 TEL: (323) 848-6460 FAX: (323) 848-6562

TTY: For hearing impaired (323) 848-6496

CITY COUNCIL

JOHN J. DURAN Mayor

JOHN D'AMICO Mayor Pro Tempore

> JOHN HEILMAN Councilmember

LINDSEY P. HORVATH Councilmember

> Lauren Meister Councilmember

July 13, 2018

RE:

The Honorable Rich Garbarino, President League of California Cities 1400 K Street Sacramento, CA 95814

A Resolution of the League of California Cities Declaring its Commitment to Support the Repeal of Preemption in California Food and Agriculture Code § 11501.1 that Prevents Local Governments from Regulating Pesticides

Dear President Garbarino,

I am writing to express my support for the above-mentioned resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 in order to give cities across California the authority to regulate and/or prohibit the use of pesticides in their local communities. I concur with the submission of the proposed resolution to the League of California Cities General Assembly annual meeting on September 14, 2018.

Granting local governments the ability to self-regulate pesticide use better enables cities to protect the health and safety of the public, animals, and the environment. Given that no two cities are identical, local governments must have the power to take a systematic approach to pesticide use and regulation that fits the specific needs of their city. Repealing this section of the code will provide cities the opportunity to act in the best interest of their jurisdiction to set a standard of regulation that offers comprehensive protection, better formulated to protect a community's individual needs.

The City of West Hollywood is in strong support of environmentally-sensitive pest management practices that minimize risk to people, companion and wild animals, resources, and the environment. As the proposed resolution explains, anticoagulant rodenticides have devastating effects on wildlife. The City of West Hollywood has implemented an Integrated Pest Management Program that supports environmentally-sensitive pest management while protecting the health and safety of the public. This policy is in compliance with the State and Federal regulations while catering to and prioritizing the needs of the City of West Hollywood.

Lindsey Horvath Councilmember

cc: Meg Desmond, League of CA Cities
Councilmember Laura Z. Rosenthal, City of Malibu

Elizabeth Shavelson, Assistant to the City Manager, City of Malibu

Mary Linden, Executive Assistant, City of Malibu





AGENDA REPORT

| To: | Vice Mayor A | Antonio Lopez and | Councilmembers |
|-----|--------------|-------------------|----------------|
|-----|--------------|-------------------|----------------|

From: Mayor Sylvia Ballin

Date: August 6, 2018

Subject: Discussion Regarding City Council Resolution No. 7346 Cancelling Certain Council

Meetings in December and January

RECOMMENDATION:

I have placed this on the agenda for City Council discussion.

BUDGET IMPACT:

There is no impact to the budget by discussing this item. Additional future costs to be determined based on City Council direction.

ATTACHMENT:

A. Resolution No. 7346 (December 7, 2009)

CITY COUNCIL

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1201

WWW.SFCITY.ORG

REVIEW:

Finance Director

☐ Deputy City Manager

☐ City Manager

RESOLUTION NO. 7346

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO, CALIFORNIA AMENDING SECTION 1.1 OF THE PROCEDURAL MANUAL FOR THE CONDUCT OF CITY COUNCIL MEETINGS TO PROVIDE THAT CERTAIN REGULARLY SCHEDULED MEETINGS WILL NO LONGER BE HELD

WHEREAS, the City Council adopted its Procedural Manual for the Conduct of City Council Meetings in the City of San Fernando on July 3, 1995 by Resolution No. 6434, and amended the Council Procedural Manual on March 16, 1998, by Resolution No. 6604, on August 7, 2000 by Resolution No. 6743, on July 21, 2003, by Ordinance No. 1543 and July 20, 2009 by Resolution No. 7328 (as amended, the "Council Procedural Manual"); and

WHEREAS, the Council Procedural Manual sets forth procedures regarding the conduct of City business, including, but not limited to, regular meetings, special meetings, agendas, noticing, decorum, voting, adoption of resolutions and ordinances, minutes and reorganization; and

WHEREAS, the Council Procedural Manual provides when regularly scheduled meetings are held by the City Council of the City of San Fernando, but does not provide for the permanent canceling of meetings during the holidays, often referred to as "going dark" during the holidays; and

WHEREAS, the City Council desires to amend Section 1.1 of the Council Procedural Manual to provide that the City Council will not convene for the last regularly scheduled meeting in December and the first regularly scheduled meeting in January.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO HEREBY FINDS AND RESOLVES AS FOLLOWS:

SECTION 1. The City Council finds that all of the facts set forth in this Resolution are true and correct.

SECTION 2. Section 1.1 of the Council Procedural Manual shall be amended to read as follows:

"1.1 REGULAR MEETINGS:

Regular Meetings of the City Council of the City of San Fernando are held in the City Council Chambers of the City Hall, 117 MacNeil Street, San Fernando, California, on the first and third Mondays of each month at 6:00 p.m. When the day of the regular Council meeting falls on a legal holiday, the meeting will be held at the same hour on the next succeeding day that is not a holiday. The City Council will not convene for the last regularly scheduled meeting in December or the first regularly scheduled meeting in January, unless the City Council, by majority vote of the body, determines that either or both meetings shall be held."

SECTION 3. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Resolution. This Resolution shall take effect and be in full force immediately.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Fernando at a regular meeting held on this 7th day of December 2009.

Steven Veres

MAYOR

ATTEST:

Elena G. Chávez CITY CLERK

APPROVED AS TO FORM:

Michael Estrada

City Attorney

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

CITY OF SAN FERNANDO)

I, ELENA G. CHÁVEZ, City Clerk of the City of San Fernando, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 7th day of December, 2009 and was carried by the following roll call vote:

) SS

AYES:

Veres, M. Hernández, Esqueda, E. Hernández, De La Torre - 5

NOES:

None

ABSENT:

None

ABSTAIN:

None

Elena G. Chávez
CITY CLERK



AGENDA REPORT

To: Vice Mayor Antonio Lopez and Councilmembers

From: Mayor Sylvia Ballin

Date: August 6, 2018

Subject: Discussion Regarding the Formation of an Ad Hoc Committee Pertaining to Social

Media and a Social Media Policy

RECOMMENDATION:

I have placed this on the agenda for City Council discussion and consideration.

BUDGET IMPACT:

There is no impact to the budget by discussing this item. Additional future costs to be determined based on City Council direction.

CITY COUNCIL 117 MACNEIL STREET, SAN FERNANDO, CA 91340 (818) 898-1201 WWW.SFCITY.ORG



AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

Councilmember Robert C. Gonzales From:

Date: August 6, 2018

Subject: Consideration to Appoint a Planning & Preservation Commissioner

RECOMMENDATION:

I recommend that Ivan Gonzalez be appointed as my representative to the Planning & Preservation Commission.

BUDGET IMPACT:

The City pays each Commissioner \$50.00 for each meeting attended. There is typically one meeting scheduled each month for a total of \$600 annually for each Commissioner. Funds are appropriated in the Fiscal Year 2018-2019 Adopted Budget.

ATTACHMENT:

A. Ivan Gonzalez' Application and Bio

117 MACNEIL STREET, SAN FERNANDO, CA 91340 (818) 898-1201 WWW.SFCITY.ORG REVIEW: ☐ Finance Director ☐ Deputy City Manager ☐ City Manager



APPLICATION TO SERVE ON A CITY COMMISSION

Recommended by City Councilmember:

Robert C. Gonzales

This is a public document.

To assist the City Council in evaluating each applicant in the selection of Commission Members, please provide as complete of a response as possible to all questions.

| | P | hone Number: | |
|---|--|--|--|
| Residence Address: | San Fernando | CA | 91340 |
| Street | City | State | Zip Code |
| Mailing Address: (if different than abov | ve) | | |
| (ii aiiio o na ai | Street / P.O.Box | City State | Zip Code |
| Email: | | | |
| business or personal to be used | d for commission activity | | |
| Employer: Webcor Builders | Po | osition: Project E | ingineer |
| 1751 Harbor R | ay Parkway Alamoda (| °A 04502 | |
| Business Address: 1751 Harbor Ba | City State | Zip Code | |
| Business Phone: | · | · | |
| | | V | |
| Are you a registered voter of the (| City of San Fernando? | Yes <u> </u> | |
| Do you own property in the City? | Ves X No II | vas nlaasa list | the address(es) . |
| | | yes, piease list | ine address(es). |
| San Fernando, CA 91 | 340 | | |
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| | | | |
| Do vou own or operate a business | s in San Fernando? | Yes No | x |
| Do you own or operate a business | s in San Fernando? | Yes No _ | X |
| | | | x |
| | | | X |
| | | | X |
| | | | X |
| | nature of the business | : | <u>X</u> |
| If yes, please state the name and i | nature of the business Member Commitment | : | |
| am willing to fulfill all requirements | Member Commitment | including but not | t limited to: |
| f yes, please state the name and i | Member Commitment | including but not | t limited to: |
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| am willing to fulfill all requirements As Planning and Preservation Com a public record, as required by the S | Member Commitment of a City Commissioner, missioner, I am willing to file State and the City's Conflict or | including but not financial disclosure sf Interest Code. | t limited to: statements (Form 700) |
| am willing to fulfill all requirements • As Planning and Preservation Com a public record, as required by the S • I understand that absence from three | Member Commitment of a City Commissioner, missioner, I am willing to file State and the City's Conflict or | including but not financial disclosure sf Interest Code. | t limited to: statements (Form 700) |
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Commission Application Choice(s)

Please indicate which Commission you are interested in:

| What is y | our understanding of the duties as a member of the Education Commission? |
|----------------------|---|
| | |
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| | |
| Parks, V | Vellness, and Recreation Commission (Must be at least 18 years old and a registered voter |
| What is | your understanding of the duties as a member of the Parks, Wellness, and Recreation sion? |
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| Plannin _: | g and Preservation Commission (Must be at least 18 years old and a registered voter of the City |
| | your understanding of the duties as a member of the Planning and Preservation |
| Commiss From m | sion? ny understanding, my duties will consisting of reviewing plans and zoning iss |
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| ansporta | ation and Safety Commission (Must be at least 18 years old and a registered voter of the City) |
| • | ation and Safety Commission (Must be at least 18 years old and a registered voter of the City) |
| | our understanding of the duties as a member of the Transportation and Safety |
| What is y | our understanding of the duties as a member of the Transportation and Safety |

Please attach and submit a brief bio statement to this application.

I received my Bachelors of Science for Construction Management in 2011 from California State University, Chico. After I graduated I then spent the next 4 years working for a major construction company where I worked on many Projects, including the I-405 Sepulveda Pass Widening Project. I have spent the past three working for a General Contractor where I have gained vast experience reading plans and working directly with Clients and City Inspectors.



AGENDA REPORT

To: Mayor Sylvia Ballin and Councilmembers

From: Councilmember Jaime Soto

Date: August 6, 2018

Subject: Discussion Regarding the Ad Hoc Committee Formed to Assess a Possible Los

Angeles City Fire Station in San Fernando

RECOMMENDATION:

I have placed this on the agenda for City Council discussion.

BUDGET IMPACT:

There is no impact to the budget by discussing this item. Additional future costs to be determined based on City Council direction.

(818) 898-1201 WWW.SFCITY.ORG **REVIEW:** ☐ Finance Director ☐ Deputy City Manager ☐ City Manager