

San Fernando City Council Regular Meeting Notice and Agenda March 4, 2019 – 6:00 PM

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

CALL TO ORDER/ROLL CALL

Mayor Joel Fajardo Vice Mayor Sylvia Ballin Councilmember Robert C. Gonzales Councilmember Antonio Lopez Councilmember Hector A. Pacheco

PLEDGE OF ALLEGIANCE

Led by Director of Community Development Timothy Hou

APPROVAL OF AGENDA

PRESENTATIONS

- a) PRESENTATION BY GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT City Liaison Board of Trustee Member Jesse H. Avila
- b) PRESENTATION BY METROLINK PEDESTRIAN SAFETY AND TECHNOLOGY AVAILABLE TO ENHANCE SAFETY AT RAIL/PEDESTRIAN CROSSINGS
 Director of Public Works/City Engineer Yazdan (Yaz) Emrani
- c) INTRODUCTION OF NEW PRINCIPAL AMY TRINIDAD, MISSION CONTINUATION HIGH SCHOOL
 - Los Angeles Unified School District Director of Secondary Schools Michelle Barker

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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. NOVEMBER 21, 2016 SPECIAL MEETING
 - b. FEBRUARY 19, 2019 SPECIAL MEETING
 - c. FEBRUARY 19, 2019 REGULAR MEETING
- 2) CONSIDERATION TO ADOPT A RESOLUTION APPROVING THE WARRANT REGISTER

Recommend that the City Council adopt Resolution No. 19-031 approving the Warrant Register.

3) CONSIDERATION TO APPROVE CO-SPONSORSHIP OF THE CHILDREN'S HOSPITAL LOS ANGELES BLOOD DRIVE WITH THE LOS ANGELES COUNTY PUBLIC DEFENDER'S OFFICE AND THE USE OF THE CITY SEAL



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Recommend that the City Council:

- a. Approve the Co-Sponsorship of the Children's Hospital Los Angeles (CHLA) Blood Drive with the Los Angeles County Public Defender's Office in the City of San Fernando on April 3, 2019;
- b. Authorize the use of Parking Lot 6N (on the corner of Maclay and First Street) to host the event and waive any and all fees;
- c. Approve the use of the City seal on the print material and social media pursuant to City Council Resolution No. 6904; and
- d. Authorize use of the City seal, City Parking Lot 6N, and waive fees for all future CHLA Blood Drive events held in the City, with City Manager approval.

ADMINISTRATIVE REPORTS

4) CONSIDERATION OF DOWNTOWN SAN FERNANDO ECONOMIC DEVELOPMENT AND ASSET ANALYSIS PRESENTATION

Recommend that the City Council:

- a. Receive and file the presentation; and
- b. Provide direction to staff regarding next steps for further implementation or study of economic development strategy.
- 5) PRESENTATION OF FISCAL YEAR (FY) 2017-2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Recommend that the City Council receive and file the presentation for the FY 2017-2018 Comprehensive Annual Financial Report .

6) PRESENTATION OF FISCAL YEAR (FY) 2018-2019 MID-YEAR BUDGET REVIEW AND FY 2019-2020 BUDGET KICKOFF

Recommend that the City Council:

a. Review and discuss the FY 2018-2019 Mid-Year Budget Review and FY 2019-2020 Budget Kickoff; and



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- b. Adopt Resolution No. 7905 amending the City's FY 2018-2019 Budget to include the proposed changes.
- 7) CONSIDERATION TO AWARD A PROFESSIONAL SERVICE AGREEMENT TO URBAN FUTURES, INC. TO DEVELOP COST PROJECTIONS AND RECOMMENDATIONS TO ADDRESS THE CITY'S PENSION AND OTHER POST EMPLOYMENT BENEFIT LIABILITIES

Recommend that the City Council:

- a. Pursuant to the Ad Hoc Committee's recommendation, award a professional services contract to Urban Futures, Inc. (Contract No 1907) to develop cost projections and recommendations to address the City's Pension and Other Post Employment Benefit liabilities;
- b. Dissolve the Ad Hoc Committee; and
- c. Authorize the City Manager to make non-substantive changes and execute the Agreement.
- 8) CONSIDERATION TO RECEIVE AND FILE PROJECT FEASIBILITY STUDY FOR THE GLENOAKS BOULEVARD BRIDGE OVER THE PACOIMA CREEK

Recommend that the City Council:

- a. Receive and file the Project Feasibility Study for Pedestrian Fencing at Glenoaks Boulevard Bridge Over Pacoima Creek Final Report; and
- b. Provide direction to staff regarding preferred Alternative.
- 9) DISCUSSION REGARDING OVERVIEW OF LEGAL AUTHORITY AND OTHER CONSIDERATIONS RELEVANT TO THE IMPLEMENTATION OF A LOCAL MINIMUM WAGE ORDINANCE

This item was placed on the agenda by Vice Mayor Sylvia Ballin.

10) CONSIDERATION TO APPOINT A PLANNING AND PRESERVATION COMMISSIONER

This Item was placed on the agenda by Councilmember Hector A. Pacheco.

11) CONSIDERATION TO APPOINT A PARKS, WELLNESS, AND RECREATION COMMISSIONER

This Item was placed on the agenda by Councilmember Hector A. Pacheco.



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STAFF COMMUNICATION INCLUDING COMMISSION UPDATES

GENERAL COUNCIL COMMENTS

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: February 28, 2019 (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

NOVEMBER 21, 2016 – 5:00 P.M. SPECIAL MEETING

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

CALL TO ORDER/ROLL CALL

Vice Mayor Joel Fajardo called the meeting to order at 5:22 p.m.

Present:

Council: Vice Mayor Joel Fajardo, and Councilmembers Sylvia Ballin and Antonio

Lopez (arrived at 5:22 p.m.)

Staff: City Manager Brian Saeki, City Attorney Rick Olivarez, and City Clerk

Elena G. Chávez

Absent: Mayor Robert C. Gonzales and Councilmember Jaime Soto

PLEDGE OF ALLEGIANCE

Led by Vice Mayor Joel Fajardo

APPROVAL OF AGENDA

Motion by Councilmember Lopez, seconded by Councilmember Ballin, to approve the agenda. By consensus, the motion carried.

PUBLIC STATEMENTS - WRITTEN/ORAL

None

STUDY SESSION

1) STUDY SESSION REGARDING POTENTIAL DEVELOPMENT OF A RENT STABILIZATION AND DISPUTE RESOLUTION ORDINANCE AND PROGRAM

Community Development Director Fred Ramirez presented the staff report and replied to various questions from Councilmembers.

SAN FERNANDO CITY COUNCIL SPECIAL MEETING MINUTES – November 21, 2016 Page 2

Discussion ensued amongst Councilmembers but no action taken.

ADJOURNMENT (6:01 P.M.)

Motion by Councilmember Lopez, seconded by Councilmember Ballin, to adjourn. By consensus, the motion carried.

I do hereby certify that the foregoing is a true and correct copy of the minutes of November 21, 2016 meeting as approved by the San Fernando City Council.

Elena G. Chávez City Clerk



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SAN FERNANDO CITY COUNCIL MINUTES

FEBRUARY 19, 2019 – 5:00 P.M. SPECIAL MEETING

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

CALL TO ORDER/ROLL CALL

Mayor Joel Fajardo called the meeting to order at 5:01 p.m.

Present:

Council: Mayor Joel Fajardo, Vice Mayor Sylvia Ballin, and Councilmembers Robert

C. Gonzales (arrived at 5:10), Antonio Lopez (arrived at 5:19 p.m.), and

Hector A. Pacheco

Staff: Interim City Manager Nick Kimball, Assistant City Attorney Richard

Padilla, and City Clerk Elena G. Chávez

APPROVAL OF AGENDA

Motion by Vice Mayor Ballin, and Councilmember Pacheco, to approve the agenda. By consensus, the motion carried.

PUBLIC STATEMENTS – WRITTEN/ORAL

None

RECESS TO CLOSED SESSION (5:02 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:

Interim City Manager Nick Kimball

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 CITY COUNCIL SPECIAL MEETING MINUTES – February 19, 2019 Page 2

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) PUBLIC EMPLOYEE PERFORMANCE EVALUATION

G.C. §54957

Title of Employee: City Clerk

C) PUBLIC EMPLOYEE APPOINTMENT

G.C. §54957(b)(1)

Title: City Manager/Interim City Manager

D) CONFERENCE WITH LABOR NEGOTIATORS

G.C. §54957.6

City's Designated Negotiators: Rick Olivarez, City Attorney

Richard Padilla, Assistant City Attorney

Unrepresented Employee: City Manager

RECESS (6:07 P.M.)

Recess was called at this time in order to continue with the regular meetings of the Successor Agency and the City Council.

RECONVENE/RECESS (9:35 P.M.)

RECONVENE/REPORT OUT FROM CLOSED SESSION (9:41 P.M.)

Assistant City Attorney Padilla reported the following:

Items A through D – General direction was given, but no final action was taken.

Regarding the latter two items, the direction given at the Special meeting will be addressed in the open session of the Regular meeting.

ADJOURNMENT (9:41 P.M.)

Motion by Vice Mayor Ballin, 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 February 19, 2019, meeting as approved by the San Fernando City Council.

Elena G. Chávez, CMC

City Clerk



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SAN FERNANDO CITY COUNCIL MINUTES

FEBRUARY 19, 2019 – 6:00 P.M. REGULAR MEETING

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

CALL TO ORDER/ROLL CALL

Mayor Joel Fajardo called the meeting to order at 6:09 p.m.

Present:

Council: Mayor Joel Fajardo, Vice Mayor Sylvia Ballin, and Councilmembers Robert

C. Gonzales, Antonio Lopez, and Hector A. Pacheco

Staff: Interim City Manager Nick Kimball, Assistant City Attorney Richard

Padilla, and City Clerk Elena G. Chávez

PLEDGE OF ALLEGIANCE

Led by Student of the Month Melissa Villegas

APPROVAL OF AGENDA

Mayor Fajardo stated that the order of the items would be changed to 9, 7, 5, 6, 4, 10, and 8.

Motion by Mayor Fajardo, seconded by Vice Mayor Ballin, to approve the agenda as amended. By consensus, the motion carried.

PRESENTATIONS

Mayor Fajardo announced that Presentations F and D were postponed to a subsequent meeting.

The following presentations were made:

a) CERTIFICATE OF RECOGNITION – STUDENT OF THE MONTH MELISSA VILLEGAS

b) PRESENTATION REGARDING EXPANDED POLYSTYRENE FOODWARE AND A GREEN CITY CONCEPT

Motion by Mayor Fajardo, seconded by Vice Mayor Ballin to create an Ad Hoc Committee (Ballin and Fajardo) to work with Dr. Rosa Furumoto regarding this issue.

The motion carried with the following vote:

AYES: Pacheco, Fajardo, Lopez, Ballin – 4

NOES: Gonzales – 1

ABSENT: None

- c) PEDESTRIAN FENCING AT GLENOAKS BOULEVARD BRIDGE OVER PACOIMA WASH FEASIBILITY STUDY RESULTS
- d) PRESENTATION BY GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Postponed to a subsequent meeting.

- e) PRESENTATION BY FilmLA VICE PRESIDENT OF OPERATIONS DONNA WASHINGTON
- f) AIR QUALITY UPDATE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Postponed to a subsequent meeting.

PUBLIC STATEMENTS – WRITTEN/ORAL

Christina Bernal talked about current issues and asked that the Council move forward to create a business friendly City.

Orlando Martinez talked about his cannabis license, dispensaries (does not agree with the 1,000 feet distance from schools), and said that comparing alcohol to cannabis is insulting.

Julie Cuellar talked about speeding cars and said that the City needs more traffic officers on the streets.

Mary Mendoza asked that Council not make a hasty decision when selecting a new City Manager, suggested hiring a consultant to search for the best candidate, and agrees with the City Administrator form of government.

Tom Ross, San Fernando Chamber of Commerce, spoke in support of FilmLA and Nick Kimball as City Manager, and said the Chamber is strongly against going back to the City Administrator form of government.

Jon (did not state last name), owner Jon's Towing, said he's been in the business for 21 years and recently opened a fourth location in the City, asked that Council not extend the contract with Black & White Towing because he would like an opportunity to bid, and suggested that the City allow two companies for towing.

City Clerk Chávez read a statement from resident Jesse Avila who stated that three items of concern were the minimum wage ordinance, modification of the administrative structure of the City, and the appointment of a City Manager. These items deserve a broader public discussion and warrant more opportunity for public input.

City Clerk Chávez read a statement from resident Dave Bernal who expressed disappointment that the former City Manager was released. He said we need businesses such as a movie theater, music venue, diverse restaurants, and unique retail options to attract people from other communities, and need tax revenue without inundating the City with apartment buildings.

CITY COUNCIL - LIAISON UPDATES

Councilmember Gonzales talked about the San Fernando Valley Metro Service Council event and said it was interesting to see different concepts and ideas regarding future transportation.

CONSENT CALENDAR

Motion by Councilmember Lopez, seconded by Vice Chair Ballin, to approve the following Consent Calendar Items:

- 1) REQUEST TO APPROVE MINUTES OF:
 - a. FEBRUARY 4, 2019 SPECIAL MEETING
 - b. FEBRUARY 12, 2019 SPECIAL MEETING
- 2) CONSIDERATION TO ADOPT A RESOLUTION APPROVING THE WARRANT REGISTER
- 3) CONSIDERATION TO APPROVE A SECOND AMENDMENT TO THE WILLDAN ENGINEERING PROFESSIONAL SERVICES AGREEMENT FOR THE SAN FERNANDO TRAFFIC SIGNAL IMPROVEMENT PROJECT

By consensus, the motion carried.

RECESS (7:40 P.M.)

Mayor Fajardo called for a brief recess.

<u>RECONVENE (7:49 P.M.)</u>

The following items were moved up on the agenda.

ADMINISTRATIVE REPORTS

9) DISCUSSION AND POSSIBLE ACTION TO MODIFY THE ADMINISTRATIVE STRUCTURE OF THE CITY

Assistant City Attorney Padilla presented the staff report and replied to various questions from Councilmembers.

Discussion ensued amongst Councilmembers and each provided input and comments.

Mayor Fajardo allowed for additional comments from the public.

Michael Remenih asked what was the problem, why are we talking about this, he doesn't see the necessity, and did not think this was a good idea and it should be left as is.

Tom Ross asked why the change in the form of government and believes that the more Council is consumed with day-to-day operations, the less employees will trust that they can do their work without worrying about their jobs and said it's not an environment that makes productive work.

Irwin Rosenberg, representing the Police Officers' Association, spoke against changing back to the City Administrator form of government (or the modified form), they have serious concerns, and said that if the City moves forward with the change, the association will issue a letter of opposition.

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

Discussion ensued amongst Councilmembers and each provided input and comments.

No motion was made; no action taken.

7) DISCUSSION REGARDING SAN FERNANDO CREDIT DOWNGRADE, FINANCIAL STABILITY AND USE OF MEASURE A FUNDS

Interim City Manager Kimball presented the agenda item and replied to various questions from Councilmembers.

Discussion ensued amongst Councilmembers and each provided input and comments.

No motion was made: no action taken.

5) CONSIDERATION TO APPROVE A MEMORANDUM OF UNDERSTANDING WITH THE SAN FERNANDO MANAGEMENT GROUP

Mayor Fajardo made brief comments regarding why he asked that this item be listed as an Administrative Report.

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

- a. Approve a Memorandum of Understanding (Contract No. 1905) between the City of San Fernando and the San Fernando Management Group for a three-year term (July 1, 2018 through June 30, 2021); and
- b. Authorize the City Manager to make non-substantive corrections and execute all related documents.

By consensus, the motion carried.

6) CONSIDERATION TO ADOPT A RESOLUTION AMENDING THE FISCAL YEAR 2018-2019 SALARY SCHEDULE TO INCLUDE THE POLICE RESERVE PROGRAM STIPENDS AND THE NEGOTIATED WAGE ADJUSTMENTS FOR THE SAN FERNANDO MANAGEMENT GROUP

Interim City Manager Kimball gave a brief report and replied to questions from Vice Mayor Ballin.

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

- a. Adopt Resolution No. 7904 amending the Fiscal Year 2018-2019 Salary Schedule to include the Police Reserve Program stipends and the negotiated wage adjustments for certain job classifications in the San Fernando Management Group;
- b. Approve the implementation of the updated and negotiated wages for all applicable employees; and
- c. Authorize the City Manager to make non-substantive corrections and execute all related documents.

By consensus, the motion carried.

4) CONSIDERATION TO APPROVE A FIVE-YEAR EXTENSION TO THE FRANCHISE AGREEMENT WITH BLACK & WHITE TOWING, INC. FOR TOWING AND STORAGE SERVICES

Police Chief Anthony Vairo presented the staff report. Both he and Interim City Manager Kimball replied to various questions from Councilmembers.

Discussion ensued amongst Councilmembers and each provided input and comments.

Motion by Mayor Fajardo to try to leverage a contract extension with Black & White Towing, Inc. between six months or (maximum) through December 31st, prepare a Request for Qualifications (RFQ), reach out to companies that may qualify, and report back to Council with updates.

He added that in the event the City is unable to get a six-month extension, or extension through December 31st, staff look at other companies that would provide the services during the process.

Mayor Fajardo clarified the motion, seconded by Vice Mayor Ballin, that Interim City Manager Kimball to try to obtain a contract extension with Black & White Towing, Inc. between six months or (maximum) through December 31st, to begin the RFQ process, and to look into other aspects of the towing contract that can be broken down to allow for different bids.

The motion carried with the following vote:

AYES: Pacheco, Ballin, Fajardo – 3

NOES: Lopez, Gonzales – 2

ABSENT: None

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

Mayor Fajardo announced this item will be postponed to a later date.

RECESS (9:35 P.M.)

Mayor Fajardo called for a brief recess.

RECONVENE (9:41 P.M.)

10) CONSIDERATION AND POSSIBLE APPROVAL OF CITY MANAGER APPOINTMENT AND APPROVAL OF RELATED EMPLOYMENT AGREEMENT PENDING CLOSED SESSION DISCUSSION AND DELIBERATION

Assistant City Attorney Padilla stated that the City Council agreed to consider a proposed employment contract for Nick Kimball as permanent City Manager. He reported that the salient terms of contract are as follows:

- Base salary is \$185,000;
- City will pay the employee portion of the CalPERS contribution;
- Salary will be adjusted by percentage equal to annual percentage change to the May Consumer Price Index (first increase to take effect July 1, 2020);
- Five-year term;

- Six months' severance; and
- CalPERS adjusted to reflect Mr. Kimball's class CalPERS member status.

Motion by Vice Mayor Ballin, seconded by Mayor Fajardo, to appoint Nick Kimball as City Manager and to approve the terms of employment as set forth in the Employment Agreement, subject to the modifications read into the record.

The motion carried with the following vote:

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

NOES: None ABSENT: None

STAFF COMMUNICATION INCLUDING COMMISSION UPDATES

Police Chief Vairo gave an update regarding new hires and asked if the meeting could me adjourned in the memory of Police Officer Benny Simonzad's son Liam.

Director of Recreation and Community Services Julian Venegas gave an update regarding the department's activities and said they will be hosting a series of meetings to get public input pertaining to park improvements identified in the Park Master Plan.

Director of Community Development Timothy Hou talked about Metro's East San Fernando Valley Transit Corridor Project walk audit for the first/last mile planning project and he reported that the Kosmont consultant will be present their findings and overview regarding the City's economic development.

Director of Public Works/City Engineer Yazdan Emrani gave an update regarding the now filled vacancies in Public Works and about Metropolitan Water District's turf removal program.

GENERAL COUNCIL COMMENTS

Councilmember Gonzales also spoke about Metro's walk audit, agreed there was great participation, and he congratulated Mr. Kimball.

Councilmember Lopez congratulated Nick Kimball and said he will do a great job.

Councilmember Pacheco thanked staff, congratulated Nick Kimball, talked about Metro's walk audit, and said he's looking forward to discussing the agenda items that were postponed to a later date.

Vice Mayor Ballin believes that Mr. Kimball will do a good job and said that the difference (this time around), is that he has the support of a full staff. She talked about her wonderful experience regarding career day at O'Melveny Elementary School.

Mayor Fajardo agreed that the City has a great City Manager and staff, said that he spoke with Mr. Kimball regarding the Parking Improvement Business District (PBID) item and asked that staff reach out to the businesses and property owners, and said that he met with a business associate regarding Republic Services and hopes to find solutions regarding some of the issues.

ADJOURNMENT (10:00 P.M.)

Motion by Ballin, seconded by Councilmember Gonzales, to adjourn the meeting in memory of Liam Simonzad. By consensus the motion carried.

I do hereby certify that the foregoing is a true and correct copy of the minutes of February 19, 2019, meeting as approved by the San Fernando City Council.

Elena G. Chávez, CMC

City Clerk



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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Nick Kimball, City Manager

Date: March 4, 2019

Subject: Consideration to Adopt a Resolution Approving the Warrant Register

RECOMMENDATION:

It is recommended that the City Council adopt Resolution No. 19-031 (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 City Manager 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 City Manager 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. 19-031

FINANCE DEPARTMENT

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-7307

WWW.SFCITY.ORG

ATTACHMENT "A"

RESOLUTION NO. 19-031

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO ALLOWING AND APPROVING FOR PAYMENT DEMANDS PRESENTED ON DEMAND/ WARRANT REGISTER NO. 19-031

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 4th day of March, 2019.

| ATTEST: | Joel Fajardo, Mayor |
|--|--|
| Elena G. Chávez, City Clerk | <u>—</u> |
| 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 4 th day of March, 2019, by the following vote to |
| AYES: | |
| NOES: | |
| ABSENT: | |
| | |
| Elena G. Chávez, City Clerk | |

EXHIBIT "A"

| vchlist | | Voucher List | Page: | 1 |
|------------|-----------|----------------------|-------|---|
| 02/26/2019 | 3:51:28PM | CITY OF SAN FERNANDO | | |

| Bank code : | bank3 | | | | | |
|-------------|----------|---------------------------------------|---------------|-------|---|--------------------------|
| Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 213526 | 3/4/2019 | 891587 ABLE MAILING INC. | 29488 | | MAILING & FULFILLMENT SERVICES-FI | |
| | | | | 11802 | 072-360-0000-4300 | 78.1 |
| | | | 29489 | 11802 | 070-382-0000-4300 WATER ENVELOPE STORAGE-JAN 201 | 78.1 |
| | | | 25405 | | 072-360-0000-4300 | 12.5 |
| | | | | | 070-382-0000-4300 | 12.50 |
| | | | | | Total : | 181.2 |
| 213527 | 3/4/2019 | 100066 ADS ENVIRONMENTAL SERVICES,INC | 22206.52-0119 | | SEVEN (7) ADS D-SITE OVERFLOW MO | |
| | | | | 11720 | 072-360-0000-4260 | 903.00 |
| | | | | | Total: | 903.0 |
| 213528 | 3/4/2019 | 888356 ADVANCED AUTO REPAIR | 1326 | | VEHICLE MAINT., REPAIRS AND BODY | |
| | | | | 11838 | 029-335-0000-4400 | 139.7 |
| | | | | | Total : | 139.7 |
| 213529 | 3/4/2019 | 891969 ADVANCED PURE WATER SOLUTIONS | 36495711-0319 | | DRINKING WATER | |
| | | | | | 001-222-0000-4300 | 101.8 |
| | | | | | Total: | 101.8 |
| 213530 | 3/4/2019 | 890006 AGUIRRE, PETER | TRAVEL | | PER DIEM-POST SBSLI CLASS 418 IN C | |
| | | | | | 001-225-0000-4370 | 165.00 165.0 0 |
| | | | | | Total : | 165.0 |
| 213531 | 3/4/2019 | 888042 ALTEC INDUSTRIES INC. | 11111294 | | UPPER CONTROL HANDLE-PW4609 | |
| | | | | | 041-320-0346-4400 Total : | 289.68 289.6 8 |
| | | | | | Total . | 203.0 |
| 213532 | 3/4/2019 | 893072 AM/PM DOOR INC | 41233-36280 | | REPLACE PARKING METER ROOM ME | == . |
| | | | | 11927 | 043-390-0000-4330 Total : | 1,475.00 |
| | | | | | | 1,475.0 |
| 213533 | 3/4/2019 | 100184 ANDERSON TROPHY CO. | SO-508312 | | BASKETBALL TROPHIES | 4.04= 0 |
| | | | | | 017-420-1328-4300 017-420-1334-4300 | 1,245.3 9.7 |
| | | | | | Total : | 1,255.0 |

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| 213534 | 3/4/2019 | 890411 ARC DOCUMENT SOLUTIONS, LLC | 10006714 | | SIGNS 001-310-0000-4300 Total : | 54.15 54.15 |
| 213535 | 3/4/2019 | 102530 AT & T | 818-270-2203-081-9 | | PD NETWORK LINE-FEB 2019 001-222-0000-4220 Total : | 216.50 216.50 |
| 213536 | 3/4/2019 | 889037 AT&T MOBILITY | 287277903027X0208201 | | MODEM FOR ELECTRIC MESSAGE BO, 001-310-0000-4220 Total : | 138.89 138.89 |
| 213537 | 3/4/2019 | 889942 ATHENS SERVICES | 6249763 | 11839 11839 | STREET SWEEPING SERVICES-FEB 011-311-0000-4260 001-343-0000-4260 Total : | 2,299.39 12,249.91 14,549.30 |
| 213538 | 3/4/2019 | 889913 BALLIN, SYLVIA | ELECTION 2018 | | CANDIDATE STATEMENT OVERPAYMEI 001-3920-0000 Total : | 109.02 109.02 |
| 213539 | 3/4/2019 | 891796 BATTERY SYSTEMS INC | 4801176 | | BATTERIES 043-390-0000-4300 Total : | 153.79 153.79 |
| 213540 | 3/4/2019 | 891484 BERLOC SIGN CO. | 13389 | | DOOR NAME PLATES 070-384-0000-4300 070-383-0301-4300 070-381-0000-4290 072-360-0000-4300 | 116.88 116.88 116.88 116.86 467.50 |
| 213541 | 3/4/2019 | 892014 BERNAL, DAVID | ELECTION 2018 | | CANDIDATE STATEMENT OVERPAYMEI 001-3920-0000 Total : | 109.02 109.02 |
| 213542 | 3/4/2019 | 891301 BERNARDEZ, RENATE Z. | 503 | | INTERPRETATION SRVCS-CC MTG 02/1 001-101-0000-4270 | 250.00 |

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| 213542 | 3/4/2019 | 891301 891301 BERNARDE | Z, RENATE Z. (Continued) | 1 | Total : | 250.0 |
| 213543 | 3/4/2019 | 892013 BERNSTEIN, DIANA | FEB 2019 | | INSTRUCTOR-ALL ABILITIES ART CLAS | |
| | | | | | 017-420-1343-4260 | 200.00 |
| | | | | | Total : | 200.00 |
| 213544 | 3/4/2019 | 892847 B-LINE INVESTIGATIONS, | INC 1030 | | APPLICANT BACKGROUND INVESTIGA | |
| | | | | 11931 | 001-222-0000-4270 | 2,745.00 |
| | | | | | Total : | 2,745.00 |
| 213545 | 3/4/2019 | 888800 BUSINESS CARD | 012319 | | DINNER-CC MTG 01/22/19 | |
| | | | | | 001-101-0000-4300 | 58.10 |
| | | | 012419 | | REPAIRS FOR PKG MTR CART | |
| | | | | | 029-335-0000-4300 | 1,481.26 |
| | | | 012419 | | CHARGED ERRONEOUSLY | |
| | | | | | 029-335-0000-4300 | 1,481.26 |
| | | | 012419 | | CHARGED ERRONEOUSLY | |
| | | | | | 029-335-0000-4300 | 1,481.26 |
| | | | 012419 | | ART CLASS SUPPLIES | |
| | | | | | 017-420-1343-4300 | 6.70 |
| | | | 012819 | | REFUND-CHARGED ERRONEOUSLY | |
| | | | | | 029-335-0000-4300 | -1,481.26 |
| | | | 012819 | | REFUND-CHARGED ERRONEOUSLY | |
| | | | | | 029-335-0000-4300 | -1,481.26 |
| | | | 020119 | | POST BOOSTS | |
| | | | 020519 | | 001-105-0000-4270 | 52.25 |
| | | | 020519 | | DINNER-CC MTG 02/04/19 001-101-0000-4300 | 76.00 |
| | | | 020519 | | LUNCHEON REGISTRATION | 76.00 |
| | | | 020519 | | 001-105-0000-4370 | 60.00 |
| | | | 020619 | | DINNER-CC MTG 02/04/19 | 60.00 |
| | | | 020013 | | 001-101-0000-4300 | 36.57 |
| | | | 020719 | | PROGRAM SUPPLIES | 00.01 |
| | | | 020710 | | 017-420-1327-4300 | 98.67 |
| | | | 020719 | | PROGRAM SUPPLIES | 00.01 |
| | | | 020710 | | 017-420-1327-4300 | 170.3 |
| | | | 020819 | | LODGING-ICA ANNUAL WINTER CONF | 170.0 |

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| 213545 | 3/4/2019 | 888800 BUSINESS CARD | (Continued) | | | |
| | | | | | 001-101-0109-4370 | 286.0 |
| | | | 020819 | | LODGING-ICA ANNUAL WINTER CONF | |
| | | | | | 001-101-0111-4370 | 286.0 |
| | | | 020819 | | PROGRAM SUPPLIES | |
| | | | | | 017-420-1327-4300 | 44.9 |
| | | | 021119 | | MOVIE FOR SENIOR PROG | 00.0 |
| | | | 021319 | | 001-422-0000-4300 AIR FARE-ICSC ANNUAL CONFERENCE | 22.8 |
| | | | 021319 | | 001-150-0000-4370 | 137.9 |
| | | | | | Total : | 2,817.8 |
| | | | | | | |
| 213546 | 3/4/2019 | 888800 BUSINESS CARD | 011219 | | DEPOSIT-TEAM BUILDING WORKSHOF | |
| | | | | | 001-222-0000-4370 | 1,000.0 |
| | | | 012319 | | MEALS-LCW ANNUAL CONFERENCE | 70.0 |
| | | | | 001-222-0000-4370 001-224-0000-4370 | 79.3 79.3 | |
| | | | | | 001-225-0000-4370 | 79.3 |
| | | | 012419 | | LODGING-STC CONFERENCE | 18.5 |
| | | | 012413 | | 001-225-3688-4360 | 715.7 |
| | | | 012919 | | SUPPLIES | |
| | | | | | 001-222-0000-4300 | 274.8 |
| | | | 012919 | | SUPPLIES | |
| | | | | | 001-222-0000-4300 | 270.8 |
| | | | 020419 | | HOLSTER & MAGAZINE POUCH | |
| | | | | | 001-222-0000-4300 | 190.3 |
| | | | | | Total: | 2,689.7 |
| 213547 | 3/4/2019 | 888800 BUSINESS CARD | 020119 | | RGSTR-ANNUAL GFOA CONF | |
| | | | | | 001-130-0000-4370 | 420.0 |
| | | | 020119 | | RGSTR-GOVERNMENT ACCT COURSE | |
| | | | | | 001-130-0000-4360 | 150.0 |
| | | | 021419 | | CERT OF ACHIEVEMENT AWARD-EXCE | |
| | | | | | 001-130-0000-4370 | 435.0 |
| | | | 021519 | | ANNUAL MEMBERSHIP DUES | |
| | | | 004040 | | 001-101-0111-4380 | 100.0 |
| | | | 021819 | | SPRING JAMBOREE SUPPLIES | |

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| 213547 | 3/4/2019 | 888800 BUSINESS CARD | (Continued) | | | |
| | | | 021819 | | 001-424-0000-4300 SPRING JAMBOREE SUPPLIES | 357.15 |
| | | | | | 001-424-0000-4300 | 703.51 |
| | | | | | Total : | 2,165.66 |
| 213548 | 3/4/2019 | 887810 CALGROVE RENTALS, INC. | 98684-1 | | SUBMERSIBLE PUMP RENTAL | |
| | | | | | 070-383-0000-4320 | 50.37 |
| | | | | | Total : | 50.37 |
| 213549 | 3/4/2019 | 892621 CALIFORNIA TRAINING INSTITUTE | 05082019 | | RGSTR-FORCE ENCOUNTER ANALYSI: | |
| | | | | | 001-224-0000-4360 | 350.00 |
| | | | | | Total : | 350.00 |
| 213550 | 3/4/2019 | 892464 CANON FINANCIAL SERVICES, INC | 19772006 | | CANON COPIERS LEASE PAYMENT-FE | |
| | | | | 11827 | 001-135-0000-4260 | 649.93 |
| | | | | | Total : | 649.93 |
| 213551 | 3/4/2019 | 103619 CARL WARREN & CO. | 1867437 | | LEGAL SERVICES | |
| | | | | | 006-190-0000-4800 | 375.00 |
| | | | 1867438 | | LEGAL SERVICES 006-190-0000-4800 | 375.00 |
| | | | | | Total : | 750.00 |
| | | | | | | |
| 213552 | 3/4/2019 | 103029 CITY OF SAN FERNANDO | 1498-1543 | | REIMB TO WORKER'S COMP ACCT 006-1038 | 14,046.94 |
| | | | | | Total : | 14,046.94 |
| | | | | | | , |
| 213553 | 3/4/2019 | 892480 CLEAN ENERGY | 18 | | RETENTION RELEASED-CNG FUEL ST/ 010-2037 | 72.764.77 |
| | | | | | 010-2037 Total : | 72,764.77 |
| | | | | | | , |
| 213554 | 3/4/2019 | 100805 COOPER HARDWARE INC. | 114671 | 44070 | MISCELLANEOUS SUPPLIES | 50.07 |
| | | | 114726 | 11872 | 043-390-0000-4300 MISCELLANEOUS SUPPLIES | 56.97 |
| | | | .17720 | 11872 | 043-390-0000-4300 | 5.03 |
| | | | 114770 | | MISCELLANEOUS SUPPLIES | |
| | | | | 11872 | 043-390-0000-4300 | 37.61 |

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| 213554 | 3/4/2019 | 100805 COOPER HARDWARE INC. | (Continued) 114772 114894 | 11872 11872 | MISCELLANEOUS SUPPLIES 043-390-0000-4300 MISCELLANEOUS SUPPLIES 043-390-0000-4300 | 20.35 35.73 |
| | | | | | Total : | 155.69 |
| 213555 | 3/4/2019 | 892937 CORONA, AIDEE | 01/14/19-03/08/19 | | INSTRUCTOR-CARDIO DANCE & PUMP 017-420-1322-4260 Total : | 240.00 240.0 0 |
| 213556 | 3/4/2019 | 891637 CPRS DISTRICT 14 | 1584 | | REGISTRATION 001-420-0000-4360 Total : | 20.00 20.0 0 |
| 213557 | 3/4/2019 | 891425 DIAZ, MARISOL | REIMB. | | MILEAGE REIMB-WORK RELATED 001-420-0000-4390 Total : | 94.16 94.16 |
| 213558 | 3/4/2019 | 100960 DIEDIKER, VIRGINIA | REIMB. | | REIMB-HOLIDAY TREE LIGHTING SUPF 001-424-0000-4300 Total : | 144.96 144.9 6 |
| 213559 | 3/4/2019 | 890879 EUROFINS EATON ANALYTICAL, INC | L0415063 | 11899 | PROFESSIONAL SERVICES - LAB DRIN 070-384-0000-4260 | 3,699.60 |
| | | | L0419476 L0420297 | 11899 | PROFESSIONAL SERVICES - LAB DRIN 070-384-0000-4260 PROFESSIONAL SERVICES - LAB DRIN | 159.60 |
| | | | L0420299 | 11899 11899 | 070-384-0000-4260 PROFESSIONAL SERVICES - LAB DRIN 070-384-0000-4260 | 159.60 159.60 |
| | | | L0420868 | 11899 | PROFESSIONAL SERVICES - LAB DRIN 070-384-0000-4260 | 159.60 |
| | | | L0421320 L0421528 | 11899 | PROFESSIONAL SERVICES - LAB DRIN 070-384-0000-4260 PROFESSIONAL SERVICES - LAB DRIN | 159.60 |
| | | | | 11899 | 070-384-0000-4260 | 384.60 |

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| 213559 | 3/4/2019 | 890879 EUROFINS EATON ANALYTICAL, INC | (Continued) | | | |
| | | | L0421529 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | 11899 | 070-384-0000-4260 | 534. | |
| | | L0421604 | | PROFESSIONAL SERVICES - LAB DRIN | | |
| | | 11899 070 | 070-384-0000-4260 | 159. | | |
| | | | L0422015 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 159. |
| | | | L0422017 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 72. |
| | | | L0422669 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 48. |
| | | | L0422768 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 159. |
| | | | L0422800 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 225 |
| | | L0423040 | | PROFESSIONAL SERVICES - LAB DRIN | | |
| | | | | 11899 | 070-384-0000-4260 | 159. |
| | | | L0423143 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 159. |
| | | | L0423625 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 531. |
| | | | L0423984 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 159 |
| | | | L0423985 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 159. |
| | | | L0424484 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 159. |
| | | | L0424758 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 223. |
| | | | L0424759 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 159. |
| | | | L0431935 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 164. |
| | | | L0432459 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 36 |
| | | | L0432990 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 164. |

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| 213559 | 3/4/2019 | 890879 EUROFINS EATON ANALYTICAL, INC | (Continued) | | | |
| | | | L0433847 | | PROFESSIONAL SERVICES - LAB DRIN | |
| | | | | 11899 | 070-384-0000-4260 | 164.0 |
| | | | | | Total : | 8,480.8 |
| 213560 | 3/4/2019 | 890897 EVAN BROOKS ASSOCIATES, INC | 18010-7 | | GRANT SERVS FOR HABITAT CONSER' | |
| | | | | 11932 | 001-420-0000-4260 | 3,500.00 |
| | | | | | Total: | 3,500.0 |
| 213561 | 3/4/2019 | 889201 FOOTHILL SOILS, INC | 9715 | | SOIL FOR BASEBALL FIELDS | |
| | | | | | 043-390-0000-4300 | 930.7 |
| | | | | | Total: | 930.7 |
| 213562 | 3/4/2019 | 892198 FRONTIER COMMUNICATIONS | 209-150-5145-010598 | | PAC 50 TO SHERIFFS | |
| | | | | | 001-222-0000-4220 | 559.2 |
| | | | 209-150-5250-081292 | | RADIO REPEATER-POLICE | |
| | | | | | 001-222-0000-4220 | 45.82 |
| | | | 209-151-4941-102990 | | POLICE PAGING | |
| | | | | | 001-222-0000-4220 | 41.70 |
| | | | 209-151-4942-041191 | | CITY YARD AUTO DIALER | |
| | | | | | 070-384-0000-4220 | 54.8 |
| | | | 209-151-4943-081292 | | RADIO REPEATER (POLICE) | |
| | | | | | 001-222-0000-4220 | 45.82 |
| | | | 818-361-0901-051499 | | SEWER FLOW MONITORING | |
| | | | 040 004 0005 040000 | | 072-360-0000-4220 | 50.2 |
| | | | 818-361-2385-012309 | | MTA & CREDIT CARD PHONE LINES 007-440-0441-4220 | 103.5 |
| | | | | | 001-190-0000-4220 | 51.70 |
| | | | 818-361-2472-031415 | | PW PHONE LINE | 51.70 |
| | | | 616-301-2472-031413 | | 070-384-0000-4220 | 496.9 |
| | | | 818-361-3958-091407 | | CNG STATION | 430.30 |
| | | | 010-301-3930-091407 | | 074-320-0000-4220 | 47.5 |
| | | | 818-361-7825-120512 | | HERITAGE PARK IRRIG SYSTEM | 47.5 |
| | | | 010-001-7020-120012 | | 001-420-0000-4220 | 51.70 |
| | | | 818-831-5002-052096 | | POLICE SPECIAL ACTIVITIES PHONE L | 01.7 |
| | | | 5 10-03 1-300Z-032090 | | 001-222-0000-4220 | 53.9 |
| | | | 818-837-7174-052096 | | POLICE SPECIAL ACTIVITIES PHONE L | 55.5 |

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| 213562 | 3/4/2019 | 892198 FRONTIER COMMUNICATIONS | (Continued) | | | |
| | | | | | 001-222-0000-4220 | 33.6 |
| | | | 818-838-1841-112596 | | ENGINEERING FAX MODEM | |
| | | | 818-898-7385-033105 | | 001-310-0000-4220 LP FAX LINE | 25.3 |
| | | | 616-696-7363-033103 | | 001-420-0000-4220 | 28.7 |
| | | | | | Total : | 1,690.9 |
| 13563 | 2/4/2040 | 887249 GALLS, LLC | 011858355 | | NAME PLATE | |
| 213303 | 3/4/2019 | 887249 GALLS, LLC | 011858355 | | 001-222-0000-4300 | 10.9 |
| | | | 011880933 | | UNIFORM BELT | 10.0 |
| | | | | | 001-222-0000-4300 | 22.9 |
| | | | | | Total : | 33.9 |
| 213564 | 3/4/2019 | 889352 GOMEZ, ADRIANA | REPL CK 209634 | | REPL STL DTD CK-COMM STIPEND | |
| | | | | | 001-2140 | 50.0 |
| | | | REPL CK 211795 | | COMMISSIONER'S STIPEND | |
| | | | | | 001-420-0000-4111 | 50.0 |
| | | | | | Total: | 100.0 |
| 13565 | 3/4/2019 | 890982 GONZALES, ROBERT C. | REPL CK 203444 | | REPL STL DTD CK-PER DIEM ICA SEMI | |
| | | | | | 001-2140 | 10.0 |
| | | | REPL CK 210592 | | REPL STL DTD CK-PER DIEM ICA SEMN | 05.0 |
| | | | | | 001-2140 Total: | 85.0 95.0 |
| 10500 | 0/4/0040 | 404070 ODAINOED INO | 0000004400 | | MICC CURRUES FOR RUIL BING FLEO | |
| 13566 | 3/4/2019 | 101376 GRAINGER, INC. | 9038831120 | 11853 | MISC. SUPPLIES FOR BUILDING, ELEC 043-390-0000-4300 | 36.4 |
| | | | 9045800480 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 30.4 |
| | | | | 11853 | 043-390-0000-4300 | 11.5 |
| | | | 9045859411 | | MISC. SUPPLIES FOR BUILDING, ELEC | |
| | | | 0040454000 | 11853 | 043-390-0000-4300 | 20.0 |
| | | | 9046154366 | 11853 | MISC. SUPPLIES FOR BUILDING, ELEC 043-390-0000-4300 | 17.8 |
| | | | 9046199353 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 17.0 |
| | | | | 11853 | 043-390-0000-4300 | 43.1 |
| | | | 9046524097 | | MISC. SUPPLIES FOR BUILDING, ELEC | |

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| 213566 | 3/4/2019 | 101376 GRAINGER, INC. | (Continued) | | | |
| | | | | 11853 | 043-390-0000-4300 | 2.6 |
| | | | 9051179472 | | MISC. SUPPLIES FOR BUILDING, ELEC | |
| | | | | 11853 | 043-390-0000-4300 | 31.5 |
| | | | 9051859107 | | MISC. SUPPLIES FOR BUILDING, ELEC | |
| | | | | 11853 | 043-390-0000-4300 | 24.7 |
| | | | 9052061877 | | MISC. SUPPLIES FOR BUILDING, ELEC | |
| | | | | 11853 | 001-370-0000-4310 | 549.8 |
| | | | 9052764843 | | MISC. SUPPLIES FOR BUILDING, ELEC | |
| | | | | 11853 | 001-370-0000-4310 | 510.1 |
| | | | 9057491731 | | MISC. SUPPLIES FOR BUILDING. ELEC | |
| | | | 0001101101 | 11853 | 043-390-0000-4300 | 137.0 |
| | | | 9057995194 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | |
| | | | 0001000101 | 11853 | 043-390-0000-4300 | 111.8 |
| | | | 9074560252 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | |
| | | | 007.1000202 | 11853 | 043-390-0000-4300 | 837.0 |
| | | | 9078900322 | 11000 | MISC. SUPPLIES FOR BUILDING. ELEC | 007.0 |
| | | | 00.000022 | 11853 | 043-390-0000-4300 | 73.8 |
| | | | 9080186845 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 70.0 |
| | | | 3000100043 | 11853 | 043-390-0000-4300 | 87.2 |
| | | | 9080607733 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 07.2 |
| | | | 3000007733 | 11853 | 043-390-0000-4300 | 82.3 |
| | | | 9084818567 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 02.3 |
| | | | 9004010307 | 11853 | 001-370-0000-4310 | 135.4 |
| | | | 9084911636 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 155.4 |
| | | | 9004911030 | 11853 | 001-370-0000-4310 | 119.5 |
| | | | 9087339140 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 115.5 |
| | | | 9007339140 | 11853 | 001-370-0000-4310 | 765.2 |
| | | | 9087464112 | 11000 | MISC. SUPPLIES FOR BUILDING, ELEC | 703.2 |
| | | | 9007404112 | 11853 | 043-390-0000-4300 | 777.5 |
| | | | 9087464120 | 11003 | | 777.5 |
| | | | 9007404120 | 11853 | MISC. SUPPLIES FOR BUILDING, ELEC 001-370-0000-4310 | 274.9 |
| | | | | 11000 | 001-370-0000-4310 Total : | 4,650.0 |
| | | | | | | ,, |
| 213567 | 3/4/2019 | 101434 GUZMAN, JESUS ALBERTO | JAN 2019 | | MMAP INSTRUCTOR 108-424-3647-4260 | 900.0 |

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| 213567 | 3/4/2019 | 101434 101434 GUZMAN, JESUS ALBERTO | (Continued) | | Total : | 900.00 |
| 213568 | 3/4/2019 | 101428 H & H WHOLESALE PARTS | 1IN0266818 | | FULL SERVICE FOR VEHICLE BATTERI | |
| | | | | 11859 | 041-1215 | 374.14 |
| | | | BST3IN6411 | 11859 | FULL SERVICE FOR VEHICLE BATTERI 041-1215 | 273.25 |
| | | | | 11009 | Total : | 647.39 |
| 213569 | 3/4/2019 | 101672 HANCHETT, NICHOLE | REIMB. | | LUNCH REIMB-EOC TRAINING IN PASA | |
| | | | | | 001-222-0000-4370 | 40.98 |
| | | | | | Total : | 40.98 |
| 213570 | 3/4/2019 | 103690 HD SUPPLY CONSTRUCTION AND | 10010099269 | | SAFETY HARNESS-SVC 13 | |
| | | | | | 001-346-0000-4300 | 108.71 |
| | | | | | Total: | 108.71 |
| 213571 | 3/4/2019 | 890594 HEALTH AND HUMAN RESOURCE | E0199846 | | EAP-MAR 2019 | |
| | | | | | 001-133-0000-4260 | 243.10 |
| | | | | | Total : | 243.10 |
| 213572 | 3/4/2019 | 891570 INNOVATIVE TELECOM. SYSTEMS | 2481 | | NEW TELEPHONE AND PROGRAMMING | |
| | | | | | 001-190-0000-4220 | 306.19 |
| | | | | | Total: | 306.19 |
| 213573 | 3/4/2019 | 892682 IPS GROUP, INC. | 39859 | | SMART METER MGMT & TRANSACTION | |
| | | | | 11862 | 001-190-0000-4300 | 743.89 |
| | | | | | Total: | 743.89 |
| 213574 | 3/4/2019 | 891777 IRRIGATION EXPRESS | 15133021-00 | | IRRIGATION SUPPLIES FOR REPAIRS § | |
| | | | | 11879 | 011-311-7510-4600 | 309.01 |
| | | | 15139005-00 | 11879 | IRRIGATION SUPPLIES FOR REPAIRS { 043-390-0000-4300 | 74.62 |
| | | | 15139079-00 | 110/9 | IRRIGATION SUPPLIES FOR REPAIRS & | 74.02 |
| | | | | 11879 | 043-390-0000-4300 | 148.00 |
| | | | | | Total : | 531.63 |
| 213575 | 3/4/2019 | 887952 J. Z. LAWNMOWER SHOP | 21529 | | SMALL EQUIPMENT REPAIR AND MATE | |
| | | | | 11873 | 043-390-0000-4300 | 42.77 |

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| 213575 | 3/4/2019 | 887952 J. Z. LAWNMOWER SHOP | (Continued) 21530 | 11873 | SMALL EQUIPMENT REPAIR AND MATE 043-390-0000-4300 Total : | 23.96 66.7 5 |
| 213576 | 3/4/2019 | 889680 JIMENEZ LOPEZ, JUAN MANUEL | JAN 2019 | | MMAP INSTRUCTOR 108-424-3647-4260 Total : | 360.00 360.0 0 |
| 213577 | 3/4/2019 | 892833 KIM TURNER, LLC | NONPO | | RGTR-STC TRAINING PROFESSIONAL 001-225-3688-4360 Total : | 400.00 400.0 0 |
| 213578 | 3/4/2019 | 892996 KS STATEBANK | 8 | 11854 11854 | SMART METERS LOAN REPAYMENT 001-190-0000-4405 001-190-0000-4428 Total : | 206.38 1,393.8 1,600.2 |
| 213579 | 3/4/2019 | 101990 L.A. COUNTY METROPOLITAN | 103323 | | MTA TAP CARDS-JAN 2019 007-440-0441-4260 Total : | 1,084.00 1,084.0 0 |
| 213580 | 3/4/2019 | 102007 L.A. COUNTY SHERIFFS DEPT. | 192593BL | | INMATE MEAL SERVICE-JAN 2019 001-225-0000-4350 Total : | 836.60 836.6 0 |
| 213581 | 3/4/2019 | 101971 L.A. MUNICIPAL SERVICES | 004-750-1000 494-750-1000 | | ELECTRIC-13003 BORDEN 070-384-0000-4210 WATER-12900 DRONFIELD | 388.48 |
| | | | 500-750-1000 | | 070-384-0000-4210 ELECTRIC-13655 FOOTHILL 070-384-0000-4210 | 10.52 |
| | | | 594-750-1000 657-750-1000 | | ELECTRIC-12900 DRONFIELD 070-384-0000-4210 ELECTRIC-14060 SAYRE | 4,658.45 |
| | | | 757-750-1000 | | 070-384-0000-4210 WATER-14060 SAYRE | 8,940.4 |

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3/4/2019 892477 LOWES

3/4/2019 102063 MACKAY METERS, INC.

3/4/2019 888468 MAJOR METROPOLITAN SECURITY

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| 213581 | 3/4/2019 | 101971 L.A. MUNICIPAL SERVICES | (Continued) | | 070-384-0000-4210 Total : | 47.37 14,222.43 | | |
| 213582 | 3/4/2019 | 101848 LANGUAGE LINE SERVICES | 4482935 | | TRANSLATION SERVICES 001-222-0000-4260 Total : | 18.80 18.80 | | |
| 213583 | 3/4/2019 | 889421 LOPEZ, ANTONIO G | ELECTION 2018 | | CANDIDATE STATEMENT OVERPAYMEI 001-3920-0000 Total : | 109.02 109.02 | | |
| 213584 | 3/4/2019 | 101974 LOS ANGELES COUNTY | JAN 2019 | 11816 | ANIMAL CARE & CONTROL SERVICES- 001-190-0000-4260 Total : | 8,344.11 8,344.11 | | |

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MAINT SUPPLIES-REC PARK 043-390-0000-4300

029-335-0000-4300

PARKING METER PARTS & EQUIPMEN

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| 213587 | 3/4/2019 | 888468 MAJOR METROPOLITAN SECURITY | (Continued) | | | |
| | | | 1091677 | 11844 | 043-390-0000-4260 ALARM MONITORING AT ALL CITY FACI | 15.00 |
| | | | 1091077 | 11844 | 043-390-0000-4260 | 15.00 |
| | | | 1091678 | | ALARM MONITORING AT ALL CITY FACI | |
| | | | 1091679 | 11844 | 043-390-0000-4260 ALARM MONITORING AT ALL CITY FACI | 15.00 |
| | | | 1091679 | 11844 | 043-390-0000-4260 | 15.00 |
| | | | 1091680 | | ALARM MONITORING AT ALL CITY FACI | |
| | | | 1091681 | 11844 | 043-390-0000-4260 ALARM MONITORING AT ALL CITY FACI | 15.00 |
| | | | 1091001 | 11844 | 070-384-0000-4260 | 23.00 |
| | | | 1091682 | | ALARM MONITORING AT ALL CITY FACI | |
| | | | 1091683 | 11844 | 070-384-0000-4260 ALARM MONITORING AT ALL CITY FACI | 23.00 |
| | | | 1091003 | 11844 | 070-384-0000-4260 | 23.00 |
| | | | 1091684 | | ALARM MONITORING AT ALL CITY FACI | |
| | | | | 11844 | 070-384-0000-4260 Total : | 23.00 267.00 |
| | | | | | | 207.00 |
| 213588 | 3/4/2019 | 888041 MARIN CONSULTING ASSOCIATES | 5910 | | RGSTR-ASSERTIVE SUPERVISION TRA 001-225-0000-4360 | 300.00 |
| | | | | | 001-225-0000-4360 Total : | 300.00 |
| 040500 | 01410040 | COCCEA MODALLA COMPANIV | 00.1075 | | 0101/50 0 140/54110 | |
| 213589 | 3/4/2019 | 888254 MCCALLA COMPANY | 234275 | | GLOVES & WYPALLS 001-222-0000-4300 | 732.05 |
| | | | | | Total: | 732.05 |
| 213590 | 3/4/2019 | 888242 MCI COMM SERVICE | 7DL39365 | | ALARM LINE-1100 PICO | |
| 210000 | 0/4/2010 | 000242 WOI COMM CERVICE | 7.00000 | | 001-420-0000-4220 | 33.36 |
| | | | | | Total : | 33.36 |
| 213591 | 3/4/2019 | 893111 MEJIA PENA, YVONNE | ELECTION 2018 | | CANDIDATE STATEMENT OVERPAYMEI | |
| | | , , | | | 001-3920-0000 | 109.02 |
| | | | | | Total : | 109.02 |
| 213592 | 3/4/2019 | 102177 MENDOZA, SALVADOR | 021119 | | SENIOR DANCE MUSIC | |
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| 213592 | 3/4/2019 | 102177 MENDOZA, SALVADOR | (Continued) | | | |
| | | | | | 004-2380 Total : | 1,100.00 1,100.00 |
| 213593 | 3/4/2019 | 892756 MEYERHOFF, ALEXANDER | REIMB. | | PARKING FEE REIMB-MTGS & WORKSI | |
| | | | | | 001-105-0000-4390 | 18.00 |
| | | | | | Total : | 18.00 |
| 213594 | 3/4/2019 | 892140 MICHAEL BAKER | 1040334 | | CDBG ADMINISTRATIVE & LABOR COM | |
| | | | | 11886 | 026-311-0157-4260 | 1,635.00 |
| | | | | | Total: | 1,635.00 |
| 213595 | 3/4/2019 | 891329 MIKE'S TIRE MAN INC | 0122835 | | TIRES FOR FLEET. | |
| | | | | 11846 | 041-1215 | 1,918.35 |
| | | | | | Total : | 1,918.35 |
| 213596 | 3/4/2019 | 102226 MISSION LINEN SUPPLY | 509222229 | | LAUNDRY | |
| | | | | | 001-225-0000-4350 | 106.29 |
| | | | 509249265 | | LAUNDRY | |
| | | | 509269557 | | 001-225-0000-4350 LAUNDRY | 110.26 |
| | | | 000200001 | | 001-225-0000-4350 | 93.15 |
| | | | 509295679 | | LAUNDRY | |
| | | | | | 001-225-0000-4350 | 118.68 |
| | | | | | Total: | 428.38 |
| 213597 | 3/4/2019 | 892985 NATIONAL READY MIXED | 678113 | | MISC CONCRETE WORK | |
| | | | | 11860 | 001-311-0000-4300 | 1,078.58 |
| | | | | | Total : | 1,078.58 |
| 213598 | 3/4/2019 | 102410 NORTHRIDGE HOSPITAL MEDICAL | 30151060198 | | CATS PROGRAM | |
| | | | | | 001-224-0000-4270 | 1,020.00 |
| | | | 30151060263 | | CATS PROGRAM | 4 000 00 |
| | | | | | 001-224-0000-4270 Total : | 1,020.00 2,040.00 |
| 213599 | 3/4/2019 | 102423 OCCU-MED, INC. | 0219901 | | PRE-EMPLOYMENT PHYSICAL | |
| 2.0000 | J/2010 | 102 120 0000 MED, 1110. | 02.0001 | | 001-133-0000-4260 | 259.00 |

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| 213599 | 3/4/2019 | 102423 OCCU-MED, INC. | (Continued) | | Total : | 259.0 |
| 213600 | 3/4/2019 | 102432 OFFICE DEPOT | 266938145001 | | OFFICE SUPPLIES | |
| | | | 268486109001 | | 043-390-0000-4300 OFFICE SUPPLIES | 24.1 |
| | | | 268520438001 | | 070-383-0000-4300 OFFICE SUPPLIES | 143.1 |
| | | | 270200684001 | | 070-381-0000-4300 OFFICE SUPPLIES | 8.7 |
| | | | 272246208001 | | 001-115-0000-4300 OFFICE SUPPLIES | 62.0 |
| | | | | | 017-420-1399-4300 004-2359 | 105.5 104.5 |
| | | | 274550498001 | | 001-420-0000-4300 OFFICE SUPPLIES | 48.6 |
| | | | 274550499001 | | 004-2359 OFFICE SUPPLIES | 87.7 |
| | | | | | 004-2359 | 94.5 |
| | | | | | Total : | 679.1 |
| 213601 | 3/4/2019 | 890095 O'REILLY AUTOMOTIVE STORES INC | 4605-318547 | | VEHICLE SERVICE MAINT. & REPAIR PA | |
| | | | 4605-318706 | 11847 | 041-320-0390-4400 VEHICLE SERVICE MAINT. & REPAIR P/ | 97.7 |
| | | | 4605-318707 | 11847 | 070-383-0000-4400 VEHICLE SERVICE MAINT. & REPAIR PA | 27.4 |
| | | | | 11847 | 070-384-0000-4400 | 34.3 |
| | | | 4605-319486 | 11847 | VEHICLE SERVICE MAINT. & REPAIR P/ 041-320-0370-4400 | 160.7 |
| | | | 4605-320219 | | VEHICLE SERVICE MAINT. & REPAIR PA | |
| | | | 4605-320220 | 11847 | 041-320-0320-4400 VEHICLE SERVICE MAINT. & REPAIR PA | 87.9 |
| | | | | 11847 | 041-320-0225-4400 | 19.7 |
| | | | | | Total : | 428.2 |
| 213602 | 3/4/2019 | 893109 ORTIZ, YADIRA | 2000397.001 | | ART CLASS REFUND-RECEIPT NO 1018 017-3770-1343 | 45.0 |

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| 213602 | 3/4/2019 | 893109 893109 ORTIZ, YADIRA | (Continued) | | Total : | 45.00 |
| 213603 | 3/4/2019 | 893110 PACHECO, HECTOR | ELECTION 2018 | | CANDIDATE STATEMENT OVERPAYMEI 001-3920-0000 | 109.02 |
| | | | TRAVEL | | PER DIEM-2019 SXSW CONF. 03/08-03/ 001-101-0102-4370 Total : | 175.00 284.02 |
| 213604 | 3/4/2019 | 890004 PACIFIC TELEMANAGEMENT SERVICE | 2012180 | | PD PAY PHONE-MARCH 2019 | 204.02 |
| 213004 | 3/4/2019 | 690004 PACIFIC TELEMANAGEMENT SERVICE | 2012180 | | 001-190-0000-4220 Total : | 62.64 62.64 |
| 213605 | 3/4/2019 | 892360 PARKING COMPANY OF AMERICA | INVM0013441 | | DIAL A RIDE AND TROLLEY SERVICES | |
| | | | | 11834 11834 | 007-440-0442-4260 008-313-0000-4260 Total : | 45,048.35 2,364.45 47,412.80 |
| 213606 | 3/4/2019 | 890324 PEREZ, JUAN | 021819 | | REFEREE & SCORE KEEPER SVS-WIN | |
| | | ,,, | | 11809 | 017-420-1328-4260 Total : | 1,524.50 1,524.50 |
| 213607 | 3/4/2019 | 889545 PEREZ, MARIBEL | REIMB. | | MILEAGE REIMB-CPRS SEMINAR 001-420-0000-4390 | 19.26 |
| | | | | | Total : | 19.26 |
| 213608 | 3/4/2019 | 888651 PIHRA | 54224041 | | (2) YEAR MEMBERSHIP RENEWAL 001-133-0000-4380 | 225.00 |
| | | | | | Total : | 225.00 |
| 213609 | 3/4/2019 | 892957 PIONEER FIRE PROFESSIONALS INC | 362393 | | FIRE EXTINGUISHER SERVICE-WATER 070-384-0000-4330 | 211.43 |
| | | | 362394 | | FIRE EXTINGUISHER MAINT-REC PARk 043-390-0000-4260 | 310.20 |
| | | | 362395 | | FIRE EXTINGUISHER MAINT-ELECTRIC 043-390-0000-4260 | 98.70 |
| | | | 362396 | | FIRE EXTINGUISHER MAINT-LP PARK 043-390-0000-4260 | 197.40 |
| | | | 362397 | | FIRE EXTINGUISHER MAINT-PIONEER | 157.40 |

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| 213609 | 3/4/2019 | 892957 PIONEER FIRE PROFESSIONALS INC | (Continued) | | | |
| | | | | | 043-390-0000-4260 | 56.40 |
| | | | 362398 | | FIRE EXTINGUISHERS SERVICED | |
| | | | 362399 | | 041-320-0000-4260 FIRE EXTINGUISHER MAINT-PW OPS | 380.70 |
| | | | 302399 | | 043-390-0000-4260 | 253.80 |
| | | | 362551 | | FIRE EXTINGUISHER MAINT-CITY HALL | 255.00 |
| | | | 002001 | | 043-390-0000-4260 | 141.00 |
| | | | 362552 | | FIRE EXTINGUISHER MAINT-PD | |
| | | | | | 043-390-0000-4260 | 258.40 |
| | | | | | Total : | 1,908.03 |
| 213610 | 3/4/2019 | 102624 PITNEY BOWES | 1011242982 | | MAINT FOR FOLDING MACHINE | |
| | | | | | 070-382-0000-4300 | 407.25 |
| | | | | | 072-360-0000-4300 | 407.25 |
| | | | | | Total : | 814.50 |
| 213611 | 3/4/2019 | 887646 PLUMBERS DEPOT INC | PD-40894 | | SUPPLIES | |
| | | | | | 072-360-0000-4300 | 703.54 |
| | | | | | Total: | 703.54 |
| 213612 | 3/4/2019 | 19 890947 RAIN FOR RENT | 1303936 | | TRASH PUMP RENTAL | |
| | | | | | 072-360-0000-4250 | 2,328.53 |
| | | | | | Total: | 2,328.53 |
| 213613 | 3/4/2019 | 888921 REGISTRAR-RECORDER/COUNTY CLER | 19-3046 | | NOV 6TH GENERAL ELECTION CANDIC | |
| | | | | | 001-116-0000-4260 | 2,945.88 |
| | | | | | Total: | 2,945.88 |
| 213614 | 3/4/2019 | 892368 REYES, MIGUEL ANGEL | 01/14/19-03/08/19 | | INSTRUCTOR-LIFTING & ENERGY TRA | |
| | | | | | 017-420-1322-4260 | 240.00 |
| | | | | | Total: | 240.00 |
| 213615 | 3/4/2019 | 102855 RIO HONDO REGIONAL | F18-265-ZSFN | | RGSTR-PHYSICAL AGILITY TESTS | |
| 210010 | 0/4/2010 | 102000 NIO HONDO REGIONAL | 1 10 200 201 14 | | 001-222-0000-4270 | 36.80 |
| | | | S19-79-ZSFN | | BASIC POLICE RECRUIT CLASS | 55.00 |
| | | | | | 001-225-0000-4360 | 1,939.75 |

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| 213615 | 3/4/2019 | 102855 102855 RIO HONDO REGIONAL | (Continued) | | Total : | 1,976.55 |
| 213616 | 3/4/2019 | 892036 ROTHSCHILD, DEBORAH | 01/14/19-03/08/19 | | INSTRUCTOR-STRETCH TO THE MUSIC 017-420-1322-4260 | 700.00 |
| | | | | | Total : | 700.00 |
| 213617 | 3/4/2019 | 102988 SAFETY-KLEEN CORP. | 77088530 | | HAZMAT WASTE @ 120 MACNEIL | |
| | | | | | 072-360-0000-4260 Total : | 697.41 697.41 |
| 213618 | 3/4/2019 | 892856 SALAS, JUAN | REIMB. | | TAMALES PURCHASED FOR SENIOR D | 001.11 |
| 213010 | 3/4/2019 | 092000 GALAS, JUAN | KEIMD. | | 004-2380 | 450.00 |
| | | | REIMB. | | VOLUNTEER PRIZES FOR SENIOR DAN 004-2380 | 141.90 |
| | | | | | Total : | 591.90 |
| 213619 | 3/4/2019 | 103045 SAN FER. MALL DOWNTOWN ASSOC. | NONPO | | PBID CONSULTING SERVICES | |
| | | | | | 001-2260 | 5,000.00 |
| | | | | | Total: | 5,000.00 |
| 213620 | 3/4/2019 | 892168 SBSD-EVOC TRAINING CENTER | EVC53850 | | EVOC UPDATE COURSE 001-225-0000-4360 | 185.00 |
| | | | | | Total : | 185.00 |
| 213621 | 3/4/2019 | 890244 SERRATO & ASSOCIATES INC | NONPO | | RGTR-STC COMPLIANCE TRAINING | |
| | | | | | 001-225-3688-4360 Total : | 375.00 375.0 0 |
| 213622 | 3/4/2019 | 890244 SERRATO & ASSOCIATES INC | NONPO-1 | | RGTR-STC COMPLIANCE TRAINING | 070.00 |
| 213022 | 3/4/2019 | 690244 SERRATO & ASSOCIATES INC | NONPO-1 | | 001-225-3688-4360 | 150.00 |
| | | | | | Total: | 150.00 |
| 213623 | 3/4/2019 | 103184 SMART & FINAL | 15604 | | ENP COFFEE SUPPLIES | |
| | | | 35329 | | 004-2346 SUPPLIES-SENIOR DANCE | 24.56 |
| | | | | | 004-2380 | 144.81 |
| | | | 38614 | | SUPPLIES-SENIOR DANCE 004-2380 | 46.55 |
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| 213623 3/4/2019 103184 SMART & FINAL (Continued) 39490 SUPPLIES-SENIOR MATINEE 004-2346 TREE LIGHTING SUPPLIES 001-424-0000-4300 Total : | Bank code : | bank3 | | | | | |
|--|-------------|----------|---|----------------|---------------|--------------------------------|----------|
| 39490 SUPPLIES-SENIOR MATINEE 004-2346 TREE LIGHTING SUPPLIES 001-4224-0000-4300 O14-2346 O04-2346 SUPPLIES-SENIOR ART PROGRAM 004-2346 SUPPLIES-SENIOR DANCE 004-2380 O04-2380 O04-238 | Voucher | Date | Vendor | Invoice | PO # | Description/Account | Amoun |
| 24253 A42010 A4314 A43 | 213623 | 3/4/2019 | 103184 SMART & FINAL | (Continued) | | | |
| | | | | 39490 | | | |
| 14314 14314 10014-240000-4300 10014-240000-4300 10014-240000-4306 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-2380 10014-23800 10014-238000-4390 10014-3390-0000-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014-3390-4370 10014 | | | | | | | 28.94 |
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| Total | | | | 59819 | | | |
| 213624 3/4/2019 103218 SOLIS, MARGARITA 39-45 PETTY CASH REIMB 001-133-0000-4390 001-130-0000-4370 001-225-0000-4350 001-3390-0000-4300 Total : | | | | | | | 151.83 |
| 101-133-0000-4390 | | | | | | Total: | 461.55 |
| 101-130-0000-4370 001-225-0000-4350 001-225-0000-4350 001-225-0000-4350 001-225-0000-4350 001-225-0000-4350 001-235-0000-4300 Total : | 213624 | 3/4/2019 | 103218 SOLIS, MARGARITA | 39-45 | | PETTY CASH REIMB | |
| 101-225-0000-4350 001-3290-0000-4300 Total : | | | | | | 001-133-0000-4390 | 115.81 |
| 1982 | | | | | | 001-130-0000-4370 | 13.00 |
| Total: 213625 3/4/2019 891809 SOTO, JAIME 213626 3/4/2019 103202 SOUTHERN CALIFORNIA EDISON CO. 2-39-717-6769 213627 3/4/2019 103206 SOUTHERN CALIFORNIA GAS CO. 176-827-9776-0 213628 3/4/2019 890834 SPARKLING IMAGE CORP 84794 CAR WASHES-JAN 2019 001-222-0000-4320 Total: | | | | | | 001-225-0000-4350 | 6.79 |
| 213625 3/4/2019 891809 SOTO, JAIME ELECTION 2018 CANDIDATE STATEMENT OVERPAYMEI 001-3920-0000 Total : 213626 3/4/2019 103202 SOUTHERN CALIFORNIA EDISON CO. 2-39-717-6769 ELECTRIC-801 EIGHTH 043-390-0000-4210 Total : 213627 3/4/2019 103206 SOUTHERN CALIFORNIA GAS CO. 176-827-9776-0 NATURAL GAS FOR CNG STATION 704-320-0000-4402 3 Total : 3 213628 3/4/2019 890834 SPARKLING IMAGE CORP 84794 CAR WASHES-JAN 2019 001-222-0000-4320 Total : | | | | | | 043-390-0000-4300 | 14.81 |
| 213626 3/4/2019 103202 SOUTHERN CALIFORNIA EDISON CO. 2-39-717-6769 ELECTRIC-801 EIGHTH 043-390-0000-4210 Total : | | | | | | Total: | 150.41 |
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| 213629 3/4/2019 100532 STATE OF CALIFORNIA, DEPARTMENT OF JUL 354766 FINGERPRINTS-JAN 2019 | 213629 | 3/4/2019 | 100532 STATE OF CALIFORNIA, DEPARTMENT OF | JU! 354766 | | FINGERPRINTS-JAN 2019 | |
| 001-420-0000-4260 | | | , | | | 001-420-0000-4260 | 64.00 |
| Total: | | | | | | | 64.00 |

Voucher List

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| 213630 | 3/4/2019 | 103090 SUSAN SAXE-CLIFFORD, PH.D. | 19-0212-5 | | PROFESSIONAL SERVICES 001-222-0000-4260 Total : | 450.00 450.0 0 |
| 213631 | 3/4/2019 | 888621 SWRCB | LW-1019963 | | WATER SYSTEM FEES 07/01/18-06/30/1 070-381-0000-4450 | 20,260.00 20,260.0 0 |
| 213632 | 3/4/2019 | 888946 TEKWERKS | 23011 | 11804 | WEBSITE HOSTING & MAINT-MAR 2019 001-135-0000-4260 Total : | 800.00 800.0 0 |
| 213633 | 3/4/2019 | 103205 THE GAS COMPANY | 042-320-6900-7 | | GAS-910 FIRST 043-390-0000-4210 | 125.49 |
| | | | 084-220-3249-3 | | GAS-505 S HUNTINGTON 043-390-0000-4210 | 358.5 |
| | | | 088-520-6400-8 090-620-6400-2 | | GAS-117 N MACNEIL 043-390-0000-4210 GAS-120 MACNEIL | 299.0 |
| | | | | | 070-381-0000-4210 072-360-0000-4210 043-390-0000-4210 | 61.1: 61.1: 122.2: |
| | | | 143-287-8131-6 | | GAS-208 PARK 043-390-0000-4210 Total : | 385.89 1,413.4 9 |
| 213634 | 3/4/2019 | 101528 THE HOME DEPOT CRC, ACCT#603532 | 202490 1077865 | | SUPPLIES 043-390-0000-4300 | 26.99 |
| | | | 1077866 4011691 | | MATL'S FOR REPAIRS 043-390-0000-4300 SMALL TOOLS | 32.00 |
| | | | 5077238 | | 070-384-0000-4300 SUPPLIES | 164.90 |
| | | | 6011454 | | 070-384-0000-4320 MAT'LS FOR SIDEWALK REPAIRS 070-383-0301-4300 | 38.40 |
| | | | 63118 | | MATL'S FOR REPAIR | 20.00 |
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| 213634 | 3/4/2019 | 101528 THE HOME DEPOT CRC, ACCT#6035322 | 02490 (Continued) | | | |
| | | | | | 043-390-0000-4300 | 92.7 |
| | | | 7011270 | | MISC SUPPLIES | |
| | | | 7063674 | | 070-383-0301-4300 MATL'S FOR MAINT-PIONEER PARK | 357.1 |
| | | | 7003074 | | 043-390-0000-4300 | 163.7 |
| | | | | | Total: | 906.3 |
| 213635 | 3/4/2019 | 890833 THOMSON REUTERS | 839691684 | | DET INVESTIGATION TOOLS-JAN 2019 | |
| 213033 | 3/4/2013 | 030033 THOMSON REDTERS | 039091004 | | 001-135-0000-4260 | 192.1 |
| | | | | | Total : | 192.1 |
| | | | | | | |
| 213636 | 3/4/2019 | 103903 TIME WARNER CABLE | 0196309021319 | | INTERNET SERVICES-02/23-03/22 001-190-0000-4220 | 1,299.0 |
| | | | 10369021019 | | CABLE-PD 02/18-03/17 | 1,299.0 |
| | | | 10000021010 | | 001-222-0000-4260 | 231.5 |
| | | | 28882020519 | | CABLE-LP PARK 02/13/19-03/12/19 | |
| | | | | | 001-420-0000-4260 | 185.6 |
| | | | | | Total: | 1,716.1 |
| 213637 | 3/4/2019 | 103413 TRANS UNION LLC | 01905646 | | CREDIT CHECKS | |
| | | | | | 001-222-0000-4260 | 70.0 |
| | | | | | Total: | 70.0 |
| 213638 | 3/4/2019 | 103463 U.S. POSTMASTER | FEB 2019 | | POSTAGE-FEB WATER BILLS | |
| | | | | | 072-360-0000-4300 | 533.5 |
| | | | | | 070-382-0000-4300 | 533.5 |
| | | | | | Total : | 1,067.1 |
| 213639 | 3/4/2019 | 888241 UNITED SITE SERVICES OF CAINC | 114-7954943 | | PORTABLE TOILET RENTAL AT CITY FA | |
| | | | | 11896 | 043-390-0000-4260 | 191.3 |
| | | | | | Total: | 191.3 |
| 213640 | 3/4/2019 | 103510 V & V MANUFACTURING, INC. | 47709 | | (3) BADGES & ID CASES | |
| | | , | **** | | 001-222-0000-4300 | 402.7 |
| | | | 47848-REVISED | | (2) CAPTAIN BADGES | |
| | | | | | 001-222-0000-4300 | 243.7 |

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| 3/4/2019 | 103510 | (Continued) | | Total: | 646.49 |
| 3/4/2019 | 103534 VALLEY LOCKSMITH | 5805 | | LOCKSMITH SERVICES FOR ALL FACIL | |
| | | | 11865 | 070-383-0000-4310 | 79.75 |
| | | | | Total: | 79.75 |
| 3/4/2019 | 889644 VERIZON BUSINESS | 7176962 | | CITY HALL LONG DISTANCE | |
| | | | | 001-190-0000-4220 | 50.54 |
| | | 7176963 | | CITY YARD LONG DISTANCE | |
| | | | | 070-384-0000-4220 | 15.17 |
| | | 7176964 | | CITY HALL LONG DISTANCE & INTRAL ⁴ | |
| | | | | | 25.56 |
| | | 7176965 | | | |
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| | | /1//512 | | | 5.15 |
| | | 7177500 | | | 5.10 |
| | | 1111323 | | | 70.36 |
| | | | | Total : | 307.25 |
| 3/4/2019 | 100101 VERIZON WIRELESS-LA | 9823863399 | | VARIOUS CELL PHONE PLANS | |
| | | | | 001-105-0000-4220 | 109.44 |
| | | | | 072-360-0000-4220 | 61.08 |
| | | | | 001-101-0111-4220 | 61.08 |
| | | | | 001-101-0103-4220 | 54.09 |
| | | | | 001-101-0102-4220 | -45.91 |
| | | | | Total : | 239.78 |
| 3/4/2019 | 103579 VICA | 12314 | | 2019 MEMBERSHIP DUES | |
| | | | | 001-190-0000-4260 | 660.00 |
| | | | | Total : | 660.00 |
| 3/4/2019 | 103620 WARREN, DALE | REIMB. | | SAFETY WORK BOOTS | |
| | 3/4/2019 3/4/2019 | 3/4/2019 889644 VERIZON BUSINESS 3/4/2019 100101 VERIZON WIRELESS-LA 3/4/2019 103579 VICA | 3/4/2019 889644 VERIZON BUSINESS 7176962 7176963 7176964 7176965 7176967 7177512 7177523 3/4/2019 100101 VERIZON WIRELESS-LA 9823863399 | 3/4/2019 889644 VERIZON BUSINESS 7176962 7176963 7176964 7176965 7176967 7177512 7177523 3/4/2019 100101 VERIZON WIRELESS-LA 9823863399 | 11865 070-383-0000-4310 Total : 1865 070-383-0000-4310 Total : 1865 070-383-0000-4310 Total : 1865 070-383-0000-4220 070-383-00000-4220 070-383-00000-4200 070-383-00000-4200 070-383-00000-4200 070-383-0 |

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| 213645 | 3/4/2019 | 103620 WARREN, DALE | (Continued) | | | |
| | | | | | 072-360-0000-4300 | 132.00 |
| | | | | | Total : | 132.00 |
| 213646 | 3/4/2019 | 889138 WIEDER, CAROL | 021919 | | INTERPRETATION SRVCS-CC MTG 02/1 | |
| | | | | | 001-101-0000-4270 | 250.00 |
| | | | | | Total : | 250.00 |
| 213647 | 3/4/2019 | 891531 WILLDAN ENGINEERING | 00328784 | | PROVIDE GRANT ADMINISTRATION SE | |
| | | | | 11599 | 008-311-6676-4600 | 96.00 |
| | | | 003-28821 | | GENERAL ENGINEERING SERVICES | |
| | | | | 11812 | 001-310-0000-4270 | 2,080.00 |
| | | | | | Total : | 2,176.00 |
| 213648 | 3/4/2019 | 892023 WINDSTREAM | 70933309 | | PHONE SERVICES-01/18/19-02/17-19 | |
| | | | | | 001-222-0000-4220 | 660.40 |
| | | | | | 001-420-0000-4220 | 960.78 |
| | | | | | 070-384-0000-4220 | 518.47 |
| | | | | | 001-190-0000-4220 | 1,771.20 |
| | | | 71026266 | | PHONE SERVICES-02/18/19-03/17/19 | |
| | | | | | 001-222-0000-4220 | 662.20 |
| | | | | | 001-420-0000-4220 | 520.61 |
| | | | | | 070-384-0000-4220 | 529.89 |
| | | | | | 001-190-0000-4220 | 1,697.41 444.20 |
| | | | | | 001-420-0000-4220 Total : | 7,765.16 |
| 123 | Vouchers fo | or bank code : bank3 | | | Bank total : | 296,455.96 |
| 123 | Vouchers in | this report | | | Total vouchers : | 296,455.96 |

Voucher Registers are not final until approved by Council.

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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Nick Kimball, City Manager

By: Julian J. Venegas, Director of Recreation and Community Services

Virginia Diediker, Cultural Arts Supervisor

Date: March 4, 2019

Subject: Consideration to Approve Co-Sponsorship of the Children's Hospital Los Angeles

Blood Drive with the Los Angeles County Public Defender's Office and the use of

the City Seal

RECOMMENDATION:

It is recommended that the City Council:

- a. Approve the Co-Sponsorship of the Children's Hospital Los Angeles (CHLA) Blood Drive with the Los Angeles County Public Defender's Office in the City of San Fernando on April 3, 2019;
- b. Authorize the use of Parking Lot 6N (on the corner of Maclay and First Street) to host the event and waive any and all fees;
- c. Approve the use of the City seal on the print material and social media pursuant to City Council Resolution No. 6904 (Attachment "A"); and
- d. Authorize use of the City seal, City Parking Lot 6N, and waive fees for all future CHLA Blood Drive events held in the City, with City Manager approval.

BACKGROUND:

Traditionally, CHLA is always in need of blood donations. The young patients need
approximately 2,000 units of blood and blood components each month as part of the
lifesaving care provided by CHLA. To provide these units, the hospital needs to collect blood
from approximately 800 blood donors per month. Nearly 90 percent of the blood transfused
at CHLA comes from the donor center. Rarely is enough blood donated to cover patient use.

RECREATION AND COMMUNITY SERVICES DEPARTMENT 208 PARK AVENUE, SAN FERNANDO, CA 91340 (818) 898-1290 WWW.SFCITY.ORG

Consideration to Approve Co-Sponsorship of the Children's Hospital Los Angeles Blood Drive and the Use of the City Seal

Page 2 of 3

- 2. On May 24, 2018, CHLA held a very successful Blood Drive at Parking Lot 6N in the City of San Fernando; this event was hosted by the City.
- 3. The Los Angeles County Public Defender's Office has requested the use of Parking Lot 6N to host another CHLA Blood Drive on April 3, 2019.

ANALYSIS:

There is always a child who needs an individual's blood type at CHLA. Type O individuals are considered "universal donors" and as a result, there is a great need for O donors. O-Negative blood is used in emergency situations, and is especially useful for transfusions for infants. CHLA has one of the largest and most successful Neonatal Intensive and Critical Care Units, making their needs great. Platelets, the blood component necessary for clotting, are the most used component at the hospital for children undergoing bone marrow transplant therapy or chemotherapy.

The resources provided by the event sponsors would be as follows:

- Provide the Mobile Blood Bus and staff for the event;
- Develop flyer and submit for approval (Attachment "B"); and
- Provide Insurance to meet City of San Fernando requirements.

As the host, the City will provide the following:

- Secure the 6N Parking Lot as the venue to park the Mobile Blood vehicle; and
- Authorize use of the City seal to be added on print material and social media for the event using a flyer template created by CHLA.

BUDGET IMPACT:

There will be minimal direct staff cost associated with this event. The Public Works Department will drop off needed barricades to close the first lane of Parking Lot 6N. The event will utilize the staff from CHLA and the Los Angeles County Public Defender's Office.

CONCLUSION:

Staff is requesting that the City Council approve the event to be hosted in Parking Lot 6N, authorize the use of the City seal and waive any and all fees for the event. The Blood Drive will benefit the young patients in need of blood donations at CHLA. Therefore, staff is also

Consideration to Approve Co-Sponsorship of the Children's Hospital Los Angeles Blood Drive and the Use of the City Seal

Page 3 of 3

requesting City Council approve the use of the City seal and use of Parking Lot 6N in the City for all future CHLA branded events in the City, with City Manager approval.

ATTACHMENTS:

- A. Resolution No. 6904
- B. Sample flyer

RESOLUTION NO. 6904

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO, AMENDING THE STANDARD MANAGEMENT PROCEDURE REGARDING USE OF CITY SEAL

WHEREAS, the City Council adopted a standard management procedure for the use of the City seal on August 3, 1987.

WHEREAS, the City Council desires to revise the procedure to limit the use of the City seal, as provided in this resolution.

WHEREAS, it shall be City policy that the City seal, as described in Municipal Code Section 1-13, shall only be used as provided in this policy. The purpose of this policy is to:

- A. Ensure that the City seal is not used for inappropriate events and affairs.
- B. Control use of the City seal so as to prevent unauthorized use, which could imply City participation, support, or sponsorship in commercial, political, or non-City events.

THE CITY COUNCIL OF THE CITY OF SAN FERNANDO HEREBY FINDS AND RESOLVES:

The City has designated an official seal, which serves to identify City involvement in some manner. Typically, the seal is used on City stationary, City vehicles, brochures and other information. It is important that some guidelines be followed so that the seal be used in an appropriate manner. Therefore, the following guidelines shall be followed pertaining to the City seal:

- The City seal may be used on all City related literature, material, vehicles, etc., and for City sponsored or co-sponsored functions and events.
- The City seal may be used on t-shirts, hats, calendars and other like material when sponsored by the City upon approval of the City Administrator.
- 3. The City seal may not be used by organizations other than the City without prior approval of a majority of the City Council.
- 4. The City seal may not be used for political or commercial purposes.
- In cases where it is unclear whether a proposed use of the seal is appropriate, three members of the City Council must approve the use as a scheduled item on a City Council agenda.

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PASSED, APPROVED and ADOPTED this 5th day of May, 2003.

ATTEST:

Una H Unavez 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 duly adopted by the City Council of the City of San Fernando and signed by the Mayor of the City of San Fernando at a regular meeting held on the 5th day of May, 2003; and that the same was passed by the following vote:

AYES:

Hernández, De La Torre, Veres, Ruelas, Martinez - 5

NOES:

None

ABSENT:

None







DONOR REQUIREMENTS

- Must be at least 17 years of age and weigh 120 pounds
- 18 years and older must weigh 110 pounds or more
- Must provide valid photo ID (driver's license preferred)
- Should be well-hydrated

Every month, Children's Hospital
Los Angeles needs to collect 2,000 units
of blood products to meet the needs of its
patients. Please join us at our upcoming
blood drive and help with this very important
cause. Each donation can help two children
in need, and you can double your efforts
by bringing a friend!

| Date | Wednesday, | April | 3 rd , | 2019 |) |
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| Juio | | | | | |

9:00AM - 3:00PM

Parking Lot (1ST and Maclay)

Location _____ 950 1st St, San Fernando CA, 91340

To schedule your appointment:



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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Nick Kimball, City Manager

By: Timothy T. Hou, Director of Community Development

Date: March 4, 2019

Subject: Consideration of Downtown San Fernando Economic Development and Asset

Analysis Presentation

RECOMMENDATION:

It is recommended that the City Council:

a. Receive and file the presentation; and

b. Provide direction to staff regarding next steps for further implementation or study of economic development strategy.

BACKGROUND:

- On July 2, 2018, staff distributed a Request for Qualifications to solicit professional economic development consulting services to support real estate negotiations. The work would advance the City Council approved City-Wide Strategic Goal No. 5 for Fiscal Year 2018-2019: "Pursue economic development opportunities to bolster the City's revenue and enhance the City of San Fernando's profile."
- 2. On July 16, 2018, staff received four submissions of qualifications from consulting firms and on August 7, 2018, staff conducted two shortlist interviews.
- 3. On September 17, 2018, the City Council approved a Professional Services Agreement with Kosmont & Associates, Inc., dba Kosmont Companies ("Kosmont Companies") in an amount not-to-exceed \$30,000 to provide real estate advisory services (Contract No. 1895).
- 4. Kosmont Companies is a certified Minority Business Enterprise (MBE) and Small Business Enterprise (SBE) as well as a full service municipal advisory firm that focuses on economic development, real estate and public finance. The company was founded in 1986 and has assisted hundreds of public agencies, the majority of them in Southern California, develop

COMMUNITY DEVELOPMENT DEPARTMENT

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1227

WWW.SFCITY.ORG

Consideration of Downtown San Fernando Economic Development and Asset Analysis Presentation Page 2 of 3

successful economic development projects. Ken K. Hira, President, and Tom Jirovsky, Sr. Consultant, would serve as co-project managers on behalf of Kosmont Companies.

5. Work commenced in September 2018 and the scope included a review of City real estate assets, analysis of methods for soliciting new development, and would culminate in an informational City Council study session. If directed by City Council, the scope could be extended to include negotiation support and further analysis.

ANALYSIS:

In 2018, multiple real estate development firms expressed unsolicited interest in City-owned real property assets, including requests for exclusive negotiation agreements. Within its real estate portfolio, the City owns 12 surface parking lots located in and around the central business district. The City also owns a 40,000 sq. ft. vacant lot located at 1320 San Fernando Road.

The City sought to explore the potential for redevelopment of City-owned properties while preserving the City's interests, optimizing the value of municipal assets, and maximizing any community benefit that could be generated from a public-private partnership.

To further these aims, Kosmont Companies has performed a Downtown San Fernando Economic Development and Asset Analysis (Attachment "A"). The analysis contains four sections:

- 1. <u>Global Change</u>: a A high level description of industry-wide economic and demographic changes and trends.
- 2. <u>Economic Development</u>: A discussion of the tools cities have to attract economic development, including case studies.
- 3. <u>Downtown San Fernando</u>: A more detailed analysis of San Fernando, its downtown assets, development standards, and local market research.
- 4. <u>Conclusions and Recommendations</u>: General conclusions and recommendations, including a discussion of Strengths, Weaknesses, Opportunities and Threats (SWOT) and sample pro-forma.

The report also includes a comprehensive appendix that provides the reference material used to develop the economic and demographic profile for San Fernando.

Consideration of Downtown San Fernando Economic Development and Asset Analysis Presentation Page 3 of 3

BUDGET IMPACT:

The Professional Services Agreement with Kosmont Companies for an amount not-to-exceed \$30,000 was funded by "Appropriated Reserves" in the General Fund. Contingent upon City Council direction, further actions for economic development implementation or study may have a significant budget impact. Such proposed actions would return to City Council for approval.

CONCLUSION:

Staff recommends that following the presentation by Kosmont Companies, the City Council provide staff with direction for next steps on economic development strategy or further study. Based upon City Council direction, staff will return to City Council for further proposed implementation.

ATTACHMENT:

A. Downtown San Fernando Economic Development and Asset Analysis Presentation

Attachment "A"

CITY OF SAN FERNANDO:

DOWNTOWN SAN FERNANDO ECONOMIC DEVELOPMENT AND ASSET ANALYSIS



MARCH 4, 2019

PREPARED BY:



Kosmont Companies | Kosmont Realty | Kosmont Transactions Services 1230 Rosecrans Avenue, Suite 630 | Manhattan Beach, CA 90266 (424) 297-1070 | www.kosmont.com | CA Broker #01182660

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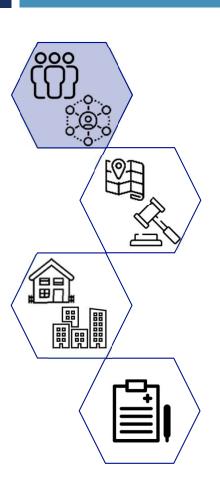
INTRODUCTION

- The City of San Fernando has recently completed the San Fernando Corridors Specific Plan to guide development in the downtown and surrounding areas.
- The City Council is seeking help understanding current real estate fundamentals and economic development tools in a Post Redevelopment ERA, in order to achieve economic growth and attract qualified developer interest.
- The City owns properties in the downtown and has hired Kosmont Companies to evaluate the assets given current market conditions and potential public private transaction negotiations.

OVERVIEW

- Communities and environments today are changing as a result of demographic, retail, and land use shifts.
- Land use is a function of City vision and zoning, market conditions, and execution of a plan by both the public and private sectors. Land use also varies by environment, such as urban, suburban, and rural communities.
- Economic Development has become a major priority for communities. In a post Redevelopment era, Econ. Dev. tools look different.
- Kosmont understands the evolution in land use and has applied new Economic Development tools to a wide array of different projects, including zoning strategies, public-private transactions, and asset strategies.

PRESENTATION OUTLINE



Global Changes

• Economic Development

• Downtown San Fernando

Conclusions and Recommendations

THE PLUMBING OF THE WORLD IS CHANGING

Technology is changing the way we live and consume

- Shifting retail & tenant mix, interaction, and connectivity (e.g. driverless cars, robots, big data)
- Retail adapting to changing social habits, bricks/clicks omni-channeling, focus is on trips vs. sales
- "Last Mile Delivery" reflects changes in buyer behavior & expectations: the new "store" is an industrial building

Green Economy: California shifting to a reduced carbon footprint "green" economy

- Mandates are aggressive and extensive
- Spur growth of clean, sustainable, environmental business initiatives to achieve compliance
- State approved 4 new "Housing and Sustainability" Districts; incentives for public/private projects

Economic Development Approaches are changing due to new focus of private investment

- · Private Investment strategies based on digital-based lifestyle shifts, demographics, climate action mandates
- Cities need private \$\$ to create jobs, tax revenue, and housing
- · Housing shortage affects all sectors; state-wide priority with local control at stake
- Automation driven job losses will require commitment to job creation and "continuous" education

BUSINESSES PURSUE RELEVANCE AND PROFITS IN A CHANGING WORLD

Consumption

Customers are buying differently

- Brick & Mortar vs Online
- Accelerated Demand for convenient/rapid delivery (last mile delivery)
- InstaCart, Doordash, UberEATS, Amazon, Wal-Mart

Commuting

People's movement patterns changing

- Economy of sharing (Uber/Lyft ride-sharing)
- Driverless/Autonomous cars & transit coming quickly
- Expanding Transit (multi-billion dollars from County sales tax measures)

Communication

People are communicating digitally

- Social Media (Facebook, Instagram, Twitter)
- Employee Recruitment (LinkedIn, Zip Recruiter, Indeed)
- Digital means local as well (Nextdoor)



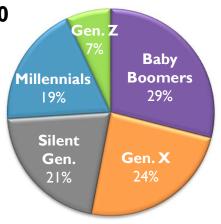


Public & Private Sectors

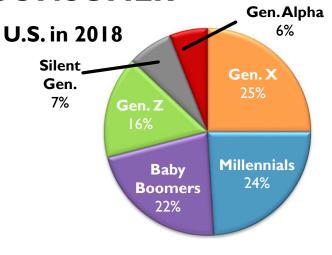
Must Focus on the 3 C's

PURSUING THE MILLENNIAL CONSUMER

U.S. in 2000



- Millennials are 80 million strong today and represent \$600 billion in spending power
- Generation Z (5 to 17 year olds) and Generation Alpha (0 to 4 year olds) are up and coming digital native generations



Who they are

Education



Income



Habitation

Marital Status



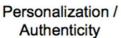
Health

Kids



What drives them

Experience





Technology



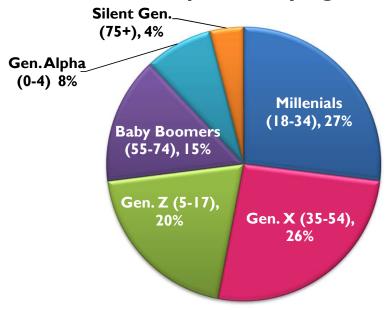
Social Good



Source: ICSC; ESRI (2018)

AGE PROFILE

San Fernando Population by Age Bracket in 2018



Did You Know?

- Millennials are the largest population segment in San Fernando
- 50% of Millennials prefer "finding" hidden local places than visiting tourist attractions (prefer authentic experiences)

| Region | Median Age |
|--------|------------|
| City | 32.0 |
| County | 35.7 |
| State | 36.2 |

| Generation | Population (2018) |
|-----------------------------------|-------------------|
| Millennials (18-34 years old) | 6,650 |
| Gen. X. (35-54 years old) | 6,354 |
| Gen. Z (5-17 years old) | 5,019 |
| Baby Boomers (55-74 years old) | 3,807 |
| Gen.Alpha (0-4 years old) | 1,928 |
| Silent Gen. (75+ years old) | 964 |
| TOTAL POPULATION | 24,723 |

RETAIL MEETS INDUSTRIAL: DESTINATION OR DISTRIBUTION?

- THINK DISRUPTION AND BIFURCATION
- Retail as much about distribution of goods as it is destination to consume goods.
- Last Mile delivery is the timely goods movement to the final destination (home or pick up location)
- Consumers have multiple ways to shop for and receive goods:
 - The Traditional Approach Buy and pick up in store
 - Buy and Receive Buy in store receive at home
 - Click and Collect Buy online and pick up in store
 - Click and Receive Buy online and receive at home
- Today....Retail meets Industrial = REDUSTRIAL
 - Growth from apparel, sporting goods, electronics, office supply, food
 - Still internet captures only approx. 9% of total retail sales

Sources: https://www.retailcustomerexperience.com/news/omnichannel-retailers-big-winners-in-holiday-season/; Shopping Centers Today, Feb. 2017, Datex; https://www.statista.com/statistics/272391/us-retail-e-commerce-sales-forecast/; https://www.statista.com/statistics/379112/e-commerce-share-of-retail-sales-in-us/





DESTINATION IS RETAIL

FITNESS



Divergent Crossfit; South Pasadena, CA

RESTAURANT / BREWERY



Stone Brewing; Escondido, CA

THEATRE / ENTERTAINMENT / CULTURE



Century Theatres; Mountain View, CA

COMMUNAL DINING MARKET HALLS



SteelCraft; Long Beach, CA

RETAIL SALES DRIVEN BY <u>PLACE</u> OR <u>PACE</u> OF DELIVERY

| Destination | Distribution |
|--|---|
| Experience Food Entertainment Blended/Mixed Use | Industrial Fulfillment Click and Collect Last-Mile Delivery |

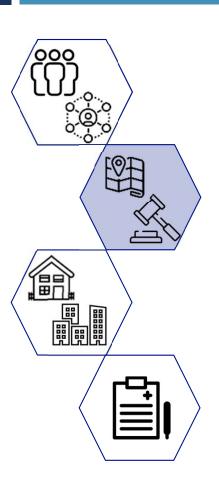


Blended/Mixed Use: Paseo Colorado; Pasadena, CA



Amazon Fulfillment Center; San Bernardino, CA

PRESENTATION OUTLINE



Global Changes

Economic Development

• Downtown San Fernando

Conclusions and Recommendations

HOW DO CITIES ATTRACT ECONOMIC DEVELOPMENT?

The goals of the State include reducing the housing shortage and becoming greener. Cities will need to address these objectives by way of economic development projects such as blended/mixed use, transit, live/work/play environments.

Downtown San Fernando can benefit from utilizing publicly owned assets to advance economic development objectives and retaining/attracting retail dollars in the Downtown area.

Examples of case studies are presented herein.





ECONOMIC DEVELOPMENT CASE STUDIES

- 1. City of Buellton Avenue of Flags Zoning & Economic Development Tool Strategy
- 2. City of Santa Clarita Old Town Newhall Public-Private Transaction Structuring
- 3. City of Placentia Metro Parking Structure Asset and Public Improvement Strategy

CASE STUDY #1: CITY OF BUELLTON

ECONOMIC DEVELOPMENT

Kosmont prepared an Economic Development Strategy and Implementation Plan for the City of Buellton:

I. Analysis

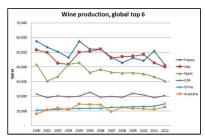
- Economic & Demographic Profile (Households, Industries)
- Market Supply and Demand Analysis (Retail/Industrial/Office)

2. Strategy

- Economic Development SWOT Evaluation
- Opportunity Site Assessment

3. Implementation

- Targeted Retailers / Developers / Businesses
- Matching with Prioritized Opportunity Sites
- Marketing/Outreach Activities
- Evaluation of Fiscal Impacts and Economic Benefits
- Financing / Zoning Strategies (e.g., D.O.R.TM)







Development Opportunity Reserve (D.O.R.)TM**TRADE-OFFS:**

CITY OF BUELLTON

- Incentives support Specific Plan Goals and Objectives and are placed into a "Reserve Account" for City to distribute on a case-by-case / project basis
- If developers provide specified <u>community benefits</u> / <u>objectives</u>, City rewards developers with <u>incentives</u>

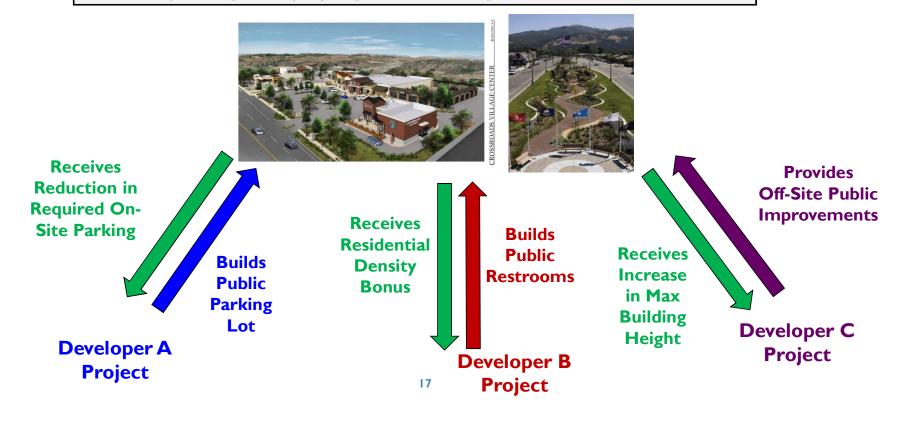
| Potential Community Benefits / Objectives | Potential Incentives | |
|---|---|--|
| Construction of restrooms | Increase building heights from 35 to 50 feet | |
| Construction of an off-site public parking lot | Reduce on-site parking requirements | |
| Payment into, or creation of, a parking district | Increase mixed-use residential density from 12 units per acre to 18-20 | |
| Construct off-site public improvements (curb, gutter, | | |
| sidewalk, street widening) | Reduced rear yard setbacks | |
| Payment of an off-site trail fee | Allow land uses not allowed in the CR zone, such as 100% industrial Reduced application fees | |
| Payment of off-site water / wastewater fees | | |
| Installation of public art | | |
| Payment of a library fee | Reduced traffic fees of off-site public improvements | |
| Adding additional green building features | are provided | |

Source: City of Buellton City Council Staff Report, October 23, 2014

CITY OF BUELLTON:

DEVELOPMENT OPPORTUNITY RESERVE (D.O.R.)TM

Assigns new density to a County/City controlled Density Account (D.O.R.TM) and allocates that density to a project that conforms to Community Vision, instead of awarding density to all property owners via a Specific Plan.



CASE STUDY #2: OLD TOWN NEWHALL

Vision for Old Town Newhall

- Create an Arts and Entertainment District 2005 Specific Plan
 - Live theater entertainment
- Museums

Special events

Art galleries

- Night life
- Alternative to the mall
 - Unique shopping and dining experience a downtown destination

City of Santa Clarita Investment

- City of Santa Clarita made substantial investment in public improvements and amenities in Old Town
- Kosmont issued Developer RFP and negotiated P3 transaction
- City gets fiscal impacts and economic benefits such as jobs, wages, taxes, a revitalized downtown core and improved quality of life
- City made the upfront investment in order to foster revenue not only from the project, but also from the entire Old Town District

NOTE: A net fiscal impact analysis which considers municipal service costs, as well as indirect and induced fiscal revenues generated by catalyst projects, should be conducted prior to recommending a strategy





OLD TOWN NEWHALL STREETSCAPE IMPROVEMENTS

Before After





OLD TOWN NEWHALL FAÇADE IMPROVEMENTS

Before



After













OLD TOWN NEWHALL – CATALYST PROJECT



RESIDENTIAL / RETAIL MIXED-USE



THEATER



RESIDENTIAL / RETAIL MIXED-USE



CASE STUDY #3: PLACENTIA PARKING STRUCTURE

<u>Transaction Structure</u> – Public-private partnership: build-to-suit Capital Lease Structure

Challenge

- City owns properties adjacent to future Metrolink station
- Limited financial resources prohibits City from proceeding with development of properties
- New Metrolink station required City to provide parking spaces for Metrolink riders
- City needs private developer who will take on construction risk

PLACENTIA – PARKING STRUCTURE

Strategy

- Public private deal structure with a third party developer (RFQ process)
- Development of the parking structure will likely be financed through the use of Lease-leaseback structure or lease revenue bonds
- Revenues from parking structure will be used to underwrite the bonds
- Other City Assets (parks, etc.) may be pledged as security to help reduce credit risk
- If desired can utilize leveraged funds to finance (gas tax bonds)

PLACENTIA – PARKING STRUCTURE

Outcome

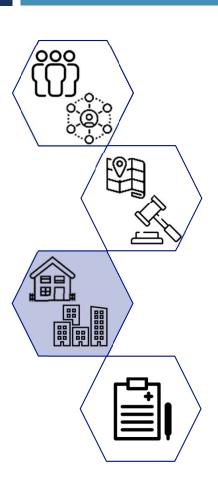
- The City leveraged its own assets and land for private development, public infrastructure, and overall economic development for the community
 - Transit Oriented Development (TOD) of parking structure adjacent to the future Metrolink station
 - Minimize cost of construction and transfer risk of cost escalation (GMP)
 - Complete project in an accelerated timeframe (no or limited bidding process)
 - Finance TOD project as part of revitalization of downtown Placentia
 - Prevailing wage did not factor into this transaction
- In addition to the parking structure site, the City of Placentia issued an RFP for a potential hotel development on another set of parcels it owns. This land will be sold for market value and the City is currently in an Exclusive Negotiation Agreement (ENA) with a developer
- The City has also embarked on creating a specific plan for the transit-oriented area and are currently looking at highest and best use options

STRATEGIES FOR PROSPEROUS COMMUNITIES

- Basis of successful Community Development prioritizes place-making, transit-oriented development (TOD), greenhouse gas reduction, and sustainable infrastructure.
- Goal of successful Community & Neighborhood Development is to attract and retain business, jobs, and increase cities' tax base.
- Trends in CA public policy, demographics, and retail shape this generation of Community Development projects
- Projects implemented through application of Econ. Dev. tools:
 - Land use / zoning and D.O.R.TM
 - Tax increment financing (EIFD / CRIA)
 - Private-private sector investment and financing (SSTR)
 - Special Districts



PRESENTATION OUTLINE



Global Changes

Economic Development

Downtown San Fernando

• Conclusions and Recommendations

EVALUATE AND STRATEGIZE

Assets must be evaluated

- Evaluate asset's maximum potential
- Determine highest and best use
- Align potential of asset with needs of the:
 - Community
 - Public Agency

Optimal asset management strategies

- Maximize revenues
- Optimize costs
- Minimize risks
- Realize public agency's objectives
- Sustain economic development in the community

WHAT ASSETS?

City of San Fernando



WHAT ASSETS?

City of San Fernando owns 13 public parking lots in the downtown area with 784 parking spaces, many for the San Fernando Mall businesses

- Lots 1,7 and 12 are very small lots (less than 7,500 SF), making blended/mixed-use development impractical
- Lots 3, 5, 8 & 10 are required to include at least 144, 59, 96 and 39 public parking spaces respectively requiring parking structure
- Lots 8 and 10 are 60,000 SF of contiguous land, making mixed use development with a parking deck feasible
- Lot 3 is 62,876 SF with access on Celis St. and Pico St.
- Lot 6 is of significant size, but is located adjacent to City Hall and is not in mixed-use zone. Lot 6 is also adjacent to a future Metro Light Rail Transit (LRT) station
- Lot 4 is 1.2 acres with frontage on Truman St. and suitable for blended/mixed-use
- Lot 5 is 0.5 acres with access on San Fernando Mission Blvd. and Truman St.
- Lot 2 is well located but already is a multi-level parking deck
- Lot 9 is almost 0.5 acres, but located outside downtown zone
- 1320 San Fernando Rd. is a 0.9-acre, mid-block site between S. Workman St. and S. Kalisher St. located within the downtown area. Frontage on San Fernando Rd. makes the site suitable for blended/mixed-use development, primarily residential

CORRIDORS SPECIFIC PLAN:

GOALS AND DISTRICTS

Established in 2017 to Guide New Development in Downtown

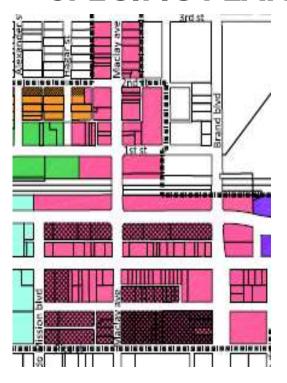
Land Use and Development Goals:

- Revitalize City's commercial corridors small-town, mixed use
- Enable a walkable, multi-modal environment with a mix of uses within walking distance of the Metrolink Station, future LRT stations, and Downtown San Fernando
 - Maclay Ave., Truman St., San Fernando Rd., and First St. corridors

Relevant Specific Plan Districts and Overlays

- <u>Downtown</u> mixed-use, TOD, active storefronts; increased FAR/height in Downtown Overlay surrounding mall
- <u>Mixed-Use Corridor</u> neighborhood connecting to Metrolink
- Auto Commercial auto sales with retail/office mix
- <u>Maclay</u> new housing/commercial compatible with adjacent residential; mixed-use in Neighborhood Services Overlay at Glenoaks and Eighth St.
- Workplace Flex commercial/industrial; limited industrial allowed in Flex-Use Overlay north side of Truman
- General Neighborhood multi-family housing with transition to adjacent single-family housing

SPECIFIC PLAN DEVELOPMENT STANDARDS



Source: San Fernando Corridor Specific Plan § 4.1-4.4

Parking lots are located in Downtown District in Residential Overlay (near San Fernando Mall):

- Mixed-use, TOD, active storefronts
- Freestanding stores, auto-oriented buildings, drive-up services prohibited
- Increased max FAR
- Extra story of development
- Upper floor residential uses with CUP

Generally allowed land uses:

- Parking
- Residential (CUP)
- Retail, Service, Entertainment, Lodging and Office

General development standards:

- Max FAR = 3.0 non-residential; 3.5 residential mixed-use
- Max residential density = 50 du/ac
- Max height = 4 stories, 50 ft.
- Setback = 0 ft.

ASSET MANAGEMENT POLICIES

Asset Management Best Practices Include:

- Define/Prioritize long term community needs
- Develop a financial plan
 - Understand long term capital requirements
 - Identify capital sources
 - Provide reserves for regular maintenance of real estate assets
 - Focused economic development initiatives to increase tax base
 - Long term ground leasing of surplus real estate

DETERMINE PROGRAM/CONCEPT

- Determine the highest and best use for the asset to generate the maximum value for the public agency, as well as the community. Your highest and best use may be different than that of the private sector.
- Initial project concept is further refined through:
 - Market analyses
 - Economic feasibility studies
 - Status of entitlements
 - Environmental compliance
- Highest and best use must be supported by an optimal mix of product types and basic building parameters: square footage, number of units, amount of open space, height of building, parking, amenities.

POTENTIAL TAX REVENUES

Real estate development offers numerous ways to address City financials:

- Revenue from land sales/ground lease income
- Revenue from increased tax base:
 - Property tax from increase in assessed value
 - Retail sales taxes from visitor spending
- Potential for impact fees/inclusionary units at building permit (housing, traffic)
- Community Facilities District and/or Enhanced Infrastructure Financing Districts for infrastructure
- Density is key to feasibility what is minimum threshold?

MARKET AND FINANCIAL VIABILITY

Is the project responsive to market demand?

- Look at tomorrow's market not just today's market
- Define the primary market area for the project
- Determine current and future competition
- Researching demographic and market trends

Determine if project fulfills the current and future demand of potential users in the market area

- Absorption
- Pricing
- Quality/design/amenities

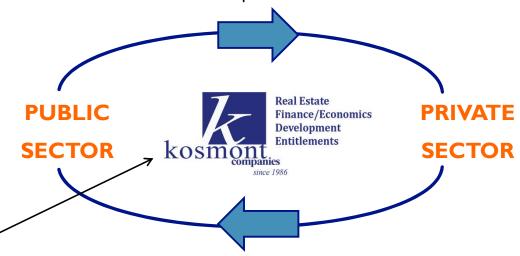
How can public agency attract private equity/debt to make assets productive?

LEVERAGING PRIVATE INVESTMENT

- Public-private partnerships (P3) can be utilized to make productive use of underutilized public assets
- The asset can also be an investment in a P3 to generate income for the public agency
- Primary P3 Transaction Structures:
 - Ground Lease
 - Sale-Leaseback
 - Sale
- Utilize non-traditional revenues

Intermediaries (like Kosmont) are the translator between the public and private sectors and can assist both parties in solving issues in the public-private partnership (P3). Kosmont assists in vetting the project merits and challenges of a P3 deal.

The public sector needs private investments. The private sector is in the business to access capital and take risks.



The private sector needs the public sector as their partner. Private sector developers need assistance with entitlements and at different times may partner with the City when there are financial implications (e.g. developer needs to install public infrastructure and City could help with public improvements.)

Ground Lease Transaction

Ground Lease of public land to private entity for development and operation of public-use or private-use property (potential economic development tool), but can be difficult to get loan financing

Typical Process and legal documents:

- Request for Qualifications (RFQ) / Request for Proposals (RFP)
- Exclusive Negotiation Agreement (ENA)
- Memo of Understanding (MOU) Non-binding
- Disposition Agreement (DA)
- Ground Lease (GL)
- CEQA/EIR

Sale – Leaseback Transaction

- Public agency sells property to a private entity and leases it back simultaneously on long term basis
- Private entity makes an equity investment in the property and in return gets benefit of ownership
- Public agency gets a stable cash flow and an opportunity to lease back the facility at an affordable rate
- Private sector owns the property at the end of the lease (unless Joint Powers Authority (JPA)* transaction wherein public agency gets ownership at end)
- Method of raising funds for capital projects that may be less costly than issuing tax exempt bonds

^{*}Note: A Joint Powers Authority (JPA) is a legally created entity that allows two or more public agencies to jointly exercise common powers. Such an entity provide public agencies the ability to provide services in an efficient and cost-effective manner; Source: https://www.bbknowledge.com/general/the-ins-and-outs-of-joint-powers-authorities-in-california/

Sale Transaction

- Public agency finds best developer/partner through RFQ/RFP selection process
- Public agency sells property to a private entity and controls entitlement process and development terms
- Private entity makes an equity investment in the property and in return gets benefit of ownership and asset appreciation
- Public agency gets an influx of cash capital
- Private sector owns and operates project potentially subject to Development Agreement performance measures

Non-traditional Revenues and Approaches

- Signage, advertising, billboards, and wireless telecommunications facility leases can add significant revenue at little capital cost
 - Can you create a signage district?
 - Do you have sites with high visibility and high traffic?
- Kiosks also generate high rents per square foot
- Public messaging a benefit to community, programs and business districts, and city's marketing/outreach

REAL ESTATE MARKET DATA (HIGH LEVEL)

RETAIL MARKET

At a regional level, the East San Fernando Valley retail market has 95% occupancy with average rents of \$25 psf.

In City of San Fernando there is a 98% occupancy rate for the 1.8 million gross SF of inventory, up significantly from recession low of 90%. However, there has been less than 30,000 SF of new construction in past decade

Average rent rates are about \$25 psf, showing a strong recovery from peak recession lows around \$16 psf, but below levels needed to justify new development at current land values. New development will require higher rents

Asking rents for vacant space in the San Fernando Mall area above \$30 psf indicating better economic potential.



REAL ESTATE MARKET DATA (HIGH LEVEL) - CONT.

RETAIL MARKET (CONT.)

Consumer demographic analysis indicates that San Fernando is capturing more than its fair share of sales in most retail categories, indicating the city is a regional draw with respect to restaurants, general merchandise, grocery stores and home furnishings.

However, the City faces growing competition with many of today's consumers spending more in large discount warehouses (value shopping) and on e-commerce websites, such as Amazon.com (convenience shopping).

With significant online channels for purchasing clothing, shoes, and an array of soft goods, even the most vibrant communities are faced with reduction in retail brick and mortar formats. Despite this trend, the City has strong soft goods demand.

Key to maintaining a healthy retail market is creating dining and entertainment gathering places that provide social experiences, including more blended use with office and residential nearby.

REAL ESTATE MARKET DATA (HIGH LEVEL) - CONT.

OFFICE MARKET

The East San Fernando Valley office market is a small component of the Los Angeles office employment sector, with less than 9 million SF of space, primarily class B/C.

Vacancy rates at 6% are relatively healthy, while average gross monthly rents are \$28 psf.

Office building sale values are approximately \$250 psf, well below levels needed to justify new development.

For the City of San Fernando, there is only 450,000 SF of office inventory, with vacancy at approximately 3% and average rents of \$25 psf (full service gross) up 40% from recession levels.

There has been little new construction in the past 10 years.

REAL ESTATE MARKET DATA (HIGH LEVEL) - CONT.

The San Fernando area is a predominately single family suburban community with above average household size.

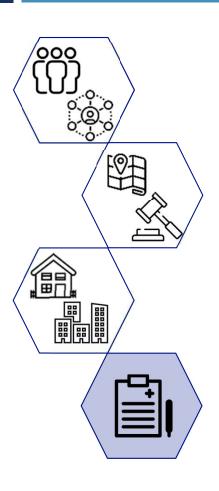
APARTMENT MARKET

The North San Fernando Valley apartment market, as defined by CoStar, has only 5,500 apartment units, with 85% being older class B/C units.

Average rents are \$1,500 per month in 2018, as vacancy rates have steadily declined over the past decade down to 2.5%. Class A apartments are achieving rents of \$2,250 per month.

For the City of San Fernando, there are approximately 1,100 apartment units, with no new construction since 2008. Even at peak of the 2008-10 recession vacancy rates were only 4-5%. Today's average rents are only \$1,000 per month, and clearly not high enough to justify new construction.

PRESENTATION OUTLINE



Global Changes

Economic Development

• Downtown San Fernando

Conclusions and Recommendations

HIGHEST AND BEST USE SITE ANALYSIS

Kosmont has examined the 13 parking lots for new development potential using a SWOT analysis:

Strengths

- Metrolink and other new regional transit station
- I-5 freeway access
- Healthy retail market
- Vibrant downtown

Weaknesses

- Smaller parcel sizes (need 0.5 to 1.0 acre to do blended-use)
- Replacement parking for parking lots 3, 5, 8 & 10 increases cost

Opportunities

- Potential for entertainment uses
- Multi-family transit oriented development (TOD)

Threats

- High land values (\$75 95 psf) are major challenges to development
- E-commerce is a major threat to soft good retailers, limiting new retail development

CONCLUSION

- Blended-use development appears to be challenged by lower current residential market rents – New multi-family product may warrant higher residential rents and/or may need to consider condominiums instead of apartments
- The entertainment/retail market is healthy opportunities for substantial new development need to be identified
- The office market is not strong enough with rents too low to support significant new development
- With land values so expensive, high density and zoning strategies are of utmost importance. Need large enough parcel to accommodate parking and integrated blended uses (explore parking strategies)

CONCLUSION (CONT.)

Based on the SWOT analysis Kosmont recommends the following parking lots for development:

- Lot 3, potentially combined with closure of Celis St. is a prime location for blended use development and replacement parking
- Lot 6, although not in the mixed-use zone, is a good site for entertainment / retail and possible office
- Lots 8 & 10 combined total 60,000 square feet, leaving adequate room for a multi-level parking garage and 3-4 story blended use development
- 1320 San Fernando Rd. is a 0.9-acre, mid-block site located in the downtown area. Frontage on San Fernando Rd. makes the site suitable for blended/mixed-use development, primarily residential

To evaluate the financial feasibility, Kosmont prepared a preliminary pro forma to illustrate the potential development value and developer profit from both mixed-use and 100% commercial developments on a 40,000 SF site.

See Blended-use and Commercial Development Pro Formas

BLENDED-USE AND COMMERCIAL DEVELOPMENT SAMPLE PROFORMAS

| | | | Exhibit 1 | | |
|---------------------------|-------|----------|---------------------------|--------------|--------------|
| San F | | | ernando Corridor SP | | |
| Feas | | Feasibi | lity Per Spe | nits | |
| | | | | | |
| Residential Units | | 30 | 850 | sf | |
| Commercial SF | | 20,000 | | | |
| | | | | | Pro Forma |
| Stabilized Income: | | | | | |
| Residential Gross income | | | \$2.80 | per month | \$856,800 |
| Less: Vacancy Factor | | | 4.0% | of rent | (34,272) |
| Commercial Gross income | | | \$27 | PSF | \$540,000 |
| Less: Vacancy Factor | | | 8.0% | of rent | (43,200) |
| Effective Gross Income | | | | | 1,319,328 |
| Maint., Taxes & Insurance | | | 35.00% | of Apt EGI | (341,885) |
| Net Operating Income | | | | | 977,443 |
| | | | | | |
| Development | Costs | | | | |
| Land | | \$ 75.00 | | | \$ 3,000,000 |
| Arch & Engineering | | 4.0% | | | 439,283 |
| Resid. Construction | | \$ 200 | | | 5,862,069 |
| Comm. Construction | | \$ 175 | | | 3,500,000 |
| Construction - Parking | | 18,000 | | | 1,620,000 |
| FF&E | | 7,500 | per apt unit | | 225,000 |
| Leasing | | \$ 1,500 | and 5% Leasing commission | | 45,000 |
| Financing | | 6.0% | 30 mths | | 873,476 |
| Taxes & insurance | | 1.0% | | | 116,914 |
| Developer Overhead | | 3.0% | of costs | | 380,452 |
| Contingency | | 5.0% | of costs | | 634,087 |
| Total Costs | | | | | 16,696,281 |
| Stabilized Value @ 6.00% | | | | \$16,290,720 | |
| Developer Profit | | | | | (\$405,561) |
| Profit Margin | | | | | -2.4% |



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

1601 N. Sepulveda Blvd. #362, Manhattan Beach, CA 90266 | (424) 456-3088 | www.kosmont.com

| No. of Concession, Name of Street, or other Designation, Name of Street, or other Designation, Name of Street, |
|--|
| |
| |
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| Ironna out |
| KOSIIIOIII |

Commercial SF

Stabilized Income:
Gross income

Less: Vacancy Factor

Effective Gross Income

Non-Reimburs Expenses
Net Operating Income

Development Costs

Land Value

Arch & Engineering

Construction - Building

Construction - Parking

Tenant improvements

Developer Overhead

Stabilized Value @

Developer Profit

Profit Margin

Leasing

Financing
Taxes & insurance

Contingency

Total Costs

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

Exhibit 2

30,000

\$ 75.00

\$ 175

\$ 2,000

4.0%

40

1.0%

6.00%

5.0% x 7.5 yr Lease

6.0% 18 mths

3.0% of costs

5.0% of costs

San Fernando Corridor SP
Full Commercial Development

\$30

8.0% of rent

10.00% of EFG

Pro Forma

\$900,000 (72,000)

828,000

745,200

222,000

300,000

310,500

327,713

230,491

384,152

11,297,681

\$12,420,000

\$1,122,320

9.9%

72,825

5,250,000

1,200,000

\$ 3,000,000

(82,800)

THANK YOU QUESTIONS AND DISCUSSION

PREPARED BY:



Kosmont Companies | Kosmont Realty | Kosmont Transactions Services 1230 Rosecrans Avenue, Suite 630 | Manhattan Beach, CA 90266 (424) 297-1070 | www.kosmont.com | CA Broker #01182660

APPENDIX

ECONOMIC & DEMOGRAPHIC PROFILE

POPULATION & HOUSEHOLD DEMOGRAPHICS

2018 DEMOGRAPHIC HIGHLIGHTS

Population & Households

- Population of ~24,700 and ~6,200 households within the City
- Population of ~10,288,900 and ~3,369,700 households within Los Angeles County

Income

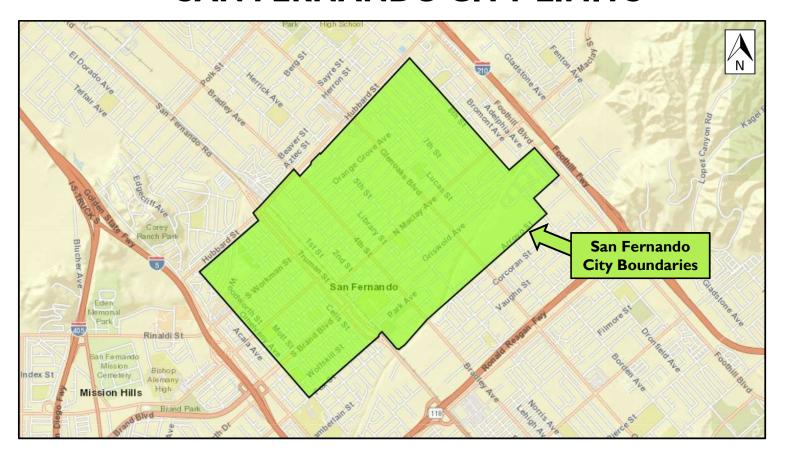
- Avg. HH income ~\$63,000 in City and ~\$94,900 within Los Angeles County
- I.82% annual growth projected for HH income over next 5 years in City

Other Demographic Characteristics

- Average household size of 3.97 in City (larger than County and State)
- Median age of 32.0 in City (younger than County and State)
- ~12% Bachelor's Degree or higher (lower than County and State)
- Race: ~51% White, ~42% Some Other Race, ~4% Two or More Races
- Ethnicity: ~93% Hispanic in City

Source: ESRI (2018)

SAN FERNANDO CITY LIMITS



Source: ESRI (2018)

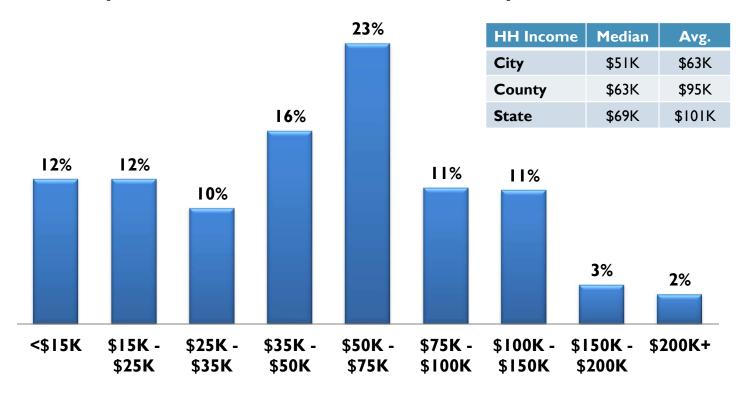
POPULATION & INCOME

CITY, COUNTY, AND STATE

| 2018 | City of San Fernando | County of Los Angeles | State of California |
|------------------------------|----------------------|-----------------------|------------------------|
| Population | 24,723 | 10,288,937 | 39,806,791 |
| Households | 6,190 | 3,369,650 | 13,336,104 |
| Average HH Size | 3.97 | 3.00 | 2.92 |
| Median Age | 32.0 | 35.7 | 36.2 |
| % Hispanic Origin | 93.3% | 49.0% | 39.6% |
| | | | |
| Per Capita Income | \$15,969 | \$31,653 | \$34,254 |
| Median HH Income | \$50,618 | \$62,751 | \$69,051 |
| Average HH Income | \$62,961 | \$94,861 | \$100,620 |
| | | | |
| 2018-2023 Annual Growth Rate | | | |
| Population | 0.47% | 0.54% | 0.82% |
| Median HH Income | 1.82% | 3.87% | 3.47% |
| Course ECDI (2010) | | | |

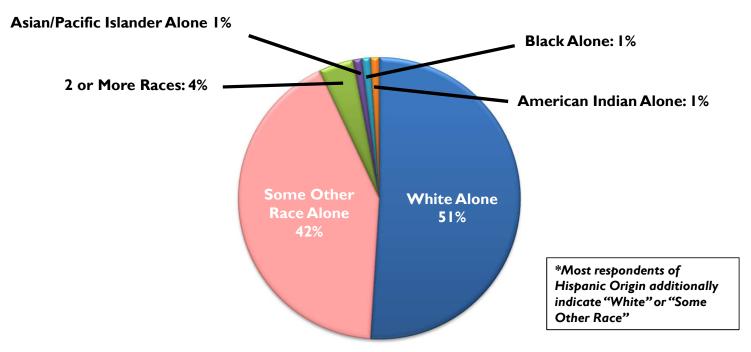
INCOME PROFILE

City of San Fernando – 2018 Households by Income Bracket



RACE & ETHNICITY

City Population by Race & Ethnicity in 2018

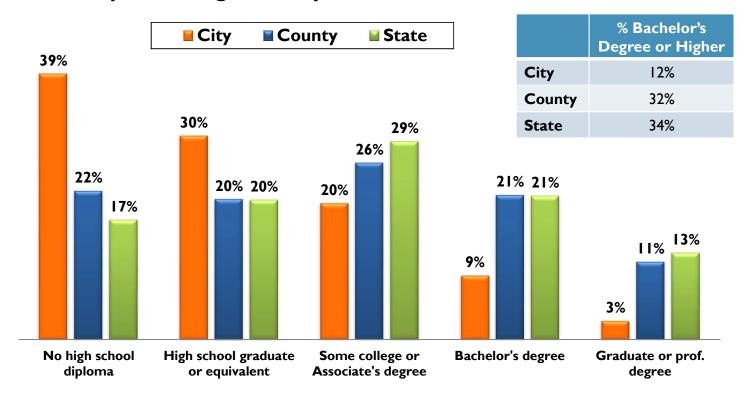


Hispanic Origin of Any Race: 93%

Note: U.S. Census Bureau defines race and ethnicity as two separate and distinct identities. One Census question asks respondents which socio-political race (of categories in pie chart above) they associate most closely with, and a separate question asks whether they associate with "Hispanic, Latino, or Spanish origin" or not (defined as ethnicity).

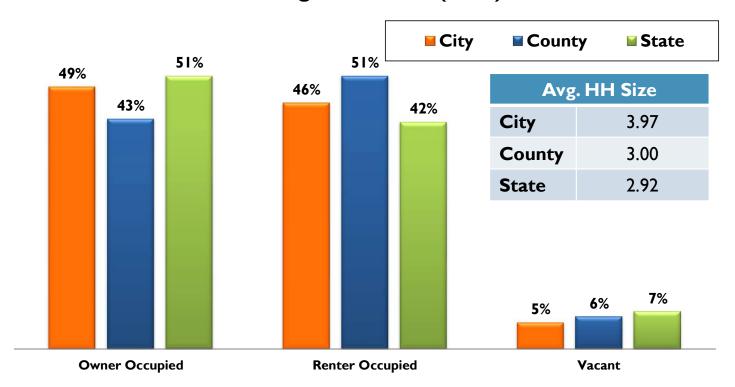
EDUCATIONAL ATTAINMENT

Population Aged 25+ by Educational Attainment in 2018

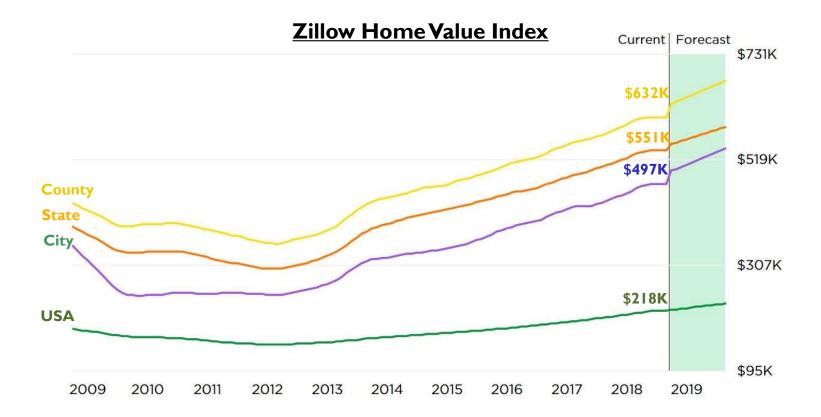


HOUSING & HOUSEHOLD SIZE

Housing Breakdown (2018)



HOME VALUE HISTORY



Source: Zillow.com (Sept. 2018)

POPULATION SEGMENTATION PROFILE

| "Tapestries" in City | | Description |
|--------------------------|-----|--|
| I. Urban Villages | 55% | Multicultural, multigenerational, and multilingual households More than half the population 25 and older have a high school diploma or some college Homes are typically single-family and owner occupied Consumers are brand and status conscious, but many purchases are for the family esp. children; Enjoy shopping at Costco, Trader Joe's, Target, and Macy's |
| 2. Las Casas | 41% | A family-oriented market with multigenerational households (high average household size of 4.12) Young population, average labor force participation, high unemployment Homes are primarily renter-occupied in single-family and multi-unit buildings Consumer spending reflects their children – baby food, furniture, children's apparel – and convenience – fast food and family restaurants |
| 3. Southwestern Families | 4% | Young, majority Hispanic families While 32% have attended or graduated college, 40% have not completed high school, limiting employment prospects About 55% own, 45% rent single-family homes within a mix of urban city centers and metropolitan area suburbs Budget-conscious consumers; Enjoy shopping at Walgreens, dollar stores, and discount department stores |

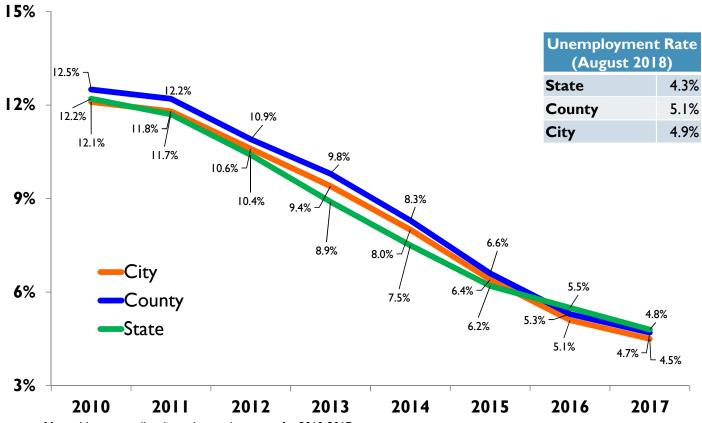
SUMMARY: POPULATION & HOUSEHOLD DEMOGRAPHICS

- Younger population median age of 32.0 in City (younger than County and State median ages)
- Majority of San Fernando's population is of Hispanic origin (93%); Households are multigenerational and blue collar
- Average household size of 3.97 is larger than both Los Angeles County and State average household sizes; Average household income for the City is lower than the County and State average household incomes
- Educational attainment in San Fernando is lower than that of the County and State with a sizable population (39%) of residents not completing a high school education

ECONOMIC & DEMOGRAPHIC PROFILE

UNEMPLOYMENT & EMPLOYMENT BY INDUSTRY

UNEMPLOYMENT

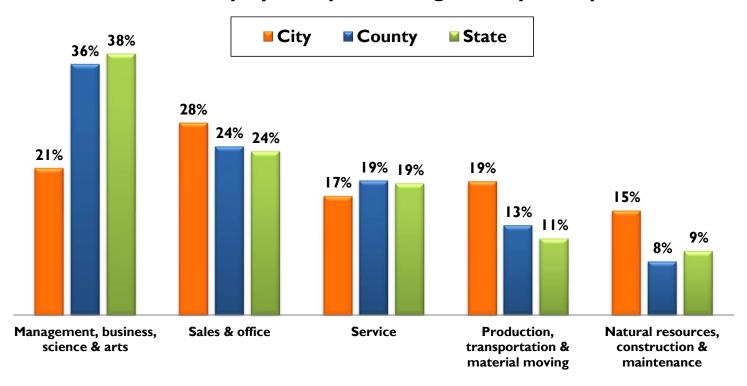


Note: Not seasonally adjusted; annual averages for 2010-2017

Source: California Employment Development Department (2018)

RESIDENT EMPLOYMENT BY OCCUPATION

Civilian Employed Population Age 16+ by Occupation



SELECT MAJOR EMPLOYERS WITHIN THE CITY

| Major Employers | No. of Employees |
|-------------------------------------|------------------|
| Los Angeles Unified School District | 2,021 |
| Pharmavite, LLC | 370 |
| Los Angeles County Superior Court | 276 |
| Pepsi Bottling | 268 |
| Home Depot | 254 |
| Puretek Corp. | 200 |
| Production Resource Group, LLC | 200 |
| Sam's Club | 170 |
| Vallarta Supermarkets | 162 |
| Ricon Corp. | 149 |

Note: Top 10 listed by number of employees (high to low); Source: City of San Fernando CAFR (FY 2016-2017)

EMPLOYMENT PROJECTIONS BY INDUSTRY

LOS ANGELES COUNTY

| Industry | 2014 | 2024 | Annual Growth 2014-24 | Total Growth 2014-24 | Total Change 2014-24 |
|--|-----------|-----------|-----------------------------|----------------------------|----------------------------|
| Health Care and Social Assistance | 602,100 | 780,900 | 178,800 | 29.7% | 3.0% |
| Accommodation and Food Services | 386,800 | 483,700 | 96,900 | 25.1% | 2.5% |
| Professional and Business Services | 599,100 | 680,300 | 81,200 | 13.6% | 1.4% |
| Retail Trade | 413,000 | 449,900 | 36,900 | 8.9% | 0.9% |
| Educational Services (Private) | 118,600 | 148,600 | 30,000 | 25.3% | 2.5% |
| Construction | 119,600 | 146,700 | 27,100 | 22.7% | 2.3% |
| Government | 556,200 | 582,000 | 25,800 | 4.6% | 0.5% |
| Wholesale Trade | 222,500 | 242,700 | 20,200 | 9.1% | 0.9% |
| Transportation, Warehousing, and Utilities | 163,400 | 183,500 | 20,100 | 12.3% | 1.2% |
| Other Services (excludes 814-Private Household Workers) | 150,500 | 167,000 | 16,500 | 11.0% | 1.1% |
| Information | 198,000 | 213,500 | 15,500 | 7.8% | 0.8% |
| Financial Activities | 211,100 | 218,900 | 7,800 | 3.7% | 0.4% |
| Mining and Logging | 4,300 | 4,500 | 200 | 4.7% | 0.5% |
| Manufacturing | 364,100 | 329,300 | (34,800) | (9.6%) | (1.0%) |
| Total Nonfarm | 4,189,000 | 4,724,700 | 535,700 | 12.8% | 1.3% |
| Total Farm | 5,200 | 4,700 | (500) | (9.6%) | (1.0%) |
| Total Other | 297,600 | 333,900 | 36,300 | 12.2% | 1.2% |
| Total Employment | 4,491,800 | 5,063,300 | 571,500 | 12.7% | 1.3% |

EMPLOYMENT BY INDUSTRY

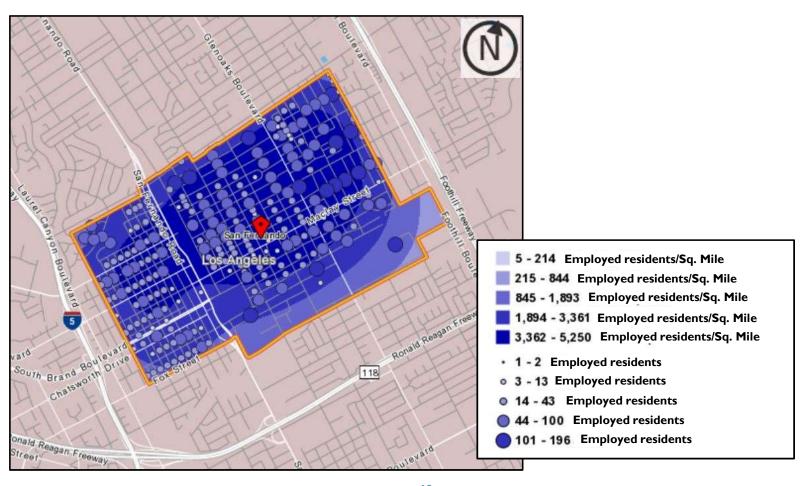
| City Resident Employed Population (Age | 16+) |
|--|-------|
| Health Care and Social Assistance | 14.1% |
| Manufacturing | 13.1% |
| Retail Trade | 12.1% |
| Accommodation and Food Services | 9.0% |
| Educational Services | 7.4% |
| Administration & Support, Waste Management and Remediation | 6.6% |
| Construction | 5.5% |
| Professional, Scientific, and Technical Services | 4.5% |
| Wholesale Trade | 4.3% |
| Information | 3.8% |
| Finance and Insurance | 3.4% |
| Other Services (excluding Public Administration) | 3.3% |
| Public Administration | 3.1% |
| Transportation and Warehousing | 2.8% |
| Arts, Entertainment, and Recreation | 1.9% |
| Real Estate and Rental and Leasing | 1.8% |
| Management of Companies and Enterprises | 1.4% |
| Agriculture, Forestry, Fishing and Hunting | 1.1% |
| Utilities | 0.7% |
| Mining, Quarrying, and Oil and Gas Extraction | 0.1% |

"Industries in which City residents work"

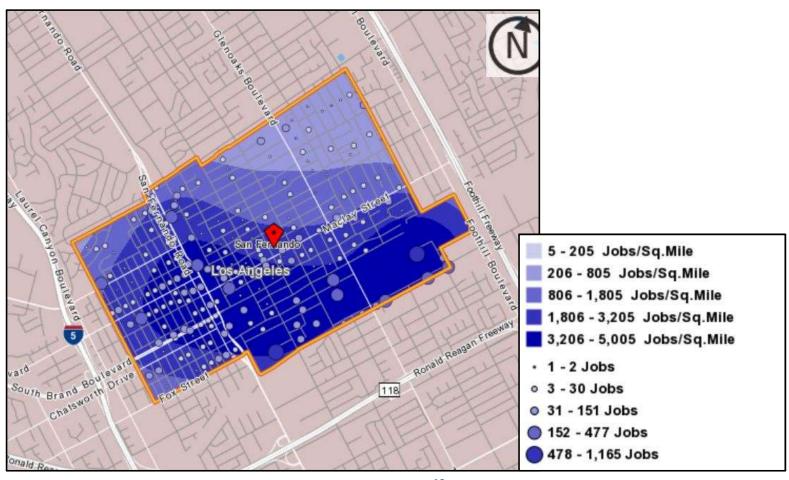
| Workers Employed Within City | |
|--|-------|
| Manufacturing | 19.6% |
| Accommodation and Food Services | 14.2% |
| Wholesale Trade | 9.8% |
| Health Care and Social Assistance | 8.8% |
| Construction | 8.5% |
| Retail Trade | 8.5% |
| Finance and Insurance | 5.9% |
| Educational Services | 5.6% |
| Other Services (excluding Public Administration) | 4.7% |
| Professional, Scientific, and Technical Services | 3.1% |
| Information | 2.3% |
| Administration & Support, Waste Management and Remediation | 2.1% |
| Public Administration | 2.1% |
| Transportation and Warehousing | 1.5% |
| Agriculture, Forestry, Fishing and Hunting | 1.3% |
| Real Estate and Rental and Leasing | 1.2% |
| Management of Companies and Enterprises | 0.6% |
| Utilities | 0.1% |
| Arts, Entertainment, and Recreation | 0.1% |
| Mining, Quarrying, and Oil and Gas Extraction | 0.0% |
| "labe in the City" | |

"Jobs in the City"

RESIDENT CONCENTRATION WITHIN CITY



EMPLOYMENT CONCENTRATION WITHIN CITY



RESIDENT AND EMPLOYEE COMMUTE

| Employed Residents Place | ce of Work* |
|--------------------------|-------------|
| Los Angeles, CA | 53.0% |
| San Fernando, CA** | 5.6% |
| Santa Clarita, CA | 4.3% |
| Burbank, CA | 4.0% |
| Glendale, CA | 1.7% |
| Simi Valley, CA | 1.5% |
| Thousand Oaks, CA | 0.9% |
| San Diego, CA | 0.9% |
| Santa Monica, CA | 0.8% |
| Culver City, CA | 0.8% |
| Pasadena, CA | 0.7% |
| Oxnard, CA | 0.6% |
| Anaheim, CA | 0.6% |
| Beverly Hills, CA | 0.5% |
| Irvine, CA | 0.5% |
| Long Beach, CA | 0.5% |
| Torrance, CA | 0.5% |
| San Francisco, CA | 0.5% |
| Moorpark, CA | 0.4% |
| Camarillo, CA | 0.4% |
| Westlake Village, CA | 0.4% |
| Calabasas, CA | 0.4% |
| El Segundo, CA | 0.4% |
| Orange, CA | 0.4% |
| Costa Mesa, CA | 0.4% |
| All Other Locations | 19.5% |

| City Employee Origin* | ¢ |
|--------------------------|-------|
| Los Angeles, CA | 51.1% |
| San Fernando, CA** | 6.7% |
| Santa Clarita. CA | 4.5% |
| Palmdale, CA | 2.4% |
| Glendale, CA | 2.1% |
| Burbank, CA | 1.5% |
| Simi Valley, CA | 1.3% |
| Lancaster, CA | 0.8% |
| Pasadena. CA | 0.6% |
| Anaheim, CA | 0.6% |
| Long Beach, CA | 0.6% |
| San Diego, CA | 0.5% |
| Oxnard, CA | 0.5% |
| • | 0.5% |
| Thousand Oaks, CA | 0.5% |
| Bakersfield, CA | 0.4% |
| Moorpark, CA | 0.4% |
| Santa Monica, CA | , |
| South Gate, CA | 0.3% |
| Lake Los Angeles CDP, CA | 0.3% |
| Castaic CDP, CA | 0.3% |
| East Los Angeles CDP, CA | 0.3% |
| Altadena CDP, CA | 0.3% |
| Torrance, CA | 0.3% |
| Calabasas, CA | 0.3% |
| San Bernardino, CA | 0.3% |
| All Other Locations | 22.8% |

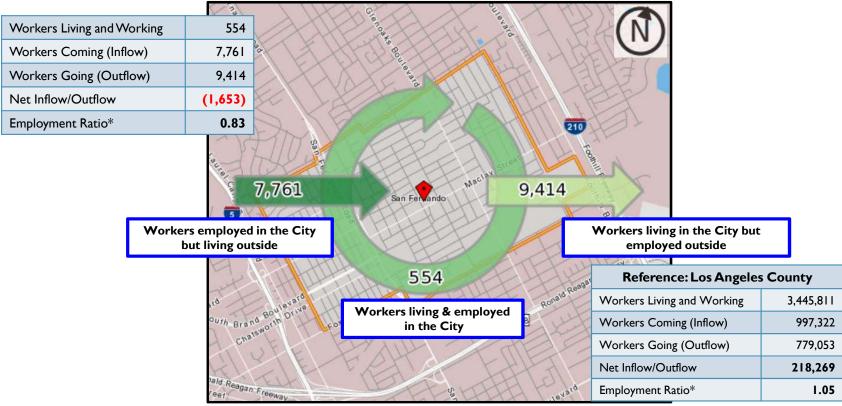
"Where City residents work"

"Where people who work in the City come from"

Source: U.S. Census Bureau Center for Economic Studies (2015); **Notes:** *The top 25 locations where City residents work and where people who work in San Fernando come from are listed.**The table on the left asks the question 'What percent of **total San Fernando residents** work within the City of San Fernando?', while the table on the right asks 'What percent of **everybody who works in San Fernando** also live in the City of San Fernando?'.

WORKER INFLOW / OUTFLOW

"ARE JOBS COMING OR GOING?"



*Employment Ratio = People employed within City (living and working in City + those who come into the City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City)

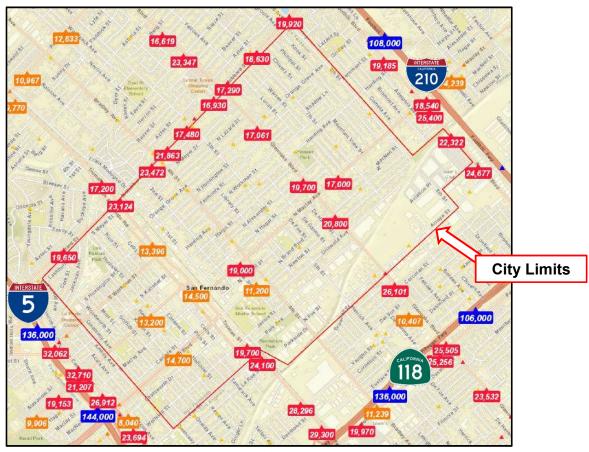
Source: U.S. Census Bureau Center for Economic Studies (2015)

JOBS / HOUSING BALANCE

| 2018 | City of San Fernando | County of Los Angeles | State of California |
|----------------------|-------------------------|-----------------------|------------------------|
| Employment | 10,494 | 4,186,060 | 16,100,156 |
| Households | 6,190 | 3,369,650 | 13,336,104 |
| Jobs / Housing Ratio | 1.70 | 1.24 | 1.21 |

TRAFFIC MAP

CITY OF SAN FERNANDO



SUMMARY: UNEMPLOYMENT AND EMPLOYMENT BY INDUSTRY

- Kosmont analyzed the location of homes and job centers within the City. There is a high
 concentration of homes in the north and northeast portions of the City, while there is a
 strong concentration of jobs in the south and southeast portions of the City
- Historically, the City has slightly lower unemployment compared to Los Angeles
 County, but slightly higher unemployment than the State. Currently, the City's
 unemployment rate is only slightly lower than the County and higher than the State's
 unemployment rates
- Most workers in the City are employed in the following industries: manufacturing, accommodation and food services, wholesale trade, health care and social assistance, and construction
- A majority of employees who live in the City work in other areas including Los Angeles, Santa Clarita, Burbank, Glendale, and Simi Valley, yielding a **net outflow** of jobs; The net outflow of jobs indicates a lower daytime population in the City
- San Fernando's jobs/housing ratio is higher than the County and State ratios, indicating a
 possible need for more housing in the City

MARKET DEMAND ANALYSIS

RETAIL SALES SURPLUS / LEAKAGE

RETAIL SALES SURPLUS / LEAKAGE BY CATEGORY

CITY OF SAN FERNANDO

| Retail Category | Retail Spending Potential | Retail Sales | Retail Surplus/ (Leakage) | Percent Surplus/ (Leakage) | Online Sales Leakage Potential |
|---|---------------------------------|-----------------|---------------------------------|----------------------------------|--------------------------------------|
| Shopper Goods (GAFO): | | | | | |
| Clothing & Clothing Accessories Stores | \$11,986,064 | \$20,273,332 | \$8,287,268 | 69.1% | High |
| General Merchandise Stores | \$27,404,381 | \$86,567,835 | \$59,163,454 | 215.9% | Med |
| Furniture & Home Furnishings Stores | \$5,824,094 | \$24,970,625 | \$19,146,531 | 328.7% | Med |
| Health & Personal Care Stores | \$10,730,748 | \$7,531,939 | (\$3,198,809) | (29.8%) | Med |
| Sporting Goods, Hobby, Book & Music Stores | \$5,341,570 | \$5,164,087 | (\$177,483) | (3.3%) | High |
| Electronics & Appliance Stores | \$6,067,450 | \$6,591,052 | \$523,602 | 8.6% | High |
| Miscellaneous Store Retailers | \$5,724,463 | \$8,356,433 | \$2,631,970 | 46.0% | Varies |
| Subtotal – GAFO | \$73,078,770 | \$159,455,303 | \$86,376,533 | 118.2% | |
| Convenience Goods: | | | | | |
| Food & Beverage Stores (Grocery) | \$26,381,472 | \$68,555,324 | \$42,173,852 | 159.9% | Low |
| Food Services & Drinking Places (Restaurants) | \$17,525,291 | \$41,824,553 | \$24,299,262 | 138.7% | None |
| Subtotal - Convenience | \$43,906,763 | \$110,379,877 | \$66,473,114 | 151.4% | |
| Heavy Commercial Goods: | | | | | |
| Bldg Materials, Garden Equip. & Supply Stores | \$8,783,401 | \$29,741,260 | \$20,957,859 | 238.6% | Low |
| Motor Vehicle & Parts Dealers | \$31,809,880 | \$56,729,755 | \$24,919,875 | 78.3% | Low |
| Gasoline Stations | \$14,664,876 | \$14,294,773 | (\$370,103) | (2.5%) | None |
| Subtotal - Heavy Commercial | \$55,258,157 | \$100,765,788 | \$45,507,631 | 82.4% | |
| Non-store Retailers | \$4,628,832 | \$1,412,730 | (\$3,216,102) | (69.5%) | Varies |
| Total Retail | \$176,872,522 | \$372,013,698 | \$195,141,176 | 110.3% | |

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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Nick Kimball, City Manager

By: Sonia Garcia, Senior Accountant

Date: March 4, 2019

Subject: Presentation of Fiscal Year 2017-2018 Comprehensive Annual Financial Report

RECOMMENDATION:

It is recommended that the City Council receive and file a presentation of the Fiscal Year (FY) 2017-2018 Comprehensive Annual Financial Report (CAFR).

BACKGROUND:

- Section 2-652 of the San Fernando Municipal Code requires an annual audit by an independent certified public accountant shortly after the end of each fiscal year. The audit is conducted, and financial statements prepared, in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).
- The financial statements were audited by Van Lant & Fankhanel, LLP; a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California.
- 3. The audited financial statements, in conjunction with the accompanying notes, discussion, and analysis, are presented in a CAFR to provide a thorough and detailed presentation of the City's financial condition at a particular point in time (i.e. the end of the fiscal year).
- 4. On December 24, 2018, the CAFR for FY ending June 30, 2018 (2018 CAFR) was transmitted to City Council and posted to the City's website for public review (http://ci.san-fernando.ca.us/our-city/finance/financial-documents/).
- 5. The Government Finance Officers Association (GFOA) offers a Certificate of Achievement for Excellence in Financial Reporting Award ("Award") for government agencies whose CAFR achieves the highest standards in government accounting and financial reporting. The City has received this award consistently over the last 29 years. The City received the Award for the FY 2016-2017 CAFR and has submitted the FY 2017-2018 CAFR for consideration.

FINANCE DEPARTMENT

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-7307

WWW.SFCITY.ORG

Presentation of Fiscal Year 2017-2018 Comprehensive Annual Financial Report

Page 2 of 4

ANALYSIS:

The CAFR consists of four parts: 1) Management's Discussion and Analysis; 2) the basic financial statements; 3) required supplementary information; and 4) *optional* combining statements for non-major governmental funds.

Within the basic financial statements are three components: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Financial Statements. The Government-wide Financial Statements provide the broadest picture of the City's finances as they include all of the City's 30 funds (including the General Fund and Enterprise Funds). The Fund Financial statements are a subset of the Government-wide Financials as they present each fund's financial statements individually. The Notes to the Financial Statements provide detailed explanations.

Both the Government-wide Financials and Fund Financials include two basic statements: 1) Statement of Net Position, which presents information in terms of total assets, liabilities and net position (i.e. net worth); and 2) Statement of Activities, which shows how the net position has changed during the most recent fiscal year through revenues (increase in net position) and expenditures (decrease in net position).

Below are some key highlights of the 2018 Audit:

Government-wide Financials.

The Government-wide Financials present a long-term picture of the City's financial position by reflecting all current and long-term assets less all current and long-term liabilities. The City's total net position, which includes the General Fund, Enterprise Funds, and all Special Revenue Funds, <u>decreased</u> from \$32,064,934 as of June 30, 2017 to \$4,760,598 as of June 30, 2018; a total decrease of \$27,304,336, or 85.2%. The dramatic decrease in net position is the result of implementation of a new reporting requirement by the Government Accounting Standards Board, Statement No. 75 (GASB 75).

GASB 75 requires governments providing postemployment benefits (i.e. retirement benefits) other than pensions to comprehensively measure the cost of those Other Post-Employment Benefits (OPEB) and recognize long-term cost as a liability. As a result of the reporting requirements set forth in GASB 75, the City's total OPEB liability reported on the financial statements increased by more than \$27 million.

Although total assets increased by more than \$3.4 million, due primarily to increased Cash and Investments in the General Fund and Retirement Fund. The increase was offset by an increase in liabilities of more than \$30.6 million due to significant increases in net pension and OPEB liabilities.

Presentation of Fiscal Year 2017-2018 Comprehensive Annual Financial Report

Page 3 of 4

- Net Pension Liability increased by \$4,487,846 to \$40,457,482 (Notes 6 and 7 in the Financial Statments).
- Other Post-Employment Benefit obligation for retiree healthcare increased by \$27,371,595 to \$42,765,541 (Note 8 in the Financial Statements).

In summary, City's Government-wide Net Position of \$4.8 million is made up of the following:

- 1. Capital Assets (e.g., land, buildings, infrastructure, vehicles, etc.) = \$56,318,379
- 2. Restricted Assets (e.g., transportation, housing, grants) = \$17,998,631
- 3. Unrestricted Assets = (\$69,556,412) *Deficit due to pension and retiree health liabilities.

Fund Financial Statements.

As previously noted, the Government-wide financial statements present information on current and long-term assets and liabilities. The Fund Financial Statements, which includes Governmental and Proprietary Funds, present the short term health of each of the City's thirty funds. The Fund Financial Statements focus on near-term inflows (revenues), outflows (expenditures), and balances of spendable resources. Fund Financial Statements serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

<u>General Fund Financials.</u> The total fund balance for the General Fund <u>increased</u> from (\$1,475,089) as of June 30, 2017 to (\$208,253) as of June 30, 2018 for a total deficit reduction of \$1,266,836, or 86%.

The General Fund balance is made up of the following:

- 1. Restricted: \$66,308
- 2. Unassigned = (\$274,561) *Deficit due to debt payable to Retirement and Las Palmas Loan.

Management encourages readers to read both the Transmittal Letter and Management's Discussion and Analysis to get a better contextual understanding of the financial information presented in the 2018 CAFR.

BUDGET IMPACT:

Funds to prepare the 2018 CAFR were included in the FY 2018-2019 Adopted Budget. There is no budget impact to receiving and filing a presentation on the 2018 CAFR.

CONCLUSION:

The audited financial statements continue to present mixed signals – "A Tale of Two Balance Sheets." The short-term financial picture presented in the Fund Financial Statements show continued improvement, especially the General Fund with a \$1.3 million decrease in the fund

Presentation of Fiscal Year 2017-2018 Comprehensive Annual Financial Report

Page 4 of 4

deficit. However, the Government-wide Financial Statements that present a long-term look into the City's finances showed a significant decrease of more than \$27 million in net position due to new reporting requirements. The City will need to continue to implement best financial practices to eliminate the General Fund deficit, build a General Fund reserve, and address long term pension and OPEB liabilities.

ATTACHMENTS:

- A. PowerPoint Presentation
- B. Comprehensive Annual Financial Report for FY 2017-2018



SAN FERNANDO

03/04/2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT ("CAFR") FOR THE YEAR ENDING JUNE 30, 2018

March 4, 2019 "A Tale of Two Balance Sheets"

PRESENTED BY:
SONIA GARCIA
SENIOR ACCOUNTANT

SAN FERNANDO

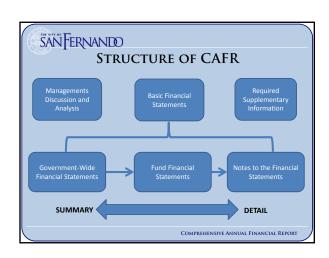
ANNUAL AUDIT REQUIREMENT

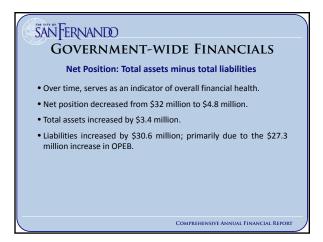
Annual audit by independent certified public accountants is required by City Code.

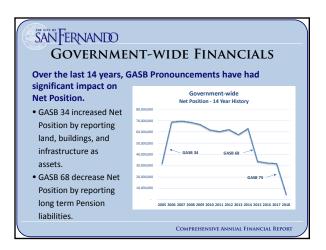
- Financial statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as promulgated by Governmental Accounting Standards Board ("GASB").
- Audit conducted by Van Lant & Fankhanel, LLP.

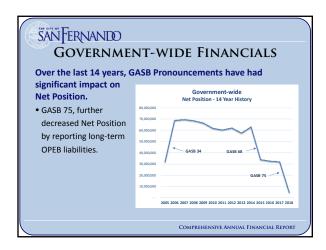
GFOA Excellence in Financial Reporting Award.

- Awarded to the City consistently for the last 29 years.
- Received award for June 30, 2017 CAFR.
- Submitted June 30, 2018 CAFR for Award Consideration.









SAN FERNANDO

NET PENSION LIABILITY

The City's net pension liability as of June 30, 2018 was \$40.4 million, which is an increase of \$4.4 million from June 30, 2017 (Note 7).

- The increase is primarily related to CalPERS investment rate of return not meeting projections.
- Total Miscellaneous Liability: \$20.85 million.
- Total Safety Liability: \$19.60 million.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN FERNANDO

NET PENSION LIABILITY

- CALPERS is phasing in decreases in the discount rate (i.e. expect rate of investment returns) from the current rate of 7.15% to 7.00% by 2020.
- In 2019, CALPERS will amortize actuarial gains and losses over 20 years rather than 30 years.
- Both of these actions will serve to improve the pension program's overall financial health, however, it will increase the City's longterm net pension liability.

03/04/2019 CC Meeting Agenda Page 142 of 462

3/4/19

SAN FERNANDO

GASB STATEMENT NO. 75

For Fiscal Year 2017-18 GASB Statement No. 75 required a new accounting and financial reporting for governments that provide and finance Other Pension Employee Benefits (OPEB) to their employees.

This new reporting required the City to record the full OPEB liabilities directly onto the balance sheet. In prior years, OPEB liabilities were only reported as footnotes to the CAFR.

As a result of the reporting requirement set forth, the City's total OPEB liability reported on the financial statements increased to \$42,765,541 which caused a dramatic decrease in the City's net position.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN FERNANDO

OTHER POST EMPLOYMENT BENEFITS

OPEB (Retiree Health Care) liability continues to grow as the City continues to "pay-as-you go" (Note 8)

Beginning Liability: \$15,393,946
2018 Required Contribution: 2,966,500
Actual Retiree Health Payments: (1,064,148)
Actuarially Determined

 Liability Per GASB 75:
 \$25,469,243

 Ending Liability:
 \$42,765,541

Through labor negotiations the City eliminated RHC for new employees, which will help limit the City's long term liability.

The City will be exploring options to establish a Section 115 OPEB Trust. Funds deposited in this type of Trust can only be used to pay the City's OPEB costs and will allow the City to take advantage of increased investment options and an increased discount rate to reduce long term liability.

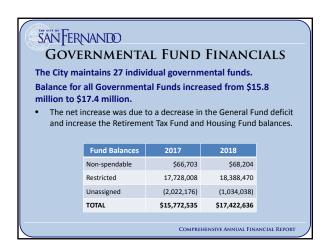
COMPREHENSIVE ANNUAL FINANCIAL REPORT

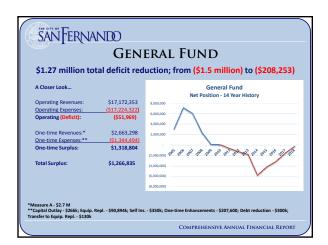
SAN FERNANDO

GOVERNMENTAL FUND FINANCIALS

How did the Fund Balance increase while Net Position decreased?

- Government-wide reporting provides information on current and long term obligations, including capital assets and long-term liabilities – Useful in assessing the City's overall financial health.
- Governmental Fund reporting provides information on near term inflow, outflows and balances of spendable resources – Useful in assessing the City's ability to meet short term requirements.





GENERAL FUND HIGHLIGHTS Revenue Highlights: Residual property tax revenue from RDA dissolution Steady growth in sales tax including Measure A revenue Overall improved economic activity — Increase in Business License receipts Increase in Development Fees



GENERAL FUND HIGHLIGHTS

Expenditure Highlights:

- Reduced Retirement and Las Palmas loans \$300,000.
- Replaced 2 Police Patrol Vehicles \$80,000.
- Replaced 1 Street Maintenance Truck \$50,000
- Purchased Additional Street Maintenance Material & Equipment \$20,000
- Purchased Additional Holiday Lighting & the associated electrical upgrades \$20,000

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN FERNANDO

CONCLUSION

This year's audited financials once again present mixed signals

- "A Tale of Two Balance Sheets"

- In the short term, the City's finances are looking strong.
- The General Fund deficit decreased by \$1.27 million; but it continues to have a deficit fund balance of (\$208,253).
- In the long term, there is still a lot of work that needs to be done.
- Despite Council action over the last few years to reduce long-term liabilities, the total City-wide "net worth" <u>decreased</u> by \$27,304,336. This is primarily due to net pension obligations and OPEB for retiree healthcare.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN FERNANDO

CONCLUSION

This year's audited financials once again present mixed signals

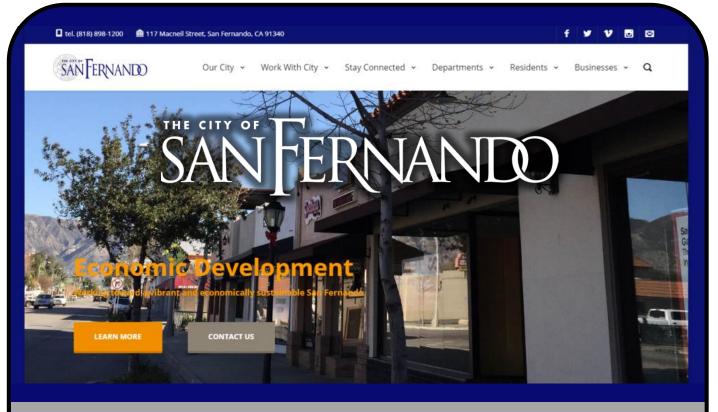
- "A Tale of Two Balance Sheets"

Deficit reduction will continue to be slow and steady as the City
works to balance the need to reduce the deficit with the need to
replace equipment and infrastructure, address deferred
maintenance, and set-aside funds to offset future liabilities.

03/04/2019 CC Meeting Agenda Page 145 of 462

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| (| QUESTIONS? | |
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| | COMPREHENSIVE ANNUAL FINANCIAL REPORT | |

ATTACHMENT "B"

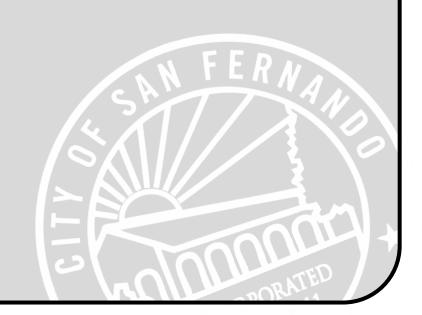


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED

JUNE 30, 2018

San Fernando, California



CITY OF SAN FERNANDO, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared By: Finance Department

City of San Fernando Comprehensive Annual Financial Report Year Ended June 30, 2018

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III.

SECTION I. Introductory Section

CITYCOUNCIL

December 20, 2018

Mayor Joel Fajardo

Vice Mayor Sylvia Ballin

COUNCILMEMBER ANTONIO LOPEZ

Councilmember Robert C. Gonzales

COUNCILMEMBER HECTOR PACHECO Honorable Mayor and City Council Members Residents of San Fernando

The Comprehensive Annual Financial Report (CAFR) of the City of San Fernando, California for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City of San Fernando. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of San Fernando, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of San Fernando City Code requires an annual audit by an independent certified public accountant. The City's financial statements have been audited by Van Lant & Fankhanel, LLP; a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The purpose of the independent audit is to provide reasonable assurance that the financial statements of the City of San Fernando for the fiscal year ended June 30, 2018, are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of San Fernando's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

FINANCE Department

117 Macneil Street San Fernando California 91340 The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The City is required to undergo the annual single audit in conformance with provisions of the Single Audit Act Amendments of 1996 and the Uniform Guidance. The Single Audit Report, which is issued separately, includes the schedule of federal expenditures, findings and recommendations,

i

(818) 898-1200

the auditors' reports on the internal control structure and compliance with applicable laws and regulations.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of San Fernando

The City of San Fernando, which has a residential population of approximately 24,000, was incorporated on August 31, 1911. It is conveniently located in the northeast section of the San Fernando Valley at the southern foot of the San Gabriel Mountains. This compact community of 2.4 square miles is completely surrounded by the City of Los Angeles, including the nearby communities of Sylmar, Mission Hills and Pacoima. Major physiographic features located near the City include the San Gabriel Mountains (located approximately 3 miles to the north), the Pacoima Wash (located along the eastern side of the City), Hansen Lake (located 3 miles to the southeast of the City), and the Los Angeles Reservoir (located approximately 4 miles to the northwest). Regional access to the City of San Fernando is possible from three freeways located in the area: Interstate 5 Freeway (I-5), State Route 118 (SR-118), and Interstate 210 Freeway (I-210).

The City operates under the City Council - City Manager form of government and provides a full range of municipal services, including police protection; construction and maintenance of streets and infrastructure; community development activities; recreational and cultural activities; and general administrative and support services. Fire and ambulance services are provided by contract with the City of Los Angeles Fire Department. In addition, the City provides refuse services through an exclusive franchise agreement and water and sanitary sewer under an Enterprise Fund system whereby customer user fees cover the cost of providing service.

The City adopts an annual budget by July 1st each year. The budget includes detailed allocations by line item for each operating department and special revenue fund. The budget includes, at a minimum, the following expenditure categories for each fund and department:

- Personnel Services;
- Contractual Services;
- Maintenance and Operations; and
- Capital Outlay.

The Annual Budget, as adopted by the City Council, establishes the total appropriation provided for each City Department's operations. Expenditures may not legally exceed budgeted appropriations at the Department level within a fund. The Director of Finance is authorized to transfer budget amounts within salary accounts and within Maintenance and Operations accounts at his/her discretion. The City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least three members. The City's general ledger is maintained by the line item detail or object of expenditure. Revenues are estimated annually and measured against actual revenues earned.

The City Council exercises control over and is financially accountable for the legally separate San Fernando Public Financing Authority, which is included in this report as a blended component unit of the City. The Los Angeles Unified School District and other public bodies have not met the established criteria for inclusion in the reporting entity since independent boards not under City Council control govern them. The City Council does not have any voting power over them; accordingly, they are excluded from this report. Additional information on blended component units can be found in Note 1 of the Notes to the Financial Statements.

History of San Fernando

When entering the City of San Fernando along picturesque, palm-lined Brand Boulevard, you will discover a community rich in California history dating back almost two centuries. Named in honor of a Spanish Saint/King, San Fernando was selected for settlement long before the rest of Los Angeles. The City grew out of the ranching activities surrounding Mission de San Fernando Rey, whose graceful porticoes still stand today. By the early 1800's the settlement had blossomed into a small trading center where farm crops, olives, wine, and thousands of livestock raised by the resident Indians were bought and sold.

San Fernando enjoyed a brief gold rush in the 1840s when nuggets were discovered in a nearby canyon. In 1874, San Fernando became the valley's first organized community, thus earning the title "First City of the Valley." With the arrival of the railroad two years later, town lots soared from \$10 apiece to \$150.

The City of San Fernando is a community of attractive contrasts. What was once a land of farms and ranches adjoining the Mission de San Fernando Rey is now a vibrant center of manufacturing and commerce. San Fernando enjoys a sweeping view of the panoramic San Gabriel foothills and a sense of privacy; yet it is only minutes from downtown Los Angeles and other centers of commercial activity, thanks to a network of freeways and nearby airports. The City combines modern metropolitan conveniences with a close-knit community of friendly, civic-minded residents.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific economic environment within which the City of San Fernando operates.

The national and state economies have been steadily growing over the last few years, and that trend is expected to continue in the near term. In fact, during in 2018, the current economic expansion became the second longest on record. As a nation, we are experiencing record low unemployment, property values exceed pre-recession prices, and there is a nation-wide construction boom.

There is also a fair amount of uncertainty related to the impact the Trump Administration's fiscal policies will have on the economy, particularly related to tax reform, immigration and international trade. Tax reform, which consolidated tax brackets and generally lowered the effective tax rate in each bracket, has spurred some growth due to an increase in disposable income for American consumers. Conversely, the Trump Administration's stance on tariffs and international trade may ultimately increase prices domestically, offsetting gains from tax cuts.

It is unclear how the Trump Administration's policies will impact the economy. In the short-term, the economy is expected to continue slow and steady growth through 2019.

Federal Economy

According to the Bureau of Economic Analysis, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow about 2.5% in 2018 and hover around 3.0% annually over the next few years. Over the last ten years, GDP growth has averaged 3.3% per year.

The national job market has remained steady as the employment rate has dipped under 4.0%, which is below what economists refer to as "full employment." Personal income has been steadily increasing while personal savings as a percentage of disposable income has been declining since it peaked at 11% in December 2012. Personal savings is currently 3.1%.

Low unemployment, increasing personal income and a decreasing personal savings rate are indicators that consumers feel secure in their job; resulting in spending more of their disposable income. This is important in the United States' consumer driven economy. However, the Federal Reserve Bank has held the federal funds rate at historic lows (i.e. less than 2%) for almost 10 years and is expected to gradually increase rates over the next few quarters to relieve inflationary pressures.

State Economy

Quality of life in California is among the highest in the world as affirmed by its pre-eminence as a tourism destination and continued attractiveness for high-income migrants. California's economy has also been steadily improving, although there are a number of factors that may dampen economic growth in the near term. With California hitting its lowest unemployment rate since 1976, wage gains in the state have been on the rise. Average weekly wages in California increased by 4.3% in 2017, which was the largest increase in 10 years. The unemployment rate is expected to remain low and wages are expected to continue to increase with steady job growth and limited increases in the labor force. The state has also enacted legislation to increase minimum wage to \$15 per hour by 2022. It is too soon to gauge the effects of this increase as wage increases are currently being driven by scarcity of labor.

The most significant long term economic challenge for California is the scarcity and affordability of housing. Despite wage gains, housing is becoming less and less affordable. It is estimated that, for California alone, 200,000 new housing units are needed each year to meet demand, yet over the last few years, only 100,000 new units have been built each year. Construction activity is expected to increase moderately, but will likely still fall short. The state is likely to continue to impose legislation on local jurisdictions (similar to SB 35) to allow construction of new housing units.

The passage of Proposition 64 legalizing the adult use of recreational marijuana is expected to generate significant on-going tax revenues for the state. After an expected influx of tax dollars in 2018 and 2019, cannabis revenues will most likely level out after 2020 as the market normalizes.

Overall, the California economy is expected to remain strong through 2020. Beyond that, federal economic policies may begin to have a significant impact on the state economy.

Local Economy

Locally, sales and property taxes have demonstrated a consistent pattern of growth over the last ten years. The decision by Sam's Club to close the San Fernando location had a significant impact upon local tax revenue as it was one of the City's top 5 revenue generating businesses. Staff is actively working with the property owner and the retail community to identify a new tenant for the site. However, it is expected that space will likely remain vacant through FY 2018-2019.

Median single family residential sales price in San Fernando has hovered around \$450,000 over the last year, which is up from \$318,000 four years ago. The median price for Los Angeles County is \$570,000. According to the Southland Association of Realtors, home prices in the region reached an all-time high in 2017, while the available inventory of homes for sale remains low.

Despite the closure of Sam's Club, staff is bullish on the state of the local economy over the next few years. In December 2017, City Council adopted Specific Plan No. 5 to streamline the development review process and facilitate new development in the downtown area and the Metro Board has approved the East San Fernando Valley Transit Corridor light rail project that will connect San Fernando to the Orange Line. New businesses, including CVS and Truman House Tavern should help energize a resurgence in the San Fernando Mall area and a number of interested developers have approached the City with new development opportunities.

Major General Fund Revenue

The City's major sources of General Fund revenue include Sales & Transaction Tax, Charges for Services, Property Tax in Lieu of Motor Vehicle Tax, Property Tax, and Admissions Tax.

Sales & Transaction Tax

Retail sales and transaction tax is the City's largest revenue, accounting for approximately 40% of total General Fund revenues in FY 2017-2018. Since Sales Tax revenue is a function of business and consumer spending, it is highly sensitive to economic cycles.

In June 2013, San Fernando voters approved a half cent local transaction use tax (Measure A) for a duration of seven years. Funds

9,000,000 8,000,000 7,000,000 6,000,000 4,000,000 3,000,000 2,000,000 1,000,000

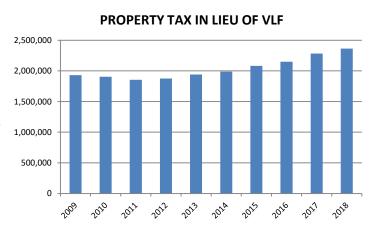
SALES & TRANSACTION TAX

raised through the transaction tax have been imperative to the City's short-term viability. In November 2018, voters approved extending the transaction tax indefinitely, which is crucial for the City's long-term financial health.

Sales Tax revenue is estimated to decrease by 5% in FY 2018-2019 primarily resulting from the loss of Sam's Club. Long-term revenue projections include a slowing of revenue growth beginning in 2020, to account for potential economic slow-down in the near future.

Property Tax In-Lieu of Motor Vehicle License Fee

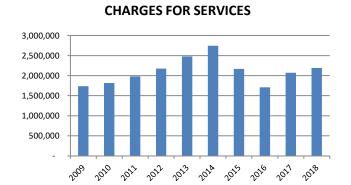
Prior to 2004, cities in California received a share of the state's Motor Vehicle License Fee (VLF), which is a fee imposed on motor vehicles based on the original sale price of the vehicle. 2004, the state shifted revenues from the Motor Vehicle License Fee to fund other programs. To make cities whole, the state replaced the loss of VLF revenue with a like amount of property tax revenue.



Property tax in-lieu of Motor Vehicle License Fee is the City's second largest revenue as it accounted for almost 12% of General Fund revenues in FY 2017-2018. Revenue and Taxation Code Section (c)(1)(B)(i) specifies the VLF Adjustment Amount for each city and county is to grow in proportion to the growth of gross assessed valuation in that jurisdiction from the prior year. Assessed value increases are projected to increase approximately 4%. Consequently, Property Tax In-lieu of VLF is conservatively projected to increase approximately 4% in FY 2018-2019.

Charges for Services

San Fernando charges fees for various services it provides to users who derive a direct benefit from the provision of those services. Some examples include, facility rental fees, film and special event permits, and development permit fees. Additionally, San Fernando charges administration fees to the Enterprise Funds and various Special Revenue funds to reimburse the City for



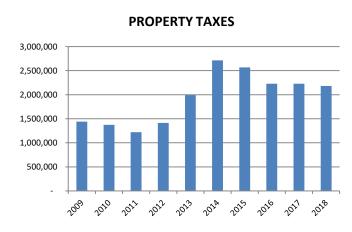
administrative costs incurred to support those activities.

Administrative costs include, but are not limited to; recruiting and benefit administration services; billing, accounts payable, payroll and accounting services; information technology services; facility use services; and equipment maintenance services. Charges for services are the City's third largest revenues source and accounted for 11% of total General Fund revenues in FY 2017-2018.

In FY 2012-2013 and FY 2013-2014, there was a large infrastructure upgrade by Southern California Edison, which resulted in approximately \$300,000 in one-time permit revenue. Charges for Services are projected to decrease 2% in FY 2018-2019. Although fees related to development and police services are projected to remain flat, the updated cost allocation plan to apportion administrative costs calculates a reduction of 2% in charges to other funds.

Property Tax

Property tax, accounting for almost 11% of General Fund revenue in FY 2017-2018, is the City's fourth largest revenue source. Property tax is an ad valorem tax levied on property owners in the City of San Fernando. The property tax rate is limited by Proposition 13 to 1% of the property's assessed value. The City receives approximately fifteen cents for every dollar in property tax paid by property owners in San Fernando. The remaining amount



is distributed to Los Angeles County agencies and local school districts.

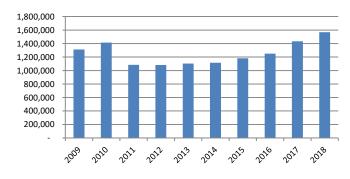
Assessed property values are steadily rebounding since they bottomed out in FY 2010-2011. Additionally, the elimination of redevelopment agencies and tax increment by the State has resulted in additional property tax for the City, which accounts for the large increases in FY 2012-2013 and FY 2013-2014. As the former San Fernando Redevelopment Agency winds down and retires debt, the City will continue to receive additional Property Tax revenue.

Although Proposition 13 limits the annual increase of Assessed Values to 2%, strong local investment and property turnover are expected to drive an increase in Property Tax of approximately 5% in FY 2018-2019.

Business License Fees

San Fernando imposes a Business License fee on certain businesses, professions trades, and occupations specified in the City's Municipal Code. There are a number of different fees based on business type, but generally the fee imposed is \$1.20 per \$1,000 in gross receipts for the sale of goods and \$2.40 per \$1,000 in gross receipts for services. **Business** License is the City's fifth largest

BUSINESS LICENSE TAXES & FEES



revenue source, accounting for 7.5% of General Fund revenues in FY 2017-2018.

Business License revenue is also very sensitive to economic conditions and decreased by more than 25% from FY 2009-2010 to FY 2010-2011. Reductions over the last few years have necessitated directing staff resources away from Business License compliance efforts, further compounding the reduction in revenue.

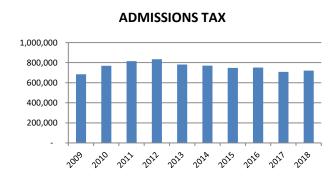
In FY 2015-2016, the City partnered with a private firm to provide full Business License Administration services. In FY 2016-2017, the City offered an amnesty program to waive late penalties for delinquent businesses that became current between January 2017 and June 2017.

That program generated over \$100,000 in one-time Business License revenue as business owners paid prior year taxes. Due to the increased contract resources dedicated to Business License operations and a successful amnesty program, Business Tax revenues increased by almost 6% from FY 2015-2016.

After adjusting for the one-time revenues received in FY 2016-2017 from the amnesty program and increased compliance activity in FY 2017-2018, Business License Taxes and Fees are conservatively projected to remain relatively flat in FY 2018-2019.

Admissions Tax

San Fernando imposes a tax on each person who pays an admission fee, commonly known as an Admissions Tax. The tax is collected by the operator at the time admission is paid. Admissions Tax revenue is the City's sixth largest revenue source, accounting for almost 4% of General Fund revenues in FY 2017-2018.



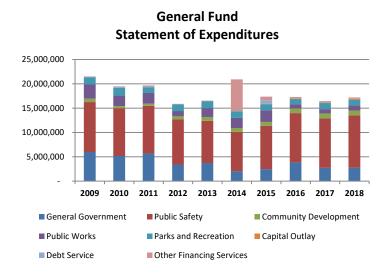
The primary driver for Admissions Tax revenues is the City's Swap Meet. Swap Meet vendors sell new and used goods, typically at deeply discounted prices. Similar to other discount retailers, attendance at the Swap Meet has proven to be anti-cyclical in that, when the economy is depressed, the demand for discount goods increases and as the economy improves, the demand for discount goods declines.

Consumers' anti-cyclical behavior is apparent with an increase in attendance, and consequently Admission Tax revenues, during and following the Great Recession. As the economy has steadily improved over the last few years, attendance, and consequently Admission Tax Revenues, has steadily declined. Therefore, staff has projected Admission Tax revenue remain flat in FY 2018-2019.

General Fund Expenditures

Since fiscal year 2008-2009, total General Fund expenditures have decreased by more than 23% as the City has had to make drastic cuts to align on-going expenses with lower on-going revenues.

Excluding Capital Outlay, Debt Service and Transfers Out, General Fund departmental expenditures increased by 2% from FY 2016-2017. The increase from the prior year is due primarily



to increased labor costs and filling vacant positions, including multiple department head and police officer positions.

Public Safety (including the Fire Service contract with City of Los Angeles) expenditures accounted for 63% of General Fund expenditures in FY 2017-2018, an increase of 1% from the prior year. The savings realized from vacant Police Officer positions were offset by additional overtime and an increase of approximately 2% in the Fire Services contract with LAFD.

There were no significant changes in expenditures for the General Government and Community Development expenditures from FY 2016-2017 to FY 2017-2018.

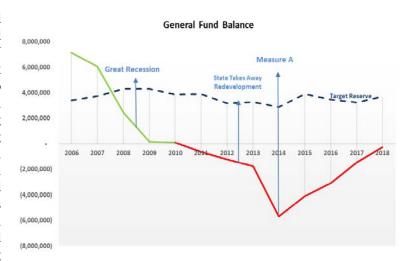
Public Works expenditures increased by 23% from FY 2016-2017. Most of the increase is due to filling vacant positions (Director of Public Works/City Engineer, Public Works Supervisor and Public Works Maintenance Workers) and increased capital project activity throughout the City.

Parks and Recreation expenditures decreased by 9% due to a number of vacant positions, including the Director of Parks, Recreation and Community Services.

Despite the reductions and concessions that have already been implemented, San Fernando, like many cities through the State, continues to face increasing pension and healthcare costs for both active and retired employees. The City took an important step to restructuring benefits to create a more sustainable benefit package by working with employee groups to eliminate supplemental retiree healthcare benefits for employees hired after July 1, 2015 and converting some active employees to a cafeteria style health plan. The City will continue to work with labor groups to identify opportunities to equitably contain long-term benefit costs.

Long Term Financial Planning

The City's General Fund has been in a deficit fund balance position since FY 2010-2011. The City took a number of steps to stabilize ongoing finances, including re-negotiating labor contracts, reducing and services, programs reducing professional development membership opportunities for City staff, implementing layoffs and furloughs, and freezing



vacant positions. Many of these were short-term fixes that were necessary to remain solvent; however, continuing these cuts is not sustainable in the long-term.

In FY 2013-2014, the City Council began the development and implementation of a multi-year <u>Deficit Elimination Plan</u>. Put simply, the Deficit Elimination Plan aims to pay off debt, reduce ongoing expenditures and increase ongoing revenue. In 2013, the City declared a fiscal emergency and held a special election for a temporary one-half (½) cent local transaction and use tax, which was approved by sixty percent (60%) of voters. This local transaction tax, also referred to as "Measure A," was originally set to sunset in October 2020. In November 2018, voters overwhelmingly (69%) approved extending the local transaction tax indefinitely.

The local transaction tax, originally projected to raise less than \$2 million per year, has generated close to \$2.5 million per year in additional general tax revenue and is necessary to fund a number of critical one-time needs. To date, the local transaction tax revenue has been used to fund non-recurring expenditures, including, but not limited to: 1) establishing General Fund, Self-Insurance, Equipment Replacement, and Facility Maintenance fund reserves, 2) paying off existing debt, 3) eliminating recurring deficit fund balances in Grant and other Special Revenue funds, 4) increasing public safety by replacing outdated vehicles and equipment, 5) replacing and updating outdated computer hardware, software and telecommunications systems, and 6) funding capital projects to reduce the City's deferred maintenance backlog.

In addition to short-term actions identified above, the City has taken a number of longer-term actions since the passage of Measure A to address the City's deficit and improve long-term financial stability, including:

• Renegotiated the Fire and Emergency Services contract with the Los Angeles Fire Department to reduce the City's ongoing annual cost without reducing service (saved more than \$500,000/year).

- Transferred operational and financial responsibility of the San Fernando Regional Pool to the County of Los Angeles through a lease of up to 55 years (saved more than \$500,000/year).
- Reduced retiree health benefits to the statutory minimum for new employees to decrease the City's retiree health (OPEB) liability (significant long-term savings).
- Sold surplus land and used the land sale proceeds to reduce the General Fund deficit (generated \$1 million in proceeds).
- Developed a five-year General Fund projection to improve long-term decision making.
- Adopted a Development Agreement Ordinance to provide additional tools to increase economic development efforts and diversify the tax base.
- Re-established reserves for the Self-Insurance and Equipment Replacement Funds (more than \$1 million in reserve to protect against large lawsuits).
- Updated user fees, development fees, and cost allocation calculations to ensure an
 appropriate cost recovery for City services (more than \$500,000/year in projected
 ongoing revenue).
- Updated the City's long term financial planning policies, including budget, purchasing, debt management, grant management, investment, and reserve policies, with an emphasis on creating long term fiscal sustainability.

To continue implementation of the deficit reduction plan in FY 2018-2019, the Adopted Budget includes the following:

- Continue to pay down General Fund debt to the Retirement Fund and Enterprise Funds.
- Upgrades to security and functionality of the City's network backbone and software systems, including permitting software upgrades that will allow customers to apply, pay, and receive certain permits online.
- Investment in staff training and education to maximize utilization of existing staff resources.
- A General Fund budget surplus of \$175,000 to further reduce the deficit fund balance.

Despite the progress that has been made since 2013, the City will need to continue to work to establish a reserve fund balance and develop strategies to fund key long-term liabilities, including retiree health and pension costs.

Financial Information

The City maintains its accounting system with due consideration given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance that assets are adequately safeguarded from waste, fraud and inefficient use.

The financial records maintained allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Fernando for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 33rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for the 2018 certification.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire City staff, especially Senior Accountant Sonia Garcia. This report would not have been accomplished without their support and without the dedication of the audit firm Van Lant & Fankhanel, LLP. Each contributing member of the City staff has my sincere appreciation for the contributions made in the preparation of this report. I would also like to thank the members of the current City Council for their interest and commitment to conducting the financial operations of the City in a responsible and fiscally prudent manner and setting a course for the City that is both progressive and positive.

Respectfully submitted,

ho lill

Nick Kimball

Deputy City Manager/Director of Finance

DIRECTORY OF OFFICIALS

FISCAL YEAR 2017-2018

ELECTED OFFICIALS

CITY COUNCIL

Mayor Sylvia Ballin

Vice Mayor Antonio Lopez

COUNCILMEMBERS
JOEL FAJARDO
ROBERT C. GONZALES
JAIME SOTO

<u>City Treasurer</u> Margarita Solis

EXECUTIVE MANAGEMENT

INTERIM CITY MANAGER NICK KIMBALL

DEPUTY CITY MANAGER/ VACANT

DIRECTOR OF PUBLIC WORKS

CHIEF OF POLICE ANTHONY VAIRO

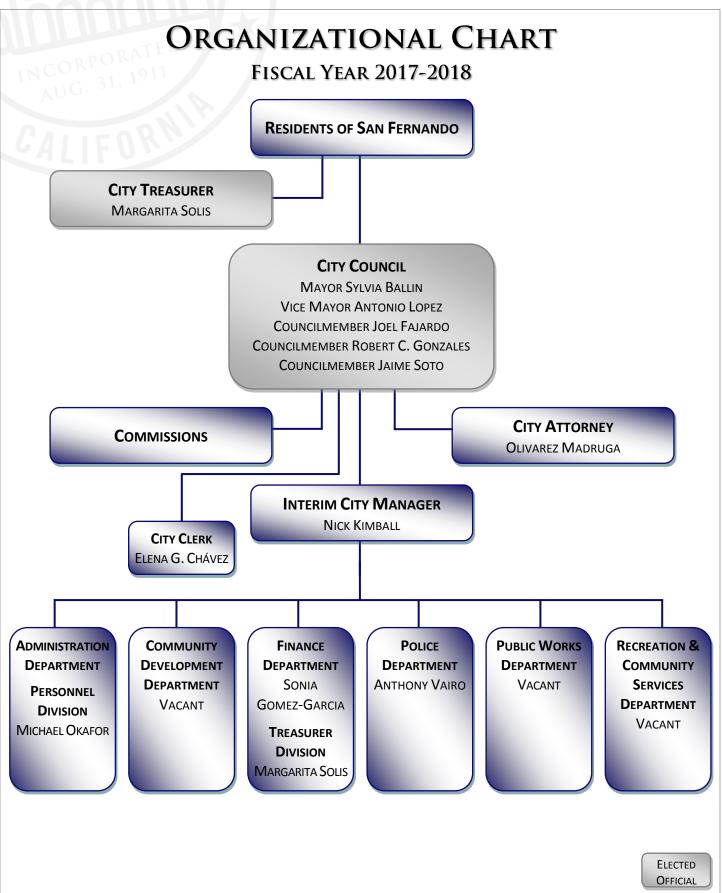
DIRECTOR OF COMMUNITY DEVELOPMENT VACANT

Interim Director of Finance Sonia Gomez-Garcia

DIRECTOR OF RECREATION AND VACANT

COMMUNITY SERVICES

CITY CLERK ELENA G. CHÁVEZ





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Fernando California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

SECTION II. Financial Section



Independent Auditor's Report

The Honorable City Council City of San Fernando, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Fernando (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Van Lant & Fankhanel, LLP 25901 Kellogg Street Loma Linda, CA 92354

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Fernando, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 8 to the financial statements, the City adopted new accounting guidance, *GASBS No. 75*, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of June 30, 2018. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 10 to the financial statements, as of June 30, 2018, the City is reporting significant deficits in unrestricted net position for Governmental Activities and Business-type Activities, and also the internal service funds. In addition, the City's obligation for other post-employment benefits has increased to approximately \$42.8 million as of June 30, 2018 (see Note 8), while the Net Pension Liability has increased to approximately \$40.5 million. Management's plans regarding these matters are described in Note 10. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, schedules listed in the Supplementary Information section of the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

December 20, 2018

Van Laut + Funkhanel, 11P

This section of the Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City of San Fernando (City) for the fiscal year ended June 30, 2018. As management of the City, we encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found beginning on pages i - xii, and the City's financial statements beginning on page 21.

FINANCIAL HIGHLIGHTS

The following are some key financial highlights for the fiscal year ending June 30, 2018:

- The City's total net position decreased from \$32,064,934 as of June 30, 2017 to \$4,760,598 as of June 30, 2018 for a total decrease of \$27,304,336, or 85.2%. Additional information on the decrease in net position is discussed in more detail in the Government-wide Financial Analysis beginning on page 7.
- The City's total unrestricted net position decreased from (\$29,300,905) at June 30, 2017 to (\$69,556,412) at June 30, 2018 for a total decrease in unrestricted net position of \$40,255,507, or 137.4%.
- The City's total fund balances for governmental funds increased from \$15,772,535 as of June 30, 2017 to \$17,422,636 as of June 30, 2018 for a total increase of \$1,650,101, or 10.5%.
- The total fund balance for the General Fund increased from (\$1,475,089) as of June 30, 2017 to (\$208,253) as of June 30, 2018 for a total deficit reduction of \$1,266,836, or 86%. Fund balance is classified per GASB Statement No. 54 as Nonspendable: \$66,308, Restricted: \$ -, and Unassigned: (\$274,561). Additional information on the fund balances is located in Note 1.
- The combined fund balance for the City's other governmental funds, excluding the General Fund, increased from \$17,247,624 as of June 30, 2017 to \$17,630,889 as of June 30, 2018 for a total increase of \$383,265, or 2.2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: 1) Management's Discussion and Analysis, 2) the basic financial statements, 3) required supplementary information, and 4) *optional* combining statements for non-major governmental funds.

The City's basic financial statements are comprised of three components: 1) Government-wide Financial Statements 2) Fund Financial Statements and 3) Notes to the Financial Statements.

${\bf Components\ of\ the\ Financial\ Section}$

Government-wide Financial Statements

The <u>Government-wide Financial Statements</u> are designed to present financial information about the City as a whole in a manner similar to a private-sector business, including the use of accrual-based accounting to recognize revenues and expenses. <u>Governmental activities</u>, which are principally supported by taxes and intergovernmental revenues, are reported separately from <u>business-type activities</u>, which rely primarily on user fees and charges to fund operations. <u>Governmental activities</u> include those traditionally associated with local government, such as public safety, public works, community development, recreation, and general government (administrative) functions. <u>Business-type activities</u> include the City's water and wastewater utility operations and Compressed Natural Gas (CNG) fueling station.

The <u>Statement of Net Position</u> presents information on all of the City's assets, including capital assets, and all related current liabilities and long-term obligations. The difference between total assets and total liabilities is presented as net position, which serves as a measure of the financial health of the City. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The <u>Statement of Activities</u> presents information showing how the City's net position changed during the most recent fiscal year. Decreases in net position are presented as "Expenses;" increases in net position are presented as "Revenues." Revenues directly attributable to a particular function within the City are presented as "Program Revenues." Tax revenues, including those restricted to a particular program function, are reported as "General Revenues" unless specifically required to be reported as program revenues.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless* of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods (e.g., revenues pertaining to uncollected taxes, or expenses pertaining to earned, but unused, vacation and sick leave).

The government-wide financial statements include the City (known as the primary government) and the San Fernando Public Financing Authority, which is a legally separate entity. The City is financially accountable for this entity and financial information for this blended component unit is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 21 of this report.

Fund Financial Statements

The City, like other state and local governments, uses fund accounting for recording its financial activities. In general, fund accounting provides a mechanism to separately account for a variety of different funding sources and enables the City to demonstrate compliance with legal and/or contractual requirements that may be associated with these funds. Thus, the accompanying fund financial statements present individual funds organized into one of three categories: Governmental, Proprietary, or Fiduciary Funds. Note that the fund financial statements only present information on the most significant (i.e. "major") funds on the face of the statements. Nonmajor funds are grouped and presented in total on the face of the statements. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the government-wide financial statements. This is designed to explain the differences created by the integrated approach to ensure and demonstrate compliance with finance-related legal requirements.

<u>Governmental Funds.</u> Most of the City's basic services are reported in governmental funds. Governmental funds include the General Fund, Special Revenue, Capital Projects, and Debt Service funds. In the fund financial statements, all governmental fund types are reported using the modified accrual basis of accounting, whereby revenues are generally recognized when measurable and available to finance current operating costs, and expenditures are recognized when the related liability is incurred. In addition, the focus is on inflow (revenues) and outflow (expenditures) of the current period. As such, the balance sheets of governmental funds are intended to present only short-term assets and liabilities.

The fund financial statements include separate columns, by fund type, for all "major" governmental funds of the City. All "Nonmajor" governmental funds are consolidated into a single column labeled "Other Governmental

Fund Financial Statements (cont.)

Funds." The details of these funds are included in the Combining and Individual Fund Statements and schedules located in the supplementary information section of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Retirement Tax Fund, Housing Fund, Measure R Fund and Capital Grants Fund. Data from the other 22 governmental funds are combined into a single, aggregated presentation of "Other Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *non-major governmental funds supplementary information* section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate its compliance with this budget.

<u>Proprietary Funds</u>. Proprietary funds are used to account for services provided to external customers or other City departments and funds that are primarily funded from user fees and charges. Proprietary funds use the accrual basis of accounting and measure the balance and change in *total economic* resources. Accordingly, balance sheets of proprietary funds include all assets and liabilities, including long-term receivables, capital assets, and long-term liabilities. The basis of accounting and measurement focus used to prepare proprietary fund statements is the same that is used to prepare the government-wide statements. Thus, proprietary fund statements provide the same, but more detailed, information about these funds, which are included in the "Business-Type Activity" column of the government-wide statements.

The City maintains two different types of proprietary funds: Enterprise and Internal Service.

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City currently uses enterprise funds to account for the following activities: 1) water operations, 2) wastewater operations, 3) compressed natural gas (CNG) fueling station operations, and 4) refuse operations (inactive).
- Internal Service funds are used by the City to account for its intra-city services. The City currently uses three internal service funds: 1) Equipment Maintenance and Replacement Fund, 2) Facility Maintenance Fund and 3) Self Insurance Fund.

Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section.

The basic proprietary fund financial statements can be found beginning on page 31 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held by the City as trustee on behalf of other agencies or individuals. Fiduciary funds are *not* presented in the accompanying government-wide financial statements since the resources of those funds are *not* available to support the City's programs. The basis of accounting used for the fiduciary funds is similar to what is used for the proprietary funds. The fiduciary funds financial statements are located in the basic financial statements section of this report.

Fund Financial Statements (cont.)

The City uses fiduciary funds to account for the activities of the Successor Agency to the San Fernando Redevelopment Agency and one other small agency fund where the City serves as custodian.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 36 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required* supplementary information beginning on page 65 of this report. This section includes a comparison of budgeted to actual results for the general and major special revenue funds.

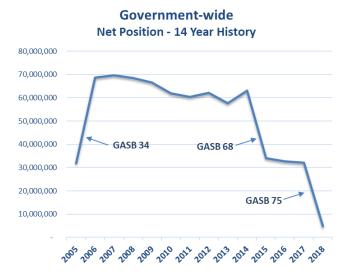
The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following *the required supplementary information*. Combining and individual fund statements and schedules can be found beginning on page 76 of this report.

Government-wide Financial Analysis

Statement of Net Position

Over time, net position may serve as a useful indicator of the City's financial position. As the chart shows, the City's net position has been volatile over the last 14 years and has been significantly impacted by a number of changes to financial reporting guidelines implemented by GASB. In fiscal year 2017-2018, the City's net position decreased from \$32,064,934 as of June 30, 2017 to \$4,760,598 as of June 30, 2018 for a total decrease of \$27,304,336, or (85.2%).

The dramatic decrease in net position is the result of implementation of a new reporting requirement by the Government Accounting Standards Board, Statement No. 75 (GASB 75). GASB 75 requires governments providing postemployment benefits (i.e. retirement benefits) other than pensions to



comprehensively measure the cost of those other postemployment benefits (OPEB) and recognize long-term cost of those obligations as a liability. As a result of the reporting requirements set forth in GASB 75, the City's total OPEB liability reported on the financial statements increased by \$36,350,710. Additional information related to the City's pension benefits/liability and OPEB benefits/liability can be found in Notes 7 and 8, respectively.

Total assets increased by \$3,420,372, due primarily to increased Cash and Investments in the General Fund and Retirement Fund. The increase in cash in the General Fund is a result of continued implementation of the Deficit Reduction Plan and the increase in the Retirement Fund is a result of the City accumulating funds to offset increasing future retirement liabilities.

The increase in assets was offset by an increase in liabilities of \$30,551,943 due to significant increases in the City's long-term liabilities; specifically, net pension obligation and OPEB for retiree healthcare. Additional information related to the City's pension benefits/liability and OPEB benefits/liability can be found in Notes 7 and 8, respectively.

Government-wide Financial Analysis (cont.)

The largest portion of the City's net position, \$56,318,379, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the City's net position, \$17,998,631, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, if any, may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2018, the City is reporting positive net positions balances in only two categories: 1) Net Investment in Capital Assets, and 2) Restricted; the City's governmental activities unrestricted net position reflects a deficit of (\$69,556,412). This large deficit is the result of long-term liabilities, most notably, pension and OPEB liabilities as detailed in Notes 6, 7 and 8.

The following table summarizes the Statement of Net Position for Governmental and Business-Type Activities for the fiscal year ended June 30, 2018, with comparative totals for the fiscal year ended June 30, 2017.

Summary of Net Position

| | Government | al Activities | Business- | type Activities | <u>To</u> | <u>tal</u> |
|-----------------------------------|----------------|---------------|---------------|-----------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets: | | | | | | |
| Current and other assets | \$ 22,293,442 | \$ 20,141,756 | \$ 10,329,826 | \$ 9,776,679 | \$ 32,623,268 | \$ 29,918,435 |
| Capital assets | 44,999,017 | 43,847,534 | 14,079,295 | 14,515,239 | 59,078,312 | 58,362,773 |
| Total assets | 67,292,459 | 63,989,290 | 24,409,121 | 24,291,918 | 91,701,580 | 88,281,208 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred Retirement Contributions | 9,039,368 | 6,158,372 | 1,937,777 | 1,739,677 | 10,977,145 | 7,898,049 |
| Total Deferred Outflows | 9,039,368 | 6,158,372 | 1,937,777 | 1,739,677 | 10,977,145 | 7,898,049 |
| Liabilities: | | | | | | |
| Current and other liabilities | 3,781,534 | 3,457,874 | 495,482 | 627,407 | 4,277,016 | 4,085,281 |
| Long-term liabilities | 74,997,045 | 51,763,039 | 14,163,536 | 7,037,334 | 89,160,581 | 58,800,373 |
| Total liabilities | 78,778,579 | 55,220,913 | 14,659,018 | 7,664,741 | 93,437,597 | 62,885,654 |
| Deferred Inflows of Resources: | | | | | | |
| Actuarial Adjustments-Retirement | 3,780,819 | 1,016,140 | 699,711 | 212,529 | 4,480,530 | 1,228,669 |
| Total Deferred Intflows | 3,780,819 | 1,016,140 | 699,711 | 212,529 | 4,480,530 | 1,228,669 |
| Net position: | | | | | | |
| Net Investment in Capital Assets | 42,239,084 | 41,001,890 | 14,079,295 | 14,515,239 | 56,318,379 | 55,517,129 |
| Restricted | 17,998,631 | 5,848,710 | - | - | 17,998,631 | 5,848,710 |
| Unrestricted | (66,465,286) | (32,939,991) | (3,091,126) | 3,639,086 | (69,556,412) | (29,300,905) |
| Total net position | \$ (6,227,571) | \$ 13,910,609 | \$ 10,988,169 | \$ 18,154,325 | \$ 4,760,598 | \$ 32,064,934 |

Government-wide Financial Analysis (cont.)

Statement of Activities

As previously discussed, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (i.e. year-end). In contrast, the Statement of Activities provides details of how net position changed from the prior year. Generally, it indicates whether the financial health of the City as a whole is better at June 30, 2018, in relation to a year earlier.

The City's total net position decreased from \$32,064,934 as of June 30, 2017 to \$4,760,598 as of June 30, 2018 for a total decrease of \$27,304,336, or 85.2%. Key elements of this decrease are as follows:

- ❖ Net position of governmental activities decreased from \$13,910,609 as of June 30, 2017 to (\$6,227,571) as of June 30, 2017; a total decrease of \$20,138,180, or 144.8%. The decrease is due to a prior period adjustment of (\$22,131,395) to record the long-term OPEB liability per GASB 75 (Note 12).
- ❖ Net position of business-type activities decreased from \$18,154,325 as of June 30, 2017 to \$10,988,169 as of June 30, 2018; a total decrease of \$7,166,156, or 39.5%. As is the case with governmental activities, the decrease is due to a prior period adjustment of (\$7,078,207) to record the long-term OPEB liability per GASB 75 (Note 12).

The table on the following page summarizes the Statement of Activities for Governmental Activities and Business-Type Activities for the fiscal year ended June 30, 2018, with comparative totals for the fiscal year ended June 30, 2017.

| Summary of Activities | | | | | | | |
|------------------------------------|----------------|-------------------------|---------------|--------------------------|---------------|---------------|--|
| | Governmenta | Governmental Activities | | Business-type Activities | | <u>Total</u> | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Revenues Program revenues | | | | | | | |
| Charges for services | \$ 3,108,424 | \$ 3,112,939 | \$ 7,931,856 | \$ 7,655,177 | \$ 11,040,280 | \$ 10,768,116 | |
| Operating grants and contributions | 3,032,809 | 2,272,862 | - | - | 3,032,809 | 2,272,862 | |
| Capital grants and contributions | 1,910,721 | 1,732,169 | - | - | 1,910,721 | 1,732,169 | |
| General revenues | | | | | | | |
| Taxes | 19,620,350 | 19,249,260 | - | - | 19,620,350 | 19,249,260 | |
| Investment earnings and other | 314,528 | 150,834 | 39,486 | 30,788 | 354,014 | 181,622 | |
| Total revenue | 27,986,832 | 26,518,064 | 7,971,342 | 7,685,965 | 35,958,174 | 34,204,029 | |
| Expenses | | | | | | | |
| General government | 5,003,034 | 4,769,539 | - | - | 5,003,034 | 4,769,539 | |
| Public safety | 13,046,118 | 13,881,037 | - | - | 13,046,118 | 13,881,037 | |
| Community development | 1,275,585 | 1,349,334 | - | - | 1,275,585 | 1,349,334 | |
| Public works | 4,966,748 | 5,306,102 | - | - | 4,966,748 | 5,306,102 | |
| Parks and recreation | 1,735,878 | 1,926,959 | - | - | 1,735,878 | 1,926,959 | |
| Capital Outlay | - | - | - | - | - | - | |
| Interest and fiscal charges | 128,661 | 120,506 | - | - | 128,661 | 120,506 | |
| Water operations | - | - | 3,389,704 | 3,692,438 | 3,389,704 | 3,692,438 | |
| Sewer operations | - | - | 4,458,457 | 3,651,883 | 4,458,457 | 3,651,883 | |
| CNG operations | - | - | 42,825 | - | 42,825 | - | |
| Refuse operations | - | - | 5,898 | 92,446 | 5,898 | 92,446 | |
| Total expenses | 26,156,024 | 27,353,477 | 7,896,884 | 7,436,767 | 34,052,908 | 34,790,244 | |
| Transfers (out) | 162,407 | 180,000 | (162,407) | (180,000) | - | - | |
| Prior Period Adjustments | (22,131,395) | 3,912,714 | (7,078,207) | (3,912,714) | (29,209,602) | - | |
| Increase(decrease) in net position | (20,138,180) | 3,257,301 | (7,166,156) | (3,843,516) | (27,304,336) | (586,215) | |
| Net position – beginning | 13,910,609 | 10,653,308 | 18,154,325 | 21,997,841 | 32,064,934 | 32,651,149 | |
| Net position – ending | \$ (6,227,571) | \$ 13,910,609 | \$ 10,988,169 | \$ 18,154,325 | \$ 4,760,598 | \$ 32,064,934 | |

Governmental Activities

The City's net position from governmental activities decreased from \$13,910,609 as of June 30, 2017 to (\$6,227,571) as of June 30, 2017; a total decrease of \$20,138,180, or 144.8%. The decrease is due to a prior period adjustment of (\$22,131,395) to record the long-term OPEB liability per GASB 75 (Note 12).

Government-wide Financial Analysis (cont.)

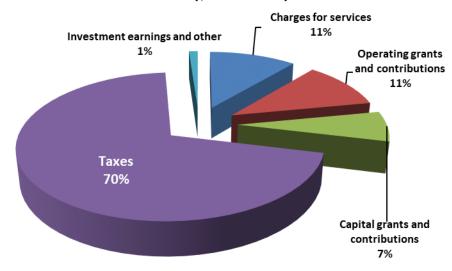
Revenue Highlights

Total governmental activities revenues were \$27,986,832; an increase of \$1,468,768, or 5.5%, from 2017. The largest component of governmental activities' revenue are taxes, which generate \$19,620,350, making up 70% of total governmental activities' revenues. This is consistent with the nature and purpose of governmental funds, particularly the General Fund, where programs are largely supported by general taxes. The highest tax revenues received by the General Fund include Property Tax (\$9.0 million), Sales Tax (\$8.0 million), and business license tax (\$1.6 million). Some key changes in revenues include:

- Property and sales tax revenues both experienced nominal increases, 1.1% and 0.9% respectively, compared to the prior year. Both of these revenue sources are economically sensitive, which may signal a slowing in overall economic activity from the prior year.
- Business licenses tax revenues increased by more than \$146,000 (9.8%) compared to the prior year. In 2016, the City enhanced the amount of resources dedicated to the business license program by partnering with a private entity to manage the program and approved a 6-month amnesty program to waive penalties for delinquent business license accounts that self-reported past due income. Since implementing changes to the program, the City has experienced steady growth in business license compliance and revenue.

The governmental activities pie chart below illustrates operating revenues by source (excluding transfers). Taxes, which include sales, property, motor vehicle license, business and other taxes are general revenues used to support overall government functions. These sources account for approximately 71% of total governmental revenue. Charges for services make up 11% of revenues while operating and capital grants and contributions amount to 18% of total governmental revenues.

Governmental Activities Revenues (\$28.0 million)

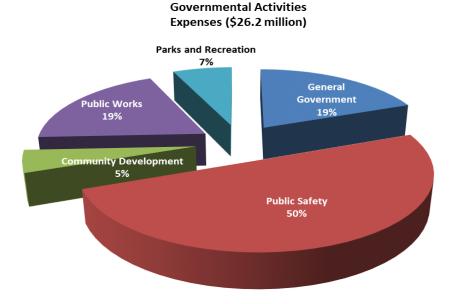


Governmental Activities (cont.)

Expense Highlights

Functional expenses for fiscal year 2017-2018 governmental activities totaled \$26,156,024, a decrease of \$1,197,453 from the prior year. Public Safety activities, consisting of the San Fernando Police Department and Fire Services contract with the Los Angeles Fire Department, accounted for approximately \$13.0 million (50%) and Public Works activities accounted for approximately \$5.0 million (19%) of the total expenses in the governmental funds. General Government expenses (including City Council, City Manager, City Clerk, Information Technology, Finance, Human Resources, and City Attorney contract) also accounted for approximately \$5.0 million (19%) of total expenses. Community Development (\$1.3 million) and Recreation and Community Services (\$1.7 million) account for the remaining 12% of expenses.

Overall, expenditures decreased due to a number of staff vacancies, including three department heads, four police officers, and a number of public works maintenance worker positions. Many of those key vacancies were filled during the fiscal year in an effort to increase service to the community.



Business-Type Activities

The net position of business-type activities decreased from \$18,154,325 as of June 30, 2017 to \$10,988,168 as of June 30, 2018; a total decrease of \$7,166,156, or 39.5%. As is the case with governmental activities, the decrease is due to a prior period adjustment of (\$7,078,207) to record the long-term OPEB liability per GASB 75 (Note 12).

The City's Water Utility and Sewer/Wastewater operations are the two largest business-type operations, with charges for service being the primary funding source. The Summary of Activities chart presented on page 12 shows a comparison of program revenues to expenses to prior year for each of the City's business-type activities.

Business-Type Activities (cont.)

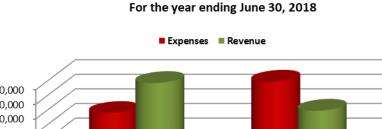
Revenue Highlights

Total program revenues for the fiscal year ended June 30, 2018 were approximately \$7.9 million; an increase of \$276,679, or 3.6%, from 2017. California received a significant amount of rain during the 2016 and 2017 rainy seasons, which caused the state to relax conservation efforts. Consequently, residents used more water in fiscal year 2017-2018.

Expense Highlights

Total expenses for the fiscal year ended June 30, 2018 were approximately \$7.9 million; an increase of \$460,116, or 6.2%, from 2017. The City's water and wastewater (sewer) infrastructure is aging and many sections are in need of replacement. The increase in expenditures is related to a number of significant emergency capital expenditures to repair multiple collapsed sewer main lines.

> **Business-type Activities Expenses and Program Revenues**



4,500,000 4,000,000 3,500,000 3,000,000 2,500,000 2,000,000 1,500,000 1,000,000 500,000 Water Utility Fund Sewer/Wastewater Fund

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The combined ending fund balances in the City's governmental funds increased from \$15,772,535 as of June 30, 2017 to \$17,422,636 as of June 30, 2018; a total increase of \$1,650,101, or 10.5%. The City's governmental funds report an unassigned fund balance deficit of (\$1,034,038), which is a \$988,138 decrease in the deficit from June 30, 2017.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (cont.)

The remainder of the fund balance is either nonspendable or restricted to indicate that it is not available for new spending because it has already been reserved for the following:

- 1) \$3,600 for prepaid items;
- 2) \$64,604 for advances to other funds; and
- 3) \$18,388,470 restricted for transportation, housing, air pollution, parks and recreation, public safety and retirement.

Summary of Governmental Funds Balance Sheet

| | 2018 | 2017 |
|-------------------------------------|---------------|---------------|
| Assets: | | |
| Cash and Investments | \$ 10,938,130 | \$ 9,472,378 |
| Other assets | 14,302,018 | 14,102,251 |
| Total assets | 25,240,148 | 23,574,629 |
| Liabilities: | | |
| Accounts Payable | 1,336,432 | 1,277,874 |
| Other liabilities | 5,708,490 | 5,765,261 |
| Total liabilities | 7,044,922 | 7,043,135 |
| Total deferred Inflows of Resources | 772,590 | 758,959 |
| Fund balances: | | |
| Nonspendable | 68,204 | 66,703 |
| Restricted | 18,388,470 | 17,728,008 |
| Unassigned | (1,034,038) | (2,022,176) |
| Total fund balances | \$ 17,422,636 | \$ 15,772,535 |

The following is a summary of significant changes to fund balance in the major governmental funds.

General Fund. The General Fund is the chief operating fund of the City. The General Fund's deficit fund balance decreased from (\$1,475,089) as of June 30, 2017 to (\$208,253) as of June 30, 2018. The City continues to take steps to implement the deficit elimination plan (see Note 10) to eliminate the General Fund deficit by fiscal year 2019-2020.

Retirement Tax Fund. The Retirement Tax Fund is a special revenue fund used to account for the City's special property tax levy that is restricted to pay City employees' pension obligation to CalPERS. The fund balance increased from a \$9,497,300 as of June 30, 2017 to \$10,517,651 as of June 30, 2018; a total increase of \$1,020,351, or 10.7%. Assets in the Retirement Tax fund are restricted to pay the City's long-term pension obligation to CalPERS.

Housing Fund. The Housing Fund is a special revenue fund used to account for the City's moderate to low income housing activity. The fund balance increased from \$3,257,504 as of June 30, 2017 to \$3,287,492 as of June 30, 2018 due to investment earnings and repayment of outstanding housing loans. Assets in the Housing fund are restricted to low/moderate income housing related activities.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (cont.)

Measure R Fund. The Measure R Fund is a special revenue fund used to account for the City's Measure R Local Return funds from the countywide sales tax. The fund balance decreased from \$3,316,392 as of June 30, 2017 to \$2,595,859 as of June 30, 2018. In fiscal year 2015-2016, the City issued approximately \$2.7 million in Certificates of Participation to finance a number of eligible street projects. The City will continue to spend down those funds in the coming years on a number of planned street resurfacing projects. Assets in the Measure R fund are restricted for transportation and street related activities.

PROPRIETARY FUNDS FINANCIAL ANALYSIS

Unlike governmental funds, proprietary funds use the accrual basis of accounting for financial statement purposes. Accordingly, information reported for the individual fund statements is very similar to that presented as Business-Type Activities in the government-wide statements. Government-wide reporting requires the inclusion of activities of the City's internal service funds related to proprietary fund activities in the Business-Type Activities. Therefore, the following analysis is very similar to that presented for Business-Type Activities.

Enterprise Funds. Total net position decreased from \$18,154,325 as of June 30, 2017 to \$10,988,169 as of June 30, 2018; a total decrease of \$7,166,156, or 39.5%. As is the case with governmental activities, the decrease is due to a prior period adjustment of (\$7,078,207) to record the long-term OPEB liability per GASB 75 (Note 12).

<u>Internal Service Funds.</u> The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Services provided by internal service funds have been allocated to governmental functions, based on user percentages, in the government-wide financial statements. The City uses internal service funds to account for facility maintenance, vehicle maintenance and replacement, and insurance premiums and claims costs. The total net position of the internal service funds increased from (\$2,947,421) as of June 30, 2017 to (\$1,286,288) as of June 30, 2018; a total increase of \$1,661,133, or 56.3%. The increase in net position is primarily due to a decrease in future liability of claims payable for unresolved liability and workers' compensation claims. The City will continue to accumulate assets to further offset the claims liability and reduce the deficit.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. Its revenues are primarily derived from taxes and charges for services, which are used to pay for the traditional services provided by local government - public safety, parks and recreation, community development (building and planning), and public works.

Revenues. Actual General Fund revenues were \$17,989,576 in fiscal year 2017-18, compared to the \$17,508,102 final budget; a difference of \$481,474, or 2.7%. The difference is predominately due to additional business license tax revenue resulting from program enhancements, additional residual property tax received from the dissolution of the former redevelopment agency, and an overall improvement in the economy.

Summary of General Fund Revenues Budget and Actual June 30, 2018

Variance with

| | Budgeted | Amounts | Actual | Final Budget Positive(Negative) | | |
|-----------------------|---------------|---------------|---------------|---------------------------------|----------|--|
| | Original | Final | Amounts | | | |
| Revenues | | | | | | |
| Taxes | \$ 12,917,500 | \$ 12,917,500 | \$ 13,436,220 | \$ | 518,720 | |
| Licenses and Permits | 273,500 | 273,500 | 279,620 | | 6,120 | |
| Charges for Services | 839,000 | 839,000 | 893,317 | | 54,317 | |
| Fines and Forfeitures | 513,800 | 513,800 | 426,697 | | (87,103) | |
| Investment Earnings | 195,000 | 195,000 | 178,939 | | (16,061) | |
| Intergovernmental | 2,398,500 | 2,398,500 | 2,404,128 | | 5,628 | |
| Other | 370,802 | 370,802 | 370,655 | | (147) | |
| Total Revenues | \$ 17,508,102 | \$ 17,508,102 | \$ 17,989,576 | \$ | 481,474 | |

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

Expenditures. Actual General Fund expenditures were \$16,961,974 in fiscal year 2017-2018, compared to the \$17,952,080 final budget; a difference of \$990,106, or 5.5%. The largest variances in Police, Community Development, Public Works, and Parks and Recreation were due to savings from multiple vacant budgeted positions. The Fire Services contract with LAFD were less than projections provided during the budget process.

Summary of General Fund Expenditures Budget and Actual June 30, 2018

| | | , | | Variance with | | |
|-----------------------------------|-------------|-------------|-------------|--------------------|--|--|
| | Budgeted | | Actual | Final Budget | | |
| | Original | Final | Amounts | Positive(Negative) | | |
| Expenditures | | | | | | |
| General Government: | | | | | | |
| City Council | \$ 176,108 | \$ 194,861 | \$ 191,434 | \$ 3,427 | | |
| Treasurer | 181,495 | 181,495 | 181,924 | (429) | | |
| Administration | 451,011 | 451,011 | 447,984 | 3,027 | | |
| Personnel | 385,788 | 385,788 | 383,130 | 2,658 | | |
| City Attorney (contract) | 330,000 | 335,000 | 373,065 | (38,065) | | |
| City Clerk | 249,594 | 251,289 | 246,748 | 4,541 | | |
| Elections | - | 14,500 | 7,791 | 6,709 | | |
| Finance | 670,696 | 670,696 | 682,879 | (12,183) | | |
| Information Technology (contract) | 412,948 | 444,066 | 438,598 | 5,468 | | |
| Retirement and Nondepartmental | 351,259 | 386,008 | 42,384 | 343,624 | | |
| Public Safety: | | | | | | |
| Police | 7,842,848 | 8,055,365 | 8,037,695 | 17,670 | | |
| Fire (contract) | 3,000,000 | 3,000,000 | 2,723,821 | 276,179 | | |
| Community Development | 1,056,538 | 1,088,779 | 984,938 | 103,841 | | |
| Public Works | 1,195,676 | 1,217,006 | 1,094,565 | 122,441 | | |
| Parks and Recreation | 1,272,286 | 1,276,216 | 1,125,018 | 151,198 | | |
| Total Expenditures | 17,576,247 | 17,952,080 | 16,961,974 | 990,106 | | |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | \$ 419,234 | \$ 419,234 | \$ 419,234 | \$ - | | |
| Transfers Out | (480,000) | (480,000) | (180,000) | 300,000 | | |
| Total Other Financing Sources | | | | | | |
| (Uses) | \$ (60,766) | \$ (60,766) | \$ 239,234 | \$ 300,000 | | |
| Net Change in Fund Balance | (128,911) | (504,744) | 1,266,836 | 1,771,580 | | |
| Fund Balance, Beginning of Year | (1,475,089) | (1,475,089) | (1,475,089) | - | | |
| Fund Balance, End of Year | (1,604,000) | (1,979,833) | (208,253) | 1,771,580 | | |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities, net of accumulated depreciation, amounts to \$44,999,017 as of June 30, 2018. This investment in capital assets includes land, buildings, improvements other than building, infrastructure (roads, sidewalks, streetlights, etc.), and machinery and equipment. The total change in the City's investment in capital assets through June 30, 2018 was \$1,151,483, due street and other capital improvements completed during the year. Additional information on the City's capital assets can be found in Note 4 to the basic financial statements on pages 49-50 of this report.

Capital Assets (Note 4) Net of Accumulated Depreciation June 30, 2018

| | G | overnmental Activities | В | Susiness-type Activities | Total |
|--------------------------------------|----|---------------------------|----|-----------------------------|------------------|
| Capital assets not being depreciated | \$ | 6,408,397 | \$ | 2,301,730 | \$ 8,710,127 |
| Capital assets being depreciated | | 97,566,529 | | 36,748,229 | 134,314,758 |
| Less accumulated depreciation | | (58,975,909) | | (24,970,664) | (83,946,573) |
| Net Capital Assets | | 44,999,017 | | 14,079,295 | 59,078,312 |

Major capital asset events during the current fiscal year included the following:

- Governmental activities: Capital asset additions in governmental activities include completion of various street and facility improvement projects.
- Business-type activities: Capital asset additions related to the water, sewer, and compressed natural gas operations include: Nitrate Removal System Project, CNG Station Improvements and various water and sewer main replacements.

Debt Administration. Long-term debts for Governmental Activities increased from \$52,641,755 as of June 30, 2017 to \$76,286,183 as of June 30, 2018; a total increase of \$23,644,428, or 44.9%. The increase is a result of implementing GASB 75, which significantly increased reported long-term OPEB liabilities. Total long-term debts in governmental and business activities consist of the following:

Long-Term Liabilities (Note 6) June 30, 2018

| | Beginning | | | | | Ending | Dι | ae Within |
|--------------------------------|------------------|------------------|----|--------------|----|------------|----|-----------|
| Governmental Activities: | Balance | Additions | | Deletions | | Balance | C | ne Year |
| 2016 TRIP COP | \$ 2,720,000 | \$ - | \$ | (80,000) | \$ | 2,640,000 | \$ | 85,000 |
| COP Premium | 125,644 | - | | (5,711) | | 119,933 | | 5,711 |
| Claims Payable | 3,367,000 | 880,000 | | (1,932,000) | | 2,315,000 | | 564,000 |
| Insurance Assessment Payable | 810,570 | - | | (81,057) | | 729,513 | | 81,057 |
| Compensated Absences | 1,292,293 | 738,173 | | (738,548) | | 1,291,918 | | 553,370 |
| Net Pension Liability (Note 7) | 28,932,302 | 3,906,807 | | - | | 32,839,109 | | - |
| Net OPEB Liability (Note 8) | - | 36,350,710 | | - | | 36,350,710 | | - |
| Other Post-Employment Benefits | 15,393,946 | - | _ | (15,393,946) | _ | - | | - |
| Total | \$ 52,641,755 | \$ 41,875,690 | \$ | (18,231,262) | \$ | 76,286,183 | \$ | 1,289,138 |
| Business-type Activities: | | | | | | | | |
| Compensated Absences | \$ 228,052 | \$ 130,265 | \$ | (130,332) | \$ | 227,985 | \$ | 97,653 |
| Net Pension Liability (Note 7) | 7,037,334 | 581,039 | | - | | 7,618,373 | | - |
| Net OPEB Liability (Note 8) | - | 6,414,831 | | | | 6,414,831 | | - |
| Total | \$ 7,265,386 | \$ 7,126,135 | \$ | (130,332) | \$ | 14,261,189 | \$ | 97,653 |

CAPITAL ASSET AND DEBT ADMINISTRATION (cont.)

State statutes limit the amount of general obligation debt a governmental entity may issue to fifteen percent (15%) of its adjusted assessed valuation. The City's total assessed valuation in fiscal year 2017-2018 was \$1,854,633,401. The adjusted assessed valuation (i.e. to account for a change in valuation methodology since the legal debt limit was enacted by the state) is \$463,658,350. Therefore, the legal debt margin is \$69,548,753, which is well in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

Economy. The national and state economies have been steadily growing over the last few years, and that trend is expected to continue in the near term. In fact, during in 2018, the current economic expansion will become the second longest on record. As a nation, we are experiencing record low unemployment, property values exceed pre-recession prices, and there is a nation-wide construction boom.

There is also a fair amount of uncertainty related to the impact the Trump Administration's fiscal policies will have on the economy, particularly related to tax reform and international trade. Tax reform, which consolidated tax brackets and generally lowered the effective tax rate in each bracket, has spurred some growth due to an increase in disposable income for American consumers. Conversely, the Trump Administration's stance on tariffs and international trade may ultimately increase prices domestically, offsetting gains from tax cuts. It is unclear how the Trump Administration's policies will impact the economy. In the short-term, the economy is expected to continue slow and steady growth through 2019.

Federal Economy

According to the Bureau of Economic Analysis, Gross Domestic Product, which is a measure of output for the US economy, is expected to grow about 2.5% in 2018 and hover around 3.0% annually over the next few years. Over the last ten years, GDP growth has averaged 3.3% per year.

The national job market has remained steady as the employment rate has dipped under 4.0%, which is below what economists refer to as "full employment." Personal income has been steadily increasing while personal savings as a percentage of disposable income has been declining since it peaked at 11% in December 2012. Personal savings is currently 3.1%.

Low unemployment, increasing Personal Income and a decreasing Personal Savings Rate are indicators that consumers feel secure in their job; resulting in spending more of their disposable income. This is important in the United States' consumer driven economy. However, the Federal Reserve Bank has held the federal funds rate at historic lows (i.e. less than 2%) for almost 10 years.

State Economy

Quality of life in California is among the highest in the world as affirmed by its pre-eminence as a tourism destination and continued attractiveness for high-income migrants. California's economy has also been steadily improving, although there are a number of factors that may dampen economic growth in the near term. With California hitting its lowest unemployment rate since 1976, wage gains in the state have been on the rise. Average weekly wages in California increased by 4.3% in 2017, which was the largest increase in 10 years. The unemployment rate is expected to remain low and wages are expected to continue to increase with steady job growth and limited increases in the labor force. The state has also enacted legislation to increase minimum wage to \$15 per hour by 2022. It is too soon to gauge the effects of this increase as wage increases are currently being driven by scarcity of labor.

The most significant long term economic challenge for California is the scarcity and affordability of housing. Despite wage gains, housing is becoming less and less affordable. It is estimated that, for California alone, 200,000 new housing units are needed each year to meet demand, yet over the last few years, only 100,000 new units have been built each year. Construction activity is expected to increase moderately, but will likely still fall short. The state is likely to continue to impose legislation on local jurisdictions (similar to SB 35) to allow construction of new housing units.

ECONOMIC FACTORS AND NEXT YEARS BUDGET (cont.)

The passage of Proposition 64 legalizing the adult use of recreational marijuana is expected to generate significant on-going tax revenues for the state. After an expected influx of tax dollars in 2018 and 2019, cannabis revenues will most likely level out after 2020 as the market normalizes.

Overall, the California economy is expected to remain strong through 2020. Beyond that, federal economic policies may begin to have a significant impact on the state economy.

Local Economy

Locally, sales and property taxes have demonstrated a consistent pattern of growth over the last ten years. The decision by Sam's Club to close the San Fernando location had a significant impact upon local tax revenue as it was one of the City's top 5 revenue generating businesses. Staff is actively working with the property owner and the retail community to identify a new tenant for the site. However, it is expected that space will likely remain vacant through FY 2018-2019.

Median single family residential sales price in San Fernando has hovered around \$450,000 over the last year, which is up from \$318,000 four years ago. The median price for Los Angeles County is \$570,000. According to the Southland Association of Realtors, home prices in the region reached an all-time high in 2017, while the available inventory of homes for sale remains low.

Despite the closure of Sam's Club, staff is bullish on the state of the local economy over the next few years. In December 2017, City Council adopted Specific Plan No. 5 to streamline the development review process and facilitate new development in the downtown area and the Metro Board has approved the East San Fernando Valley Transit Corridor light rail project that will connect San Fernando to the Orange Line. New businesses, including CVS and Truman House Tavern should help energize a resurgence in the San Fernando Mall area and a number of interested developers have approached the City with new development opportunities.

The local economy is expanding in-line with the state and Los Angeles County economies and, as such, is exposed to the same risk of a slow down due to the Trump Administration's policies. In particular, San Fernando has a largely Latino population and workforce that may be disproportionately impacted by more restrictive immigration policies.

Budget Outlook. The fiscal year 2018-2019 Budget is a Maintenance of Effort budget, which means it is based on providing the same level of service as fiscal year 2017-2018. Departments were asked to prepare their FY 2018-2019 budgets assuming no Consumer Price Index (CPI) increase. Enhancement requests by each department were carefully considered. The enhancements included in the Adopted Budget are required by law or contract, result in, or are offset by, additional revenue to the City, meet one of the citywide strategic goals, and/or provide a net long-term benefit to the City.

Despite the progress that has been made in the past year, and the investments being funded in the upcoming fiscal year, the City is still facing significant deficits in a number of funds and must continue to implement best financial management practices, protect revenues, and strategically appropriate funds based on sound cost-benefit analysis.

Request for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or requests for additional financial information should be addressed to Nick Kimball, Deputy City Manager/Director of Finance at nkimball@sfcity.org or 117 Macneil Street, San Fernando, California, 91340.

BASIC FINANCIAL STATEMENTS

City of San Fernando Statement of Net Position

June 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Cash and Investments | \$ 12,923,197 | \$ 9,430,340 | \$ 22,353,537 |
| Restricted Cash and Investments | 2,721,699 | - | 2,721,699 |
| Receivables: | | | |
| Taxes | 1,607,230 | - | 1,607,230 |
| Accounts | 267,106 | 1,116,680 | 1,383,786 |
| Interest | 60,759 | - | 60,759 |
| Grants | 1,163,474 | - | 1,163,474 |
| Loans Receivable | 1,579,809 | - | 1,579,809 |
| Due From Fiduciary Fund | 1,708,560 | - | 1,708,560 |
| Internal Balances | 217,194 | (217,194) | - |
| Prepaid Items | 3,600 | - | 3,600 |
| Inventories | 40,814 | - | 40,814 |
| Capital Assets, Not Depreciated | 6,408,397 | 2,301,731 | 8,710,128 |
| Capital Assets, Depreciated, Net | 38,590,620 | 11,777,564 | 50,368,184 |
| Total Assets | 67,292,459 | 24,409,121 | 91,701,580 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Related to OPEB | 991,711 | 86,235 | 1,077,946 |
| Deferred Outflows Related to Pensions | 8,047,657 | 1,851,542 | 9,899,199 |
| Total Deferred Outflows of Resources | 9,039,368 | 1,937,777 | 10,977,145 |
| LIABILITIES | | | |
| Accounts Payable | 1,617,757 | 164,276 | 1,782,033 |
| Accrued Liabilities | 359,077 | 32,564 | 391,641 |
| Interest Payable | 7,882 | - | 7,882 |
| Deposits Payable | 203,994 | 200,989 | 404,983 |
| Due to Other Agencies | 303,686 | - | 303,686 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 1,289,138 | 97,653 | 1,386,791 |
| Due in More Than One Year | 74,997,045 | 14,163,536 | 89,160,581 |
| Total Liabilities | 78,778,579 | 14,659,018 | 93,437,597 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Related to OPEB | 3,391,656 | 598,528 | 3,990,184 |
| Deferred Inflows Related to Pensions | 389,163 | 101,183 | 490,346 |
| Total Deferred Inflows of Resources | 3,780,819 | 699,711 | 4,480,530 |
| NET POSITION | | | |
| Net Investment in Capital Assets Restricted for: | 42,239,084 | 14,079,295 | 56,318,379 |
| Transportation | 3,471,770 | - | 3,471,770 |
| Housing | 3,287,492 | _ | 3,287,492 |
| Air Polution | 105,472 | | 0,20.,.02 |
| Parks & Recreation | 44,958 | _ | 44,958 |
| Public Safety | 203,364 | _ | 203,364 |
| Retirement | 10,517,651 | _ | 10,517,651 |
| Community Development | 49,752 | - | 49,752 |
| Parking | 318,172 | - | 318,172 |
| Unrestricted | (66,465,286) | (3,091,126) | (69,556,412) |
| Total Net Position | \$ (6,227,571) | \$ 10,988,169 | \$ 4,760,598 |

City of San Fernando Statement of Activities

Year Ended June 30, 2018

| | | Program Revenues | | | | |
|--------------------------------|---------------|------------------|---------------|-------------------|--|--|
| | | Charges | Operating | Capital | | |
| | | for | Grants and | Grants and | | |
| Functions/Programs | Expenses | Services | Contributions | Contributions | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 5,003,034 | \$ 595,511 | \$ 28,577 | \$ - | | |
| Public Safety | 13,046,118 | 1,243,148 | 671,595 | - | | |
| Community Development | 1,275,585 | 400,844 | 18,056 | - | | |
| Public Works | 4,966,748 | 423,286 | 1,264,669 | 1,910,721 | | |
| Parks and Recreation | 1,735,878 | 445,635 | 1,049,912 | - | | |
| Interest Expense | 128,661 | | | | | |
| Total Governmental Activities | 26,156,024 | 3,108,424 | 3,032,809 | 1,910,721 | | |
| Business-type Activities: | | | | | | |
| Water | 3,389,704 | 4,411,292 | - | - | | |
| Sewer | 4,458,457 | 3,435,103 | - | - | | |
| Compressed Natural Gas | 42,825 | 68,467 | - | - | | |
| Waste Disposal | 5,898 | 16,994 | | | | |
| Total Business-type Activities | 7,896,884 | 7,931,856 | | | | |
| Total Primary Government | \$ 34,052,908 | \$ 11,040,280 | \$ 3,032,809 | \$ 1,910,721 | | |

General Revenues:

Taxes:

Property

Sales and Use

Business License Taxes

Franchise

Other Taxes

Investment Income

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Prior Period Adjustments

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|--|--|--|
| \$ (4,378,946) (11,131,375) (856,685) (1,368,072) (240,331) (128,661) | \$ - - - - - - | \$ (4,378,946) (11,131,375) (856,685) (1,368,072) (240,331) (128,661) |
| (18,104,070) | | (18,104,070) |
| - - - - - | 1,021,588 (1,023,354) 25,642 11,096 | 1,021,588 (1,023,354) 25,642 11,096 |
| (18,104,070) | 34,972 | (18,069,098) |
| 8,970,624 7,984,731 1,629,779 663,381 371,835 122,016 192,512 162,407 | - - - - 39,486 - (162,407) | 8,970,624 7,984,731 1,629,779 663,381 371,835 161,502 192,512 |
| 20,097,285 | (122,921) | 19,974,364 |
| 1,993,215 | (87,949) | 1,905,266 |
| 13,910,609 | 18,154,325 | 32,064,934 |
| (22,131,395) | (7,078,207) | (29,209,602) |
| \$ (6,227,571) | \$ 10,988,169 | \$ 4,760,598 |

City of San Fernando Balance Sheet Governmental Funds

June 30, 2018

| | | | | Spe | cial Revenue | | |
|--|-----------------|----|------------|-----|--------------|----|------------|
| | General | F | Retirement | | | | |
| | Fund | | Tax | | Housing | N | /leasure R |
| ASSETS | | | | | | | |
| Cash and Investments | \$ 2,692,639 | \$ | 5,766,107 | \$ | 367,413 | \$ | 12,681 |
| Restricted Cash and Investments | - | | - | | - | | 2,721,699 |
| Receivables: | | | | | | | |
| Taxes | 1,411,815 | | 116,704 | | - | | - |
| Accounts | 170,949 | | - | | - | | - |
| Interest | 60,759 | | - | | - | | - |
| Grants | - | | - | | - | | - |
| Due From Other Funds | 545,262 | | - | | - | | - |
| Loans Receivable | - | | - | | 1,276,123 | | - |
| Due from Successor Agency | 64,604 | | - | | 1,643,956 | | - |
| Advances to Other Funds | - | | 4,671,019 | | - | | - |
| Prepaid Items | 1,704 | | - | | - | | - |
| Total Assets | \$ 4,947,732 | \$ | 10,553,830 | \$ | 3,287,492 | \$ | 2,734,380 |
| | | | | - | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 361,632 | \$ | 27 | \$ | - | \$ | 138,318 |
| Accrued Liabilities | 289,824 | | 36,152 | | - | | 203 |
| Deposits | 195,227 | | - | | - | | - |
| Due to Other Funds | - | | - | | - | | - |
| Due to Other Agencies | - | | - | | - | | - |
| Advances From Other Funds | 4,309,302 | | | | | | |
| Total Liabilities | 5,155,985 | | 36,179 | | | | 138,521 |
| | | | | | | | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable Revenues - Grants | | | | | | | |
| Total Deferred Inflows of Resources | | | | | | | - |
| FUND BALANCES | | | | | | | |
| Nonspendable: | | | | | | | |
| • | 1,704 | | | | | | |
| Prepaid Items | | | - | | - | | - |
| Advances to Other Funds | 64,604 | | - | | - | | - |
| Restricted For: | | | | | | | 0.505.050 |
| Transportation | - | | - | | - 0.007.400 | | 2,595,859 |
| Housing | - | | - | | 3,287,492 | | - |
| Air Pollution | - | | - | | - | | - |
| Parks and Recreation | - | | - | | - | | - |
| Public Safety | - | | - | | - | | - |
| Retirement | - | | 10,517,651 | | - | | - |
| Community Development | - | | - | | | | |
| Unassigned | (274,561) | | - | | | | |
| Total Fund Balances | (208,253) | | 10,517,651 | | 3,287,492 | | 2,595,859 |
| Total Liabilities, Deferred Inflows of | | | | - | | | |
| Resources, and Fund Balances | \$ 4,947,732 | \$ | 10,553,830 | \$ | 3,287,492 | \$ | 2,734,380 |

| | Capital | Go | Other overnmental | |
|----|--------------|----|--------------------|--------------------------------|
| | Grants | | Funds | Total |
| \$ | - - | \$ | 2,099,290 | \$ 10,938,130 2,721,699 |
| | - - | | 78,711 69,657 | 1,607,230 240,606 60,759 |
| | 896,304 - | | 267,170 - | 1,163,474 545,262 |
| | - | | 303,686 | 1,579,809 1,708,560 |
| | - | | - 1,896 | 4,671,019 3,600 |
| \$ | 896,304 | \$ | 2,820,410 | \$ 25,240,148 |
| | | | | · · |
| \$ | 412,239 | \$ | 424,216 | \$ 1,336,432 |
| | 29 | | 20,038 | 346,246 |
| | - 483,926 | | 8,767 61,336 | 203,994 545,262 |
| | - | | 303,686 | 303,686 |
| | - | | | 4,309,302 |
| | 896,194 | | 818,043 | 7,044,922 |
| | | | | |
| | 711,588 | | 61,002 | 772,590 |
| | 711,588 | | 61,002 | 772,590 |
| | | | 4.000 | 0.000 |
| | - | | 1,896 - | 3,600 64,604 |
| | - | | 1,314,497 - | 3,910,356 3,287,492 |
| | - | | 105,472 | 105,472 |
| | - | | 363,130 | 363,130 |
| | - | | 154,617 | 154,617 |
| | - | | 40.750 | 10,517,651 |
| | (711,478) | | 49,752 (47,999) | 49,752 (1,034,038) |
| | (711,478) | | 1,941,365 | 17,422,636 |
| \$ | 896,304 | \$ | 2,820,410 | \$ 25,240,148 |
| | | | | |

AS OF JUNE 30, 2018

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City of San Fernando Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2018

Fund Balances for Governmental Funds

17,422,636

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| Capital Assets | 103,974,926 |
|--------------------------|--------------|
| Accumulated Depreciation | (58,975,909) |

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2018:

| Net Pension Liability | (32,839,109) |
|---|--------------|
| Compensated Absences | (1,291,918) |
| Other Post-employment Benefits (OPEB) Liability | (36,350,710) |
| 2016 Installment Sale Agreement | (2,640,000) |
| Premium on 2016 Installment Sale Agreement | (119,933) |
| Interest Payable on Long-term Debt | (7.882) |

Amounts for deferred outflows and deferred inflows related to the City's Net Pension and OPEB Liabilities are not reported in the funds:

| Deferred Outflows Related to Pensions | 8,047,657 |
|---------------------------------------|-------------|
| Deferred Inflows Related to Pensions | (389,163) |
| Deferred Outflows Related to OPEB | 991,711 |
| Deferred Inflows Related to OPEB | (3,391,656) |

Other long-term receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 772,590

The internal service fund is used by management to charge the costs of equipment purchases to individual funds. The assets and liabilities of the internal service fund are included in Governmental Activities in the Statement of Net Position.

(1,430,811)

Net Position of Governmental Activities \$ (6,227,571)

City of San Fernando Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2018

| | | Special Revenue | | | | | |
|--------------------------------------|------------------|-----------------|------------|----|------------|----|-----------|
| | General | Retirement | | | | | |
| | Fund | | Tax | | Housing | N | leasure R |
| REVENUES | | | | | | | |
| Taxes | \$ 13,436,220 | \$ | 4,455,297 | \$ | - | \$ | 284,304 |
| Licenses and Permits | 279,620 | | - | | - | | - |
| Charges for Services | 893,317 | | - | | - | | - |
| Fines and Forfeitures | 426,697 | | - | | - | | - |
| Investment Earnings | 178,939 | | 31,405 | | 36,464 | | 33,290 |
| Intergovernmental | 2,404,128 | | 1,556 | | - | | - |
| Other | 370,655 | | - | | | | |
| Total Revenues | 17,989,576 | | 4,488,258 | | 36,464 | | 317,594 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 2,763,428 | | 2,271,772 | | _ | | _ |
| Public Safety | 10,761,516 | | 852,684 | | _ | | - |
| Community Development | 984,938 | | 71,881 | | _ | | _ |
| Public Works | 1,094,565 | | 196,959 | | _ | | 3,876 |
| Parks and Recreation | 1,125,018 | | 74,611 | | _ | | , - |
| Capital Outlay | 201,292 | | - | | _ | | 857,263 |
| Debt Service: | • | | | | | | , |
| Principal | _ | | _ | | _ | | 80,000 |
| Interest and Fiscal Charges | 31,217 | | | | 6,476 | | 96,988 |
| Total Expenditures | 16,961,974 | | 3,467,907 | | 6,476 | | 1,038,127 |
| Free conf Domestic Community | | | | | | | |
| Excess of Revenues Over (Under) | 4 007 000 | | 4 000 054 | | 20.000 | | (700 500) |
| Expenditures | 1,027,602 | | 1,020,351 | | 29,988 | | (720,533) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | 419,234 | | - | | _ | | _ |
| Transfers Out | (180,000) | | _ | | - | | _ |
| Total Other Financing Sources (Uses) | 239,234 | | | | <u>-</u> _ | | |
| Net Change in Fund Balances | 1,266,836 | | 1,020,351 | | 29,988 | | (720,533) |
| Fund Balances, Beginning of Year | (1,475,089) | | 9,497,300 | | 3,257,504 | | 3,316,392 |
| Fund Balances, End of Year | \$ (208,253) | \$ | 10,517,651 | \$ | 3,287,492 | \$ | 2,595,859 |

| | | | Other | | | | | | |
|----|---------------------------------------|----|-------------|----------|------------|--|--|--|--|
| | Capital | Go | overnmental | | | | | | |
| | Grants | | Funds | Total | | | | | |
| • | | • | 4 404 400 | • | 10 007 057 | | | | |
| \$ | - | \$ | 1,491,436 | \$ | 19,667,257 | | | | |
| | - | | - | | 279,620 | | | | |
| | - | | 345,476 | | 1,238,793 | | | | |
| | - | | 10,244 | | 436,941 | | | | |
| | | | 32,810 | | 312,908 | | | | |
| | 1,545,575 | | 1,560,109 | | 5,511,368 | | | | |
| | | | 155,658 | | 526,313 | | | | |
| | 1,545,575 | | 3,595,733 | | 27,973,200 | | | | |
| | | | | | | | | | |
| | _ | | 50,590 | | 5,085,790 | | | | |
| | 82,777 | | 49,367 | | 11,746,344 | | | | |
| | 02,777 | | -0,007 | | 1,056,819 | | | | |
| | 12,443 | | 1,541,738 | | 2,849,581 | | | | |
| | 148,800 | | 256,221 | | 1,604,650 | | | | |
| | 1,835,406 | | 861,273 | 3,755,23 | | | | | |
| | 1,000,400 | | 001,270 | | 0,700,204 | | | | |
| | _ | | _ | | 80,000 | | | | |
| | _ | | _ | | 134,681 | | | | |
| | | | | | .0.,00. | | | | |
| | 2,079,426 | | 2,759,189 | | 26,313,099 | | | | |
| | · · · · · · · · · · · · · · · · · · · | | · · · · · · | | , , | | | | |
| | (533,851) | | 836,544 | | 1,660,101 | | | | |
| | | | | | | | | | |
| | _ | | 50,000 | | 469,234 | | | | |
| | _ | | (299,234) | | (479,234) | | | | |
| | | | (200,204) | | (470,204) | | | | |
| | | | (249,234) | | (10,000) | | | | |
| | (533,851) | | 587,310 | | 1,650,101 | | | | |
| | (177,627) | | 1,354,055 | | 15,772,535 | | | | |
| \$ | (711,478) | \$ | 1,941,365 | \$ | 17,422,636 | | | | |
| | | | | | | | | | |

City of San Fernando

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2018

| Net Change in Fund Balances - Total Governmental Funds | \$ | 1,650,101 |
|--|----|-----------|
|--|----|-----------|

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

| Capital Expenditures | 3,727,065 |
|----------------------|-------------|
| Depreciation Expense | (2,575,582) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following represent differences in the treatment of long-term debt and related items:

| Principal payment on Installment Sale Agreement | 80,000 |
|---|--------|
| Amortization of Premium on Installment Sale Agreement | 5,711 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds, as follows:

| Compensated Absences | 375 |
|---|-------------|
| Net Pension Liability | (3,906,807) |
| Other Post-employment Benefit Liability | 2,466,831 |
| Accrued Interest Payable | 309 |

Amounts for deferred inflows and deferred outflows related to the City's Net Pension and OPEB Liabilities are not reported in the funds. This is the net change in these deferred outflows and inflows:

| Deferred Outflows Related to Pensions | 1,889,285 |
|---------------------------------------|-------------|
| Deferred Inflows Related to Pensions | 626,977 |
| Deferred Outflows Related to OPEB | (72,437) |
| Deferred Inflows Relared to OPEB | (3,391,656) |

Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and, therefore, are not reported as revenues in the governmental funds.

13,631

The change in net position of the internal service fund is reported with governmental activities.

1,479,412

Change in Net Position of Governmental Activities

\$ 1,993,215

City of San Fernando Statement of Net Position Proprietary Funds

June 30, 2018

| | | Governmental Activities Internal Service | | | | |
|---|----------------------|--|--------------------|----------------------|------------------------|----------------|
| | Water | | Sewer | se Funds Nonmajor | Totals | Funds |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Investments | \$ 4,924,35 | 52 \$ | 4,433,086 | \$ 72,902 | \$ 9,430,340 | \$ 1,985,067 |
| Customer Accounts Receivable, Net | 616,69 | | 487,054 | 12,936 | 1,116,680 | 26,500 |
| Inventory | | - | - | - | - | 40,814 |
| Total Current Assets | 5,541,04 | 12 | 4,920,140 | 85,838 | 10,547,020 | 2,052,381 |
| Noncurrent Assets: | | | | | | |
| Advances to Other Funds | | _ | 1,104,238 | _ | 1,104,238 | _ |
| Capital Assets: | | | .,, | | .,,200 | |
| Land | 26,34 | 15 | _ | _ | 26,345 | _ |
| Water Rights | 624,65 | | _ | _ | 624,659 | _ |
| Construction in Progress | 1,650,72 | | _ | _ | 1,650,727 | _ |
| Buildings and Plant | 5,630,79 | | 118,500 | _ | 5,749,295 | _ |
| Infrastructure | 16,464,06 | | 6,375,451 | _ | 22,839,516 | _ |
| Land Improvements | 29,20 | | 0,070,401 | | 29,200 | _ |
| Equipment | 7,063,20 | | 1,013,356 | 53,657 | 8,130,217 | _ |
| Less: Accumulated Depreciation | (20,320,56 | | (4,609,472) | (40,631) | | - |
| Total Noncurrent Assets | | | | | (24,970,664) | <u>-</u> |
| | 11,168,43 | | 4,002,073 | 13,026 | 15,183,533 | 2.052.204 |
| Total Assets | 16,709,47 | <u>'6</u> | 8,922,213 | 98,864 | 25,730,553 | 2,052,381 |
| DEFERRED OUTFLOWS OF RESOURCES | 75.41 | - 0 | 40.770 | | 22.225 | |
| OPEB Actuarial Amounts | 75,45 | | 10,779 | - | 86,235 | - |
| Pension Actuarial Amounts Total Deferred Outflows of Resources | 1,074,58 1,150,04 | | 776,954 787,733 | | 1,851,542 1,937,777 | |
| Total Deferred Outflows of Resources | 1,150,02 | | 101,133 | | 1,937,777 | - |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | 130,28 | | 33,098 | 898 | 164,276 | 281,325 |
| Accrued Liabilities | 19,27 | 70 | 13,294 | - | 32,564 | 12,831 |
| Current Portion of Insurance Payable | | - | - | - | - | 81,057 |
| Current Portion of Claims Payable | | - | - | - | - | 564,000 |
| Current Portion of Compensated Absences | 58,59 | | 39,061 | - | 97,653 | - |
| Customer Deposits | 200,98 | | - | | 200,989 | |
| Total Current Liabilities | 409,13 | <u> </u> | 85,453 | 898 | 495,482 | 939,213 |
| Noncurrent Liabilities: | | | | | | |
| Advances From other Funds | 1,187,84 | 18 | 278,107 | - | 1,465,955 | - |
| Insurance Assessment Payable | | - | - | - | - | 648,456 |
| Claims Payable | | - | - | - | - | 1,751,000 |
| Compensated Absences | 78,19 | 99 | 52,133 | - | 130,332 | - |
| Net OPEB Liability | 3,848,89 | 99 | 2,565,932 | - | 6,414,831 | - |
| Net Pension Liability | 4,421,51 | | 3,196,862 | - | 7,618,373 | - |
| Total Noncurrent Liabilities | 9,536,45 | | 6,093,034 | - | 15,629,491 | 2,399,456 |
| Total Liabilities | 9,945,58 | | 6,178,487 | 898 | 16,124,973 | 3,338,669 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| OPEB Actuarial Amounts | 359,1 | 17 | 239,411 | _ | 598,528 | _ |
| Pension Actuarial Amounts | 58,72 | | 42,459 | | 101,183 | _ |
| Total Deferred Inflows of Resources | 417,84 | | 281,870 | | 699,711 | · — - |
| | ,0 | | - , | | | |
| NET POSITION Net Investment In Capital Assets | 11 160 4 | RΛ | 2 807 025 | 13,026 | 14,079,295 | |
| Net Investment In Capital Assets | 11,168,43 | | 2,897,835 | • | | (4.006.000) |
| Unrestricted Total Not Regition | (3,672,34 | | 351,754 | \$4,940 | (3,235,649) | (1,286,288) |
| Total Net Position | \$ 7,496,09 | 91 \$ | 3,249,589 | \$ 97,966 | 10,843,646 | \$ (1,286,288) |
| Adjustment to reflect the consolidation of interr | nal service | | | | | |
| fund activities related to enterprise funds | | | | | 144,523 | |
| Net Position of Business-type Activities | | | | | \$ 10,988,169 | |

City of San Fernando Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds

Year Ended June 30, 2018

| | | | Governmental Activities Internal Service | | |
|---|------------------------|--------------|--|------------------------|---------------------------|
| | Water | Sewer | Nonmajor | Totals | Funds |
| OPERATING REVENUES Charges for Services Other | \$ 4,390,967 20,325 | \$ 3,435,103 | \$ 56,781 28,680 | \$ 7,882,851 49,005 | \$ 3,170,386 1,040,977 |
| Total Operating Revenues | 4,411,292 | 3,435,103 | 85,461 | 7,931,856 | 4,211,363 |
| OPERATING EXPENSES | | | | | |
| Contractual Services | 13,486 | 1,303,275 | - | 1,316,761 | 213,935 |
| Maintenance and Operations | 2,838,575 | 3,097,852 | 43,851 | 5,980,278 | 701,666 |
| Administration and General | - | - | 2,231 | 2,231 | 1,982,082 |
| Claims | - | - | - | - | (175,046) |
| Depreciation | 612,801 | 148,190 | 2,641 | 763,632 | |
| Total Operating Expenses | 3,464,862 | 4,549,317 | 48,723 | 8,062,902 | 2,722,637 |
| Operating Income (Loss) | 946,430 | (1,114,214) | 36,738 | (131,046) | 1,488,726 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest Income | 6,754 | 32,736 | (4) | 39,486 | - |
| Interest Expense | (15,703) | | | (15,703) | |
| Total Nonoperating Revenues (Expenses) | (8,949) | 32,736 | (4) | 23,783 | |
| Income (Loss) Before Transfers | 937,481 | (1,081,478) | 36,734 | (107,263) | 1,488,726 |
| Transfers In | _ | _ | 17,593 | 17,593 | 190,000 |
| Transfers Out | (120,000) | (60,000) | , - | (180,000) | (17,593) |
| Change in Net Position | 817,481 | (1,141,478) | 54,327 | (269,670) | 1,661,133 |
| Net Position, Beginning of Year | 10,925,534 | 7,222,350 | 43,639 | | (2,947,421) |
| Prior Period Adjustment | (4,246,924) | (2,831,283) | | (7,078,207) | |
| Net Position, End of Year | \$ 7,496,091 | \$ 3,249,589 | \$ 97,966 | | \$ (1,286,288) |
| Adjustment to reflect the consolidation of internal fund activities related to enterprise funds | service | | | 181,721 | |
| Change in Net Position of Business-type Activities | S | | | \$ (7,166,156) | |

City of San Fernando Statement of Cash Flows Proprietary Funds

Year Ended June 30, 2018

| | Business-type Activities Enterprise Funds | | | | | | | overnmental Activities ernal Service | | |
|---|--|--|----|---|----|-------------------------------|----|--|----|---------------------------------------|
| | | Water | | Sewer | | onmajor | | Totals | | Funds |
| Cash Flows from Operating Activities Receipts from Customers and Users Payments to Suppliers and Contractors Payments to Employees | (| 4,411,782 1,283,268) 1,611,392) | \$ | 3,406,197 (3,116,687) (1,060,578) | \$ | 56,781 (44,736) (2,231) | \$ | 7,874,760 (4,444,691) (2,674,201) | \$ | 3,176,817 (2,272,302) (755,483) |
| Claims Paid Other Operating Income Net Cash Flows from Operating Activities | | 20,325 1,537,447 | _ | (771,068) | | 24,832 34,646 | | 45,157 801,025 | | (876,954) 1,040,977 313,055 |
| Cash Flows from Noncapital Financing Activities Loans from (to) Other Funds Interest Expense Paid on Advances Transfers from Other Funds Transfers to Other Funds Net Cash Flows from Noncapital Financing Activities | | (125,543) (15,703) - (120,000) (261,246) | | 150,862 - - (60,000) 90,862 | | - 17,593 - 17,593 | | 25,319 (15,703) 17,593 (180,000) (152,791) | | - 190,000 (17,593) 172,407 |
| Cash Flows from Capital Financing Activites Acquisition of Capital Assets | | (57,260) | | (270,427) | | - | | (327,687) | | - |
| Cash Flows from Investing Activities Interest Received | | 6,754 | | 32,736 | | (4) | | 39,486 | | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | | 1,225,695 | | (917,897) | | 52,235 | | 360,033 | | 485,462 |
| Cash and Cash Equivalents - Beginning of Year | (| 3,698,657 | | 5,350,983 | | 20,667 | | 9,070,307 | | 1,499,605 |
| Cash and Cash Equivalents - End of Year | \$ 4 | 4,924,352 | \$ | 4,433,086 | \$ | 72,902 | \$ | 9,430,340 | \$ | 1,985,067 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | | | | | |
| Operating Income (Loss) | \$ | 946,430 | \$ | (1,114,214) | \$ | 36,738 | \$ | (131,046) | \$ | 1,488,726 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | | | | | | | |
| Depreciation | | 612,801 | | 148,190 | | 2,641 | | 763,632 | | - |
| Changes in Assets and Liabilities: (Increase) Decrease in Accounts Receivable (Increase) Decrease in Deferred Outflows - OPEB (Increase) Decrease in Deferred Outflows - Pensions | | (3,959) (75,456) 28,438 | | (28,906) (10,779) (140,303) | | (3,848) | | (36,713) (86,235) (111,865) | | 6,431 |
| (Increase) Decrease in Inventory | | 20,430 | | (140,303) | | - | | (111,003) | | (2,155) |
| Increase (Decrease) in Accounts Payable | | 24,253 | | (278,357) | | (885) | | (254,989) | | (52,555) |
| Increase (Decrease) in Accrued Liabilities | | (1,244) | | 1,881 | | - | | 637 | | 5,665 |
| Increase (Decrease) in Compensated Absences | | (40) | | (27) | | - | | (67) | | |
| Increase (Decrease) in Net OPEB Liability Increase (Decrease) in Net Pension Liability | | (261,194) (40,445) | | (174,130) 621,484 | | - | | (435,324) 581,039 | | |
| Increase (Decrease) in Deferred Inflows - OPEB | | 359,117 | | 239,411 | | - | | 598,528 | | - |
| Increase (Decrease) in Deferred Inflows - Pensions | | (76,028) | | (35,318) | | - | | (111,346) | | - |
| Increase (Decrease) in Ins. Assessments Payable | | - | | - | | - | | - | | (81,057) |
| Increase (Decrease) in Claims Payable | | - 24,774 | | - | | - | | - 24 774 | | (1,052,000) |
| Increase (Decrease) in Customer Deposits Net Cash Provided by Operating Activities | \$ | 1,537,447 | \$ | (771,068) | \$ | 34,646 | \$ | 24,774 801,025 | \$ | 313,055 |
| | | | _ | | | | _ | | - | |

City of San Fernando Statement of Net Position Fiduciary Funds

June 30, 2018

| | Age | ncy Funds | Priv | cesor Agency vate-purpose rust Fund |
|---|-----|-----------|------|---|
| ASSETS | | | | |
| Cash and Investments | \$ | 115,372 | \$ | 5,158,975 |
| Receivables: | | | | |
| Accounts | | 585 | | - |
| Other Loans | | - | | 543,678 |
| Land Held for Resale | | - | | 468,733 |
| Restricted Assets: | | | | |
| Cash and Investments with Fiscal Agents | | _ | | 35 |
| Total Assets | \$ | 115,957 | | 6,171,421 |
| LIABILITIES | | | | |
| Accounts Payable | \$ | 15,719 | | - |
| Deposits | | 100,238 | | - |
| Interest Payable | | - | | 10,036 |
| Due to City of San Fernando | | - | | 1,708,560 |
| County Deferral | | - | | 2,570,465 |
| Bonds Payable | | - | | 1,579,901 |
| | | | | |
| Total Liabilities | \$ | 115,957 | | 5,868,962 |
| | | | | |
| NET POSITION | | | _ | |
| Net Position Held in Trust for Successor Agency | | | \$ | 302,459 |

City of San Fernando Statement of Changes in Net Position Fiduciary Funds

Year Ended June 30, 2018

| | Succesor Agency Private-purpose <u>Trust Fund</u> |
|--|---|
| ADDITIONS Taxes Interest Income | \$ 1,246,887 3,326 |
| Total Additions | 1,250,213 |
| DEDUCTIONS Administrative and Passthrough Costs Interest on Bonds | 695,879 78,191 |
| Total Deductions | 774,070 |
| Change in Net Position | 476,143 |
| Net Position - Beginning of Year | (173,684) |
| Net Position - End of Year | \$ 302,459 |

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The City of San Fernando, California was incorporated on August 31, 1911 under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The financial statements of the City of San Fernando (City) include the financial activities of the City and its component units for which the City is considered to be financially accountable. Financial accountability is determined on the basis of budget adoptions, taxing authority, funding and composition or appointments of the governing board. Blended component units, although legally separate entities, are part of the City's operations and data from these units are therefore combined with data of the City.

Blended Component Units

The City of San Fernando Public Financing Authority is a Joint Exercise of Powers Authority organized and existing under and by virtue of the Joint Exercise of Power Act of the Government Code of the State. The City and the former Redevelopment Agency formed the Authority by the execution of a Joint Exercise of Powers Agreement. The primary purpose of the Authority is to issue bonds and make loans to the Agency. The Authority is accounted for in the City's financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The City Council members, in separate session, serve as the governing board of the Authority. There are no separate financial statements prepared for the Authority.

B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Separate financial statements for the City's governmental and proprietary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental and enterprise funds.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by nonspendable fund balance accounts.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences that are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

The <u>General Fund</u> is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The <u>Retirement Tax Special Revenue Fund</u> accounts for receipts from a voter-approved special tax levy that is used to pay the City's participation in the Public Employees Retirement System.

The <u>Housing Special Revenue Fund</u> accounts for receipts from repayments of low-income housing loans and other housing related revenue. The proceeds are restricted for low income housing purposes.

The <u>Measure R Special Revenue Fund</u> accounts for the receipt of Measure R funds, which is a county-wide half-cent (\$0.50) transaction tax restricted for traffic relief.

The Capital Grants Capital Projects Fund accounts for revenues that are restricted for specific capital projects.

The City reports the following major enterprise funds:

The <u>Water Enterprise Fund</u> is used to account for the provision of water services to all residents of the City. All activities necessary to provide such services are accounted for in this fund.

The <u>Sewer Enterprise Fund</u> is used to account for the provision of sewer services to all residents of the City. Processing of sewage is done by the City of Los Angeles under contract.

The City also reports the following fund types:

The <u>Internal Service Funds</u> are used to account for the financing of goods and services provided by one City department to other departments on a cost-reimbursement basis. The City uses internal service funds to account for facility maintenance, equipment maintenance, equipment replacements and self-insurance.

The <u>Successor Agency Private-purpose Trust Fund</u> accounts for the revenues and expenditures of the former Redevelopment Agency.

The Agency Fund is used to account for funds received by the City as an agent for the Senior Association.

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Cash and Cash Equivalents

In order to maximize investment return, the City pools its available cash for investment purposes. The cash management pool is used essentially as a demand deposit account by the participating funds. The City has defined cash and cash equivalents, for purposes of the statement of cash flows, as all deposits and investments purchased with a maturity date of 90 days or less.

E) Investments

Investments are stated at fair value (the value at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

F) Inventories

Inventories of the enterprise funds, consisting primarily of materials and supplies, are stated at cost determined by the first-in, first-out method. Inventories of the governmental funds are recorded as expenditures when purchased.

G) Land Held for Resale

Land held for resale is recorded at the lower of acquisition cost or net realizable value.

H) Capital Assets

Capital assets, which include land, structures and improvements, machinery and equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined as 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 received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. Capital outlay is recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

Capital assets 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.

The provision for depreciation is computed by use of 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

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Water rights are recorded in the Water Enterprise Fund in the amount of \$624,659, which is the net acquisition cost. The asset represents amounts paid to the Metropolitan Water District of Southern California for the right to purchase water. Because the rights have an indefinite life and normally appreciate in value over time, the City has elected not to amortize the cost of water rights. This treatment is in accordance with accounting principles generally accepted in the United States of America.

I) Unavailable Revenues

Unavailable revenues in fund financial statements arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

J) Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

K) Compensated Absences

Employees can accrue vacation, sick leave or annual leave depending on the employee's status (management or non-management). In addition, non-management personnel may earn compensation time in lieu of overtime pay. Vacation, annual leave, and compensation leave are paid out 100% upon employee termination. Sick leave is paid out up to 25% of existing balance up to 160 hours upon retirement only. Both vacation and annual leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are expected to be paid primarily by the General Fund.

L) Claims and Judgments

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. For governmental funds, if claims will not be liquidated from currently available resources, they are recorded only in the government-wide financial statements.

M) Interfund Transactions

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Loans are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation of the government-wide presentation.

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N) Property Taxes

Property taxes include assessments on both secured and unsecured property. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments which are delinquent if not paid by December 10 and April 10. The County of Los Angeles bills and collects the property taxes and remits them to the City in installments during the year. The City records property taxes as revenue when received from the County, except for property taxes received within 60 days after fiscal year-end, which are accrued at June 30th.

The County is permitted by State Law (Article XIII A of the California Constitution) to levy taxes at one percent (1%) of full market value (at time of purchases) and can increase the property's value at no more than two percent (2%) per year. The City receives a share of this basic levy.

O) Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

P) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items, which arise only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

Q) Fund Equity

In the government-wide, proprietary funds, and fiduciary fund financial statements, net position is classified in the following categories.

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City that is not externally restricted for any project or other purpose.

R) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

S) Fund Balances

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

<u>Nonspendable</u> - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

<u>Restricted</u> - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

<u>Committed</u> - This classification includes amounts that may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

<u>Assigned</u> - This classification includes amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy establishes the authority to assign amounts to be used for specific purposes to the City Council. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

<u>Unassigned</u> - This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City Council establishes, modifies or rescinds fund balance commitments by passage of a resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

Fund Balance Policy

The City Council adopted a Comprehensive Financial Policy on December 5, 2016 that includes a detailed Fund Reserves and Fund Balances policy. The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the City and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, andd unassigned fund balances are considered unrestricted.

The purpose of the City's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary shortfalls or unpredicted one-time expenditures. It is the goal of the City to maintain a contingency reserve 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.

T) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of San Fernando's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within curtained

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2017 Measurement Date June 30, 2017

Measurement Period July 1, 2016 to June 30, 2017

V) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 83 - Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 87 - Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 88 - Certain Disclosures Related to Debt. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 90 - Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In addition, the City implemented *GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of June 30, 2018. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

2) CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2018:

| | | | Fidu | uciary Fund | | |
|---------------------------------|-----------------|------------|-------------|-------------|----|------------|
| | Government-wide | | | atement of | | |
| | Statement of | | | Assets and | | |
| | Net Position | | Liabilities | | | Total |
| Cash and Investments | \$ | 22,353,537 | \$ | 5,274,347 | \$ | 27,627,884 |
| Restricted Cash and Investments | | 2,721,699 | | 35_ | | 2,721,734 |
| Total Cash and Investments | \$ | 25,075,236 | \$ | 5,274,382 | \$ | 30,349,618 |

Cash and investments at June 30, 2018 consisted of the following:

| Demand Deposits | \$ 9,448,459 |
|----------------------------|------------------|
| Petty Cash | 2,800 |
| Investments | 20,898,359 |
| Total Cash and Investments | \$ 30,349,618 |

The City pools its cash and investments for all fund entities except for cash and investments held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the weighted average cash balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Investment Policies

The City's investment policy outlines the guidelines required to be used in effectively managing the City's available cash in accordance with the California Government Code. Summarized below are the investment vehicles that are authorized and certain provisions of the policy that address interest rate risk and concentration of credit risk.

| 1 |
|---|
| |
| |

Year Ended June 30, 2018

2) CASH AND INVESTMENTS - Continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Most of the City's investments are held in trust by a fiscal agent as required by the bond indenture. A table summarizing distribution of the City's investment by maturity as of June 30, 2018 is as follows:

| | Remair | | | |
|------------------------------|---------------|--------------|--------------|---------------|
| | 12 Months | 13 to 24 | 25 to 60 | |
| Investment Type | or Less | Months | Months | Fair Value |
| Local Agency Investment Fund | \$ 7,973,062 | \$ - | \$ - | \$ 7,973,062 |
| Money Market | 16,301 | - | - | 16,301 |
| Certificates of Deposit | 246,529 | 488,237 | 4,552,143 | 5,286,909 |
| U.S. Treasury Note | - | - | 477,695 | 477,695 |
| Federal Agency Securities | - | 245,928 | 2,015,219 | 2,261,147 |
| Corporate Medium-term Notes | - | 494,636 | 1,366,026 | 1,860,662 |
| Municipal Bonds | - | 300,849 | - | 300,849 |
| Held by Bond Trustees: | | | | |
| Money Market Mutual Funds | 2,721,734 | | | 2,721,734 |
| Total | \$ 10,957,626 | \$ 1,529,650 | \$ 8,411,083 | \$ 20,898,359 |

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code or the City's investment policy and actual rating by S & P as of year-end for each investment type:

| | | | Rating as of Year End | | | |
|------------------------------|---------------|--------------|-----------------------|--------------|---------------|--|
| | Total | Minimum | | Not Required | | |
| Investment Type | Investments | Legal Rating | AAA | to be Rated | Unrated | |
| Local Agency Investment Fund | \$ 7,973,062 | N/A | \$ - | \$ - | \$ 7,973,062 | |
| Money Market | 16,301 | N/A | - | - | 16,301 | |
| Certificates of Deposit | 5,286,909 | N/A | - | - | 5,286,909 | |
| U.S. Treasury Note | 477,695 | N/A | - | 477,695 | | |
| Federal Agency Securities | 2,261,147 | N/A | 2,261,147 | - | - | |
| Corporate Medium-term Notes | 1,860,662 | AA | 1,860,662 | - | - | |
| Municipal Bonds | 300,849 | AA | 300,849 | - | - | |
| Held by Bond Trustees: | | | | | | |
| Money Market Mutual Funds | 2,721,734 | AAA | 2,721,734 | | | |
| Total | \$ 20,898,359 | | \$ 7,144,392 | \$ 477,695 | \$ 13,276,272 | |

Year Ended June 30, 2018

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

At June 30, 2018, the City had investments totaling \$1,476,155 in Federal Home Loan Mortgage Corp. securities, which represent more than 5% of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City did not have any deposits with financial institutions in excess of Federal depository insurance limits and held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

- U.S. Treasury Notes of \$477,695 are valued using quoted market prices (Level 1 inputs).
- Federal Agency Securities of \$2,261,147 are valued using a matrix pricing model (Level 2 inputs).
- Corporate Notes of \$1,860,662 are valued using a matrix pricing model (Level 2 inputs).
- Municipal Bonds of \$300,849 are valued using a matrix pricing model (Level 2 inputs).

Year Ended June 30, 2018

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To and Due From Other Funds

At June 30, 2018, \$545,262 is reported as amounts due from other funds in the General Fund resulting from temporary interfund borrowings to cover temporary operating deficits. This amount consists of \$483,926 loaned to the Capital Grants Fund and \$61,336 loaned to non-major governmental funds.

Long-term Advances

At June 30, 2018, the City reported the following interfund long-term advances:

| | | | ADVANCES FROM | | | | | |
|----------|--------------|-------------|---------------|-------|-------|----|-----------|-----------------|
| | | Retiremen | ıt | Otl | her | | Sewer | |
| | | Tax Fund | | Govt. | Funds | | Fund | Total |
| | General Fund | \$ 4,114,80 |)5 | \$ | - | \$ | 194,497 | \$ 4,309,302 |
| ADVANCES | Water Fund | 278,10 |)7 | | - | | 909,741 | 1,187,848 |
| TO | Sewer Fund | 278,10 |)7 | | | | - | 278,107 |
| | Total | \$ 4,671,0 | 19 | \$ | | \$ | 1,104,238 | \$ 5,775,257 |

- (1) On May 7, 2001, the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund advanced \$750,000 each to the Capital Grants Capital Projects Fund. In the 2013-14 fiscal year, the General Fund assumed the advance payable of \$869,150 from the Capital Grants Capital Projects Fund due to the Capital Grants Fund's inability to repay the advance. As of June 30, 2018, the outstanding balance due to the Retirement Tax Special Revenue Fund and the Sewer Enterprise Fund are \$194,497 and \$194,497, respectively.
- (2) On October 18, 1999, the Sewer Enterprise Fund advanced \$1,500,000 to the Water Enterprise Fund. The interest is payable on the unpaid principal of the loan, compounded annually on a 360 day/year basis, at a rate calculated as the average rate earned on the funds deposited by the City into the Local Agency Investment Fund. As of June 30, 2018, the outstanding balance of the advance is \$909,741.
- (3) In November 2013, the City determined that certain amounts paid by the Retirement Tax Special Revenue Fund for postemployment healthcare costs and pension costs related to fire contract services were not in accordance with the "PERS contract" costs as required by the special tax fund. Therefore, as per the payment agreement, a long-term advance to the General Fund, Water Fund, and Sewer Fund of \$3,920,308, \$278,107, and \$278,107, respectively, has been established by City Council Resolution to pay back the disallowed costs. The General Fund will make payments of \$176,333, at 1% for 30 years. The Water and Sewer Funds will split equally, payments of \$24,868, at 1% for 30 years.

Due from Successor Agency

On June 2, 2003, the City entered into an agreement with the former Redevelopment Agency whereby the City conveyed a property to the Agency for the initial down payment of \$825,000, as well as a 15-year note with a 5% interest rate and annual payments of \$209,544. On January 15, 2010, the loan was restructured to include additional accelerated payments of \$220,000 in 2011 and 2012. As of June 30, 2018, the outstanding balance on the note is \$64,604. Also, In January 2010, prior to the dissolution of redevelopment agencies in the State of California, the former Low and Moderate Income Housing Set-aside fund loaned \$2,063,811 to the former redevelopment agency (now Successor Agency) to pay the SERAF payment to the State in prior years. As of June 30, 2018, the outstanding balance is \$1,643,956.

Year Ended June 30, 2018

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Summary of Transfers In/Out

| Transfers In | Transfers Out | Transfers Out Amount | |
|--------------------------|--------------------------|----------------------|---------|
| General Fund | Other Governmental Funds | \$ | 299,234 |
| | Water Enterprise Fund | | 60,000 |
| | Sewer Enterprise Fund | | 60,000 |
| Other Governmental Funds | General Fund | | 50,000 |
| Nonmajor Enterprise Fund | Internal Service Fund | | 17,593 |
| Internal Service Fund | General Fund | | 130,000 |
| | Water Enterprise Fund | | 60,000 |
| | | \$ | 676,827 |

The transfers to the General Fund from the Other Governmental Funds of \$299,234 were to cover costs for public works projects and public safety overtime costs. The transfers to the General Fund from the Water and Sewer funds of \$60,000 and \$60,000 respectively, were for annual lease payments for use of the City's facilities.

The General Fund transferred \$50,000 to other governmental funds to fund various project costs and to cover operating deficits. The General Fund also transferred \$130,000 to the Internal Service Fund to cover future vehicle replacement costs, and the Water Fund transferred \$60,000 to the Internal Service Fund for the Water Fund's portion of property insurance premiums for covered well sites. The internal service funds transferred \$17,593 to nonmajor enterprise funds to establish the Compressed Natural Gas Fund.

4) CAPITAL ASSETS

The following is a summary of capital assets activity for the 2017-18 fiscal year:

| | Beginning | | | Ending |
|--|---------------|--------------|-----------|---------------|
| Governmental Activities: | Balance | Increases | Decreases | Balance |
| Capital Assets, Not Depreciated: | | | | |
| Land | \$ 4,397,105 | \$ - | \$ - | \$ 4,397,105 |
| Construction in Progress | 79,994 | 1,931,298 | | 2,011,292 |
| Total Capital Assets Not Depreciated | 4,477,099 | 1,931,298 | | 6,408,397 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 28,628,398 | - | - | 28,628,398 |
| Improvements Other than Buildings | 5,145,657 | 118,284 | - | 5,263,941 |
| Machinery and Equipment | 8,809,034 | 441,439 | 60,941 | 9,189,532 |
| Infrastructure | 53,248,614 | 1,236,044 | | 54,484,658 |
| Total Capital Assets Being Depreciated | 95,831,703 | 1,795,767 | 60,941 | 97,566,529 |
| Less Accumulated Depreciation: | | | | |
| Buildings | (10,339,028) | (761,967) | - | (11,100,995) |
| Improvements Other than Buildings | (3,361,109) | (163,901) | - | (3,525,010) |
| Machinery and Equipment | (7,637,312) | (341,490) | (60,941) | (7,917,861) |
| Infrastructure | (35,123,819) | (1,308,224) | | (36,432,043) |
| Total Accumulated Depreciation | (56,461,268) | (2,575,582) | (60,941) | (58,975,909) |
| Net Capital Assets Being Depreciated | 39,370,435 | (779,815) | | 38,590,620 |
| Total Capital Assets | \$ 43,847,534 | \$ 1,151,483 | \$ - | \$ 44,999,017 |

Year Ended June 30, 2018

4) CAPITAL ASSETS - Continued

| Business-type Activities: | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|-----------|-------------------|
| Capital Assets, Not Depreciated: | | | | |
| Land | \$ 26,345 | \$ - | \$ - | \$ 26,345 |
| Water Rights | 624,659 | - | - | 624,659 |
| Construction in Progress | 1,605,636 | 45,090 | | 1,650,726 |
| Total Capital Assets Not Depreciated | 2,256,640 | 45,090 | | 2,301,730 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 5,749,295 | - | - | 5,749,295 |
| Improvements Other than Buildings | 29,200 | - | - | 29,200 |
| Machinery and Equipment | 8,133,546 | 12,171 | 15,500 | 8,130,217 |
| Infrastructure | 22,569,090 | 270,427 | | 22,839,517 |
| Total Capital Assets Being Depreciated | 36,481,131 | 282,598 | 15,500 | 36,748,229 |
| Less Accumulated Depreciation: | | | | |
| Buildings | (3,334,236) | (105,721) | - | (3,439,957) |
| Improvements Other than Buildings | (29,200) | - | - | (29,200) |
| Machinery and Equipment | (6,384,609) | (193,384) | (15,500) | (6,562,493) |
| Infrastructure | (14,474,487) | (464,527) | | (14,939,014) |
| Total Accumulated Depreciation | (24,222,532) | (763,632) | (15,500) | (24,970,664) |
| Net Capital Assets Being Depreciated | 12,258,599 | (481,034) | | 11,777,565 |
| Total Capital Assets | \$ 14,515,239 | \$ (435,944) | \$ - | \$ 14,079,295 |

Depreciation expense was charged to functions/programs as follows:

| | Governmental | | Bus | iness-type | | |
|-----------------------|--------------|-----------|------------|------------|--|------------|
| Function/Program | Activities | | Activities | | | Activities |
| General Government | \$ | 8,311 | \$ | - | | |
| Public Safety | | 347,677 | | - | | |
| Public Works | | 1,949,381 | | - | | |
| Parks and Recreation | | 81,365 | | - | | |
| Community Development | | 188,848 | | - | | |
| Water | | - | | 612,801 | | |
| Sewer | | - | | 148,190 | | |
| Waste Disposal | | - | | 2,641 | | |
| Total Depreciation | \$ | 2,575,582 | \$ | 763,632 | | |

5) LOAN RECEIVABLE

The City uses Community Development Block Grant (CDBG) funds to provide housing rehabilitation loans to eligible applicants. Such loans are made to low and moderate-income persons to improve, rehabilitate, or replace residences. The CDBG fund's primary asset consists of notes receivable from participants that originated from HUD funds. The CDBG loans totaling \$303,686, when collected, are due back to the granting agency and, therefore, are reported as due to other agencies in the financial statements.

Year Ended June 30, 2018

6) LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2018.

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|--------------|---------------|-------------------|------------------------|
| Governmental Activities: | | | | | |
| 2016 Installment Sale Agreement | \$ 2,720,000 | \$ - | \$ 80,000 | \$ 2,640,000 | \$ 85,000 |
| Premium | 125,644 | - | 5,711 | 119,933 | 5,711 |
| Claims Payable | 3,367,000 | 880,000 | 1,932,000 | 2,315,000 | 564,000 |
| Insurance Assessment Payable | 810,570 | - | 81,057 | 729,513 | 81,057 |
| Compensated Absences* | 1,292,293 | 738,173 | 738,548 | 1,291,918 | 553,370 |
| Net Pension Liablity | 28,932,302 | 3,906,807 | - | 32,839,109 | - |
| Net OPEB Liablity | - | 36,350,710 | - | 36,350,710 | - |
| OPEB Obligation | 15,393,946 | | 15,393,946 | | |
| Total | \$ 52,641,755 | \$41,875,690 | \$ 18,231,262 | \$ 76,286,183 | \$ 1,289,138 |
| Business-type Activities: | | | | | |
| Compensated Absences* | \$ 228,052 | \$ 130,265 | \$ 130,332 | \$ 227,985 | \$ 97,653 |
| Net Pension Liability | 7,037,334 | 581,039 | - | 7,618,373 | - |
| Net OPEB Liability | - | 6,414,831 | | 6,414,831 | |
| Total | \$ 7,265,386 | \$ 7,126,135 | \$ 130,332 | \$ 14,261,189 | \$ 97,653 |

^{*}Beginning balances include a \$228,052 allocation of compensated absences to Business-type Activities.

2016 Installment Sale Agreement

In March 2016, the City entered into an installment sale agreement with the California Statewide Communities Development Authority (Authority), for the Local Measure R Sales Tax Revenue Certificates of Participation, Series 2016 (Certificates), Total Road Improvement Program. The Authority issued \$6,355,000 in Certificates to finance the design, acquisition, and construction of certain local roadway and street improvement projects for both the City of Azusa and the City of San Fernando. The Certificates are secured by installment payments due from the two cities, with the City of San Fernando's share being \$2,785,000. The installment payments, including principal and interest, are due on June 1 and December 1 of each year, commencing on December 1, 2016, and are to be made from Measure R revenues received by the City. Interest rates on the installment agreement range from 2% to 5%. The following represents the future debt service requirements:

| Fiscal Year Ending | | | | |
|--------------------|-----------|-----------|-----------------|-----------------|
| June 30, | Principal | | Interest | Total |
| 2019 | \$ | 85,000 | \$ 94,587 | \$ 179,587 |
| 2020 | | 85,000 | 92,038 | 177,038 |
| 2021 | | 90,000 | 88,638 | 178,638 |
| 2022 | | 95,000 | 85,037 | 180,037 |
| 2023 | | 95,000 | 81,238 | 176,238 |
| 2024 - 2028 | | 550,000 | 335,837 | 885,837 |
| 2029 - 2033 | | 675,000 | 217,438 | 892,438 |
| 2034 - 2038 | | 790,000 | 105,768 | 895,768 |
| 2039 | | 175,000 | 5,687 | 180,687 |
| Totals | \$ | 2,640,000 | \$ 1,106,268 | \$ 3,746,268 |
| | | | | |

Year Ended June 30, 2018

6) LONG-TERM LIABILITIES - Continued

Net Pension Liability

On April 9, 1946, the voters of the City of San Fernando approved an ad valorem property tax to raise the funds necessary to pay the City's annual obligation to CalPERS for the retirement benefits of City employees. In 1978, California voters approved Proposition 13, which limited the levy on ad valorem property taxes to one-percent (1%) of assessed value.

In 1985, the State Legislature adopted Revenue and Taxation Code Section 96.31, which authorized a jurisdiction to continue to impose an ad valorem property tax levy to make payments in support of pension programs provided: 1) it was approved by voters prior to July 1, 1978, and 2) the jurisdiction imposed the property tax levy in either FY 1982-1983 or FY 1983-1984. It also capped the rate the jurisdiction could impose to the rate imposed in FY 1982-1983 or FY 1983-1984, whichever is higher. Consequently, the maximum rate that can be levied by the City is \$0.28420 for each \$100 of assessed property value, as establish in FY 1982-1983.

Tax revenues raised through this special tax levy are accounted for in the Retirement Tax Special Revenue fund. The City's annual retirement costs are liquidated from this fund. In FY 2017-2018, the levy was \$0.232381 per \$100 of assessed valuation, which was sufficient to fully fund the City's CalPERS retirement costs. If the annual cost exceeds the amount that can be raised through the maximum special retirement tax levy, the remaining cost would be liquidated primarily from the General Fund.

More information related to the City's Net Pension Liability is included in Note 7.

Insurance Assessment Payable

In 2017, the City was assessed a Liability Program Assessment of \$848,269 for its share of prior year claims payments shortfalls in the insurance pool program, Independent Cities Risk Management Authority (ICRMA). The liability is payable over a 10-year period with the first payment of \$37,699 made in the period ended June 30, 2017, and future annual payments of \$81,057 over the next 10 years.

The following represents the future debt service requirements on the Insurance Assessment Payable:

| Fiscal Year Ending | | |
|--------------------|----|-----------|
| June 30, | F | Principal |
| 2019 | \$ | 81,057 |
| 2020 | | 81,057 |
| 2021 | | 81,057 |
| 2022 | | 81,057 |
| 2023 | | 81,057 |
| 2024 | | 81,057 |
| 2025 | | 81,057 |
| 2026 | | 81,057 |
| 2027 | | 81,057 |
| Totals | \$ | 729,513 |
| | | |

Year Ended June 30, 2018

6) LONG-TERM LIABILITIES - Continued

Other Post-Employment Benefits (OPEB) Obligation

OPEB, i.e. retiree medical benefits, are primarily paid from the City's General Fund. In 2015, the City negotiated restructuring retiree medical benefits with all bargaining units. Employees hired after July 1, 2015 receive the minimum retiree medical benefits required by the Public Employees Medical and Health Care Act (PEMHCA), which was \$133 per month for calendar year 2018. The PEMHCA minimum is adjusted by CalPERS annually to account for inflation. In addition, the City established retiree health savings accounts for employees that only qualify for the PEMHCA minimum. The amount contributed by the City is negotiated with each bargaining unit and currently ranges from \$50 - \$150 per month. More information related to the City's OPEB liability is included in Note 8.

Fiduciary Fund Long-term Liabilities

Long-term liabilities of the former San Fernando Redevelopment Agency were transferred to the Successor Agency Private-purpose Trust Fund during 2011-12 as a result of the State's action to dissolve redevelopment agencies. The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2018:

| | Beginning | | | Ending | Due Within |
|----------------------------|--------------|------------|--------------|--------------|------------|
| | Balance | Additions | Deletions | Balance | One Year |
| 2016A Tax Allocation Bonds | \$ 2,975,000 | \$ - | \$ 1,280,000 | \$ 1,695,000 | \$ 740,000 |
| County Deferral | 2,792,691 | 168,162 | 390,388 | 2,570,465 | |
| Total | \$ 5,767,691 | \$ 168,162 | \$ 1,670,388 | \$ 4,265,465 | \$ 740,000 |

2016A Tax Allocation Bonds

In February 2016, the Successor Agency issued \$4,350,000 in Tax Allocation Refunding Bonds, Series 2016. Proceeds from the 2016 bonds, along with \$1,149,123 in funds remaining on the 2006 bonds, were used to establish a refunding escrow account to advance refund the 2006 bonds, and also to pay costs of issuance. As a result, the 2006 bonds are considered defeased, and the related debt has been removed from the financial statements of the Successor Agency. Future debt service requirements for the 2016 bonds are as follows:

| Fiscal Year Ending | | | |
|--------------------|-----------------|--------------|-----------------|
| June 30, | Principal | Interest | Total |
| 2019 | \$ 740,000 | \$ 26,897 | \$ 766,897 |
| 2020 | 470,000 | 14,616 | 484,616 |
| 2021 | 485,000 | 4,923 | 489,923 |
| Totals | \$ 1,695,000 | \$ 46,436 | \$ 1,741,436 |
| | | | |

County Deferral

The former Redevelopment Agency and County of Los Angeles (the County) entered into an agreement whereby the County will defer tax increment (County Deferral) generated within the project area to meet the Agency's debt service obligations. The County Deferral, accrued at an interest rate of 7% was to be repaid whenever the Agency received property tax in excess of its bonded debt payment requirements. At June 30, 2018, the balance reported in the Successor Agency Fiduciary Fund was \$2,570,465.

Year Ended June 30, 2018

7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)

General Information about the Defined Benefit Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors seven rate plans (three miscellaneous and four safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2016 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2016 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications. The rate plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

Miscellaneous

Miscellaneous

| _ | Miscellaneous | Tier II | PEPRA | |
|---|---|---|---|---|
| | Prior to | Prior to | On or after | |
| Hire date | November 12, 2005 | January 1, 2013 | January 1, 2013 | |
| Benefit formula | 3% @ 60 | 2% @ 55 | 2% @ 62 | |
| | single highest year | 36 month average | 36 month average | |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service | |
| Benefit payments | monthly for life | monthly for life | monthly for life | |
| Retirement age | 50 - 60 | 55 | 62 | |
| Monthly benefits, as a % | | | | |
| of eligible compensation | 2% to 3% | 2% | 2% | |
| Required employee contribution rates | 8% | 7% | 6.5% | |
| Required employer contribution rates | 14.003% + \$1,086,323 | 9.887% + \$16,626 | 7.045% + \$141 | |
| | | | | |
| | 0.64 | C-f-t. | C-f-h. | Cafabi |
| | Safety | Safety | Safety | Safety |
| | Sarety Tier I | Tier II | Tier III | PEPRA |
| | , | , | , | , |
| Hire date | Tier Í | Tier lÍ | Tier IÍI | PEPRÁ |
| Hire date Benefit formula | Tier Í Prior to | Tier II Prior to | Tier III Prior to | PEPRA On or after January 1, 2013 2.7% @ 55 |
| • | Tier Í Prior to January 6, 1994 | Tier II Prior to September 8, 2012 | Tier III Prior to January 1, 2013 | PEPRA On or after January 1, 2013 |
| • | Tier Í Prior to January 6, 1994 3% @ 50 | Tier II Prior to September 8, 2012 3% @ 50 | Tier III Prior to January 1, 2013 3% @ 55 | PEPRA On or after January 1, 2013 2.7% @ 55 |
| Benefit formula | Tier Í Prior to January 6, 1994 3% @ 50 single highest year | Tier II Prior to September 8, 2012 3% @ 50 36 month average | Tier III Prior to January 1, 2013 3% @ 55 36 month average | PEPRA On or after January 1, 2013 2.7% @ 55 36 month average |
| Benefit formula Benefit vesting schedule | Prior to January 6, 1994 3% @ 50 single highest year 5 years service | Prior to September 8, 2012 3% @ 50 36 month average 5 years service | Tier III Prior to January 1, 2013 3% @ 55 36 month average 5 years service | On or after January 1, 2013 2.7% @ 55 36 month average 5 years service |
| Benefit formula Benefit vesting schedule Benefit payments | Tier Í Prior to January 6, 1994 3% @ 50 single highest year 5 years service monthly for life | Tier II Prior to September 8, 2012 3% @ 50 36 month average 5 years service monthly for life | Tier III Prior to January 1, 2013 3% @ 55 36 month average 5 years service monthly for life | PEPRA On or after January 1, 2013 2.7% @ 55 36 month average 5 years service monthly for life |
| Benefit formula Benefit vesting schedule Benefit payments Retirement age | Tier Í Prior to January 6, 1994 3% @ 50 single highest year 5 years service monthly for life | Tier II Prior to September 8, 2012 3% @ 50 36 month average 5 years service monthly for life | Tier III Prior to January 1, 2013 3% @ 55 36 month average 5 years service monthly for life | PEPRA On or after January 1, 2013 2.7% @ 55 36 month average 5 years service monthly for life |
| Benefit formula Benefit vesting schedule Benefit payments Retirement age Monthly benefits, as a % | Tier Í Prior to January 6, 1994 3% @ 50 single highest year 5 years service monthly for life 50 3% | Tier II Prior to September 8, 2012 3% @ 50 36 month average 5 years service monthly for life 50 | Tier III Prior to January 1, 2013 3% @ 55 36 month average 5 years service monthly for life 55 | PEPRA On or after January 1, 2013 2.7% @ 55 36 month average 5 years service monthly for life 55 |
| Benefit formula Benefit vesting schedule Benefit payments Retirement age Monthly benefits, as a % of eligible compensation | Tier Í Prior to January 6, 1994 3% @ 50 single highest year 5 years service monthly for life 50 3% 9% | Tier II Prior to September 8, 2012 3% @ 50 36 month average 5 years service monthly for life 50 3% | Tier III Prior to January 1, 2013 3% @ 55 36 month average 5 years service monthly for life 55 3% | PEPRA On or after January 1, 2013 2.7% @ 55 36 month average 5 years service monthly for life 55 2.7% |

Year Ended June 30, 2018

7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) - Continued

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$2,041,524 in fiscal year 2018.

The City's contributions to the Plan for the year ended June 30, 2018 were \$3,088,007.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported a liability of \$40,457,482 for its proportionate share of the net pension liability. The City's net pension liability for the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the Plan's net pension liability as of June 30, 2016 and 2017 was as follows:

| Proportion - June 30, 2016 | 0.41569% |
|------------------------------|-----------|
| Proportion - June 30, 2017 | 0.40795% |
| Change - Increase (Decrease) | -0.00774% |

For the year ended June 30, 2018, the City recognized pension expense of \$6,285,486. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

D = f = = 1 O . . . f | -

Defermed hellers

| | Resources | rred Inflows Resources |
|--|-----------------|-------------------------------|
| | resources | 103001003 |
| Pension contributions subsequent to measurement date | \$ 3,088,007 | \$ _ |
| Differences between actual and expected experience | 130,607 | 277,003 |
| Changes in assumptions | 4,747,912 | - |
| Change in employer's proportion | 663,934 | - |
| Differences between the employer's contributions and | | |
| the employer's proportionate share of contributions | 126,829 | 213,343 |
| Net differences between projected and actual | | |
| earnings on plan investments | 1,141,910 | |
| Total | \$ 9,899,199 | \$ 490,346 |

Year Ended June 30, 2018

7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) - Continued

The \$3,088,007 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ending | |
|-------------|-----------------|
| June 30, | |
| 2019 | \$ 1,984,583 |
| 2020 | 3,169,885 |
| 2021 | 1,839,555 |
| 2022 | (673,177) |
| 2023 | - |
| Thereafter | _ |

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

| Valuation date | June 30, 2016 |
|---------------------------|------------------|
| Measurement date | June 30, 2017 |
| Actuarial cost method | entry-age normal |
| Actuarial assumptions: | |
| Discount rate | 7.15% |
| Inflation | 2.75% |
| Payroll growth | 3.00% |
| Projected salary increase | (1) |
| Investment rate of return | 7.15% |
| Mortality | (2) |

- (1) Depending on age, service and type of employment
- (2) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 section.

Year Ended June 30, 2018

7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) - Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| | New Strategic | Real Return | Real Return |
|-------------------------------|---------------|------------------|---------------|
| Asset Class | Allocation | Years 1 - 10 (1) | Years 11+ (2) |
| Global Equity | 47% | 4.90% | 5.38% |
| Global Fixed Income | 19% | 0.80% | 2.27% |
| Inflation Sensitive | 6% | 0.60% | 1.39% |
| Private Equity | 12% | 6.60% | 6.63% |
| Real Estate | 11% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3% | 3.90% | 5.36% |
| Liquidity | 2% | -0.40% | -0.90% |

⁽¹⁾ An expected inflation of 2.5% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| 1% Decrease | 6.15% |
|-----------------------|------------------|
| Net Pension Liability | \$ 57,422,841 |
| | |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$ 40,457,482 |
| | |
| 1% Increase | 8.15% |
| Net Pension Liability | \$ 26,497,608 |

⁽²⁾ An expected inflation of 3.0% used for this period.

Year Ended June 30, 2018

7) CITY EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN) - Continued

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan - At June 30, 2018, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2018.

8) OTHER POST-EMPLOYMENT BENEFITS

Plan Description - For employees hired prior to July 1, 2015, the City contributes to a single-employer defined benefit plan to provide post-employment health care benefits (the "Plan"). Specifically, the City provides health insurance for its retired employees and their dependent spouses (if married and covered on the City's plan at time of retirement), or survivors in accordance with Board resolutions.

Benefits Provided - Medical coverage is provided for retired employees who are age 50 or over and who have a minimum of 5 years of service within the PERS system as long as such individuals retire within 120 days of separation from employment and receive a monthly retirement allowance. The City pays 100% of all premiums charged for the retiree and dependents under the health benefit plan administered by CalPERS in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. Medical coverage is provided for the surviving spouse of retired employees and the surviving spouse of active employees who upon death had attained age 50 and who had a minimum of 5 years of service within the PERS system in addition to satisfying the requirement to retire within 120 days of separation.

The City will pay 100% of the premiums charged until the surviving spouse remarries, becomes enrolled under another group health plan, or cancels coverage. The plan does not provide a publicly available financial report.

For employees hired on or after July 1, 2015, the City will provide the minimum retiree health benefit required by the Public Employees Medical and Health Care Act (PEMHCA), which was \$133 per month for calendar year 2018 and adjusted by CalPERS annually to account for inflation, and \$50 - \$150 per month into a Retiree Health Savings Account (RSA), depending on bargaining unit.

Employees Covered by Benefit Terms – As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

| Retirees or spouses of retirees currently receiving benefits | 94 |
|---|-----|
| Inactive employees entitled to but not yet receiving benefits | 11 |
| Active employees | 99 |
| | 204 |

Contributions - The contribution requirements of plan members and the City are established and may be amended by the City Council, and/or the employee associations. Currently, contributions are not required from plan members. The City is currently funding this OPEB liability on a pay-as-you-go basis. This obligation is typically liquidated from the General Fund and responsible Enterprise Funds.

Total OPEB Liability - The City's Total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Year Ended June 30, 2018

8) OTHER POST-EMPLOYMENT BENEFITS - Continued

Valuation Date June 30, 2017

Actuarial Cost Method Entry Age, Level Percent of Pay

Contribution Policy Pay-as-you-go

Mortality Mortality projected fully generational with Scale MP-2017

CalPERS 1997-2015 Experience Study

Age at Retirement 52

Health Care Trend Rate 7.50% initial, 4.00% ultimate - Non-Medicare

6.50% initial, 4.00% ultimate - Medicare

Inflation Rate 2.75% Salary Changes 3.00%

Discount Rate 3.56% - Fidelity GO AA - 20-year Index

Changes in the Total OPEB Liability

| | Total OPEB | |
|--|------------|---------------|
| | Li | ability (TOL) |
| Balance at June 30, 2016 | \$ | 45,667,696 |
| Changes in the year: | | |
| Service cost | | 1,601,768 |
| Interest on the total OPEB liability | | 1,364,732 |
| Differences between expected and actual experience | | - |
| Assumption Changes | | (4,804,507) |
| Benefit payments, including refunds | | (1,064,148) |
| Net changes | | (2,902,155) |
| Balance at June 30, 2017 | \$ | 42,765,541 |

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1' | 1% Decrease | | Discount Rate | | 1% Increase | |
|------------------------------|----|-------------|-------------|---------------|----------|-------------|--|
| | (2 | | 5%) (3.56%) | | 6%) (4.5 | | |
| Total OPEB liability (asset) | \$ | 50,630,017 | \$ | 42,765,541 | \$ | 36,593,712 | |

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

| | Current Healthcare | | | | | |
|------------------------------|-----------------------|------------|----------------|------------|----|------------|
| | 19 | % Decrease | Decrease Trend | | 1 | % Increase |
| Total OPEB liability (asset) | \$ | 35,994,502 | \$ | 42,765,541 | \$ | 51,544,905 |

Year Ended June 30, 2018

8) OTHER POST-EMPLOYMENT BENEFITS - Continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the City recognized OPEB expense of \$2,152,177. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | | erred Inflows Resources |
|--|--------------------------------|-----------|--------------------------------|
| OPEB Contributions Subsequent to the Measurement Date | \$ | 1,077,946 | \$ - |
| Changes of Assumptions | | - | 3,990,184 |
| Net differences between projected and actual earnings on plan investments | | | |
| Total | \$ | 1,077,946 | \$ 3,990,184 |

The \$1,077,946 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending | |
|-------------|-----------------|
| June 30, | |
| 2019 | \$ (814,323) |
| 2020 | (814,323) |
| 2021 | (814,323) |
| 2022 | (814,323) |
| 2023 | (732,892) |
| Thereafter | - |

9) SELF-INSURANCE PROGRAM

The City is self-insured for workers' compensation claims, unemployment insurance, property insurance, and comprehensive general and automobile liability. The City purchases excess workers' compensation and liability insurance through its membership in the Independent Cities Risk Management Authority (ICRMA), a joint powers authority formed to pool the assets of its members to increase excess insurance buying power. ICRMA procures coverage for its members, in excess of each member's selected self-insured retention, for up to \$30,000,000 per insured occurrence for liability claims and statutory limits for workers' compensation claims. ICRMA is considered a self-sustaining risk pool with 16 member cities. Annual premium payments are paid by member cities and are adjusted retrospectively to cover costs. Each member city self-insures from the first dollar to their selected self-insured retention. Each member city appoints one member and two alternates to the ICRMA Governing Board.

Workers' Compensation

The City participates in the Workers' Compensation Program through ICRMA and maintains coverage pursuant to the Workers' Compensation Laws of the State of California. The City is self-insured for the first \$500,000 of each claim. Excess insurance is provided through ICRMA from \$500,001 to the statutory limit per insured occurrence.

Year Ended June 30, 2018

9) SELF-INSURANCE PROGRAM - Continued

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2018, the amount of these liabilities was \$1,545,000. This liability is the City's best estimate based on available information.

General Liability

The City participates in the Liability Program through ICRMA and maintains coverage for comprehensive general and automobile liability, personal injury, contractual liability, errors and omissions, and certain other coverage. The City is self-insured for the first \$250,000 of each claim. Excess insurance is provided through ICRMA from \$250,001 to \$30,000,000 per insured occurrence. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2018, the amount of these liabilities was \$770,000. This liability is the City's best estimate based on available information.

Annual settlements during each of the last three fiscal years have not exceeded insurance coverage in any year.

Changes in Self-Insurance Liability

Changes in the reported claims liabilities resulted from the following:

| | FY 2017-18 | FY 2016-17 |
|---------------------------------|--------------|--------------|
| Beginning of Year | \$ 3,367,000 | \$ 2,959,000 |
| Claims and Changes in Estimates | 880,000 | 1,956,230 |
| Claim Payments | (1,932,000) | (1,548,230) |
| End of Year | \$ 2,315,000 | \$ 3,367,000 |

10) DEFICIT NET POSITION/FUND BALANCES

The following non-major governmental funds reported deficits in fund balances at June 30, 2018:

| | Deficit |
|-----------------------------------|---------|
| Non-major Funds: | |
| Traffic Safety | 4,779 |
| Community Development Block Grant | 12,255 |
| Operating Grants | 30,965 |

These deficits will be eliminated through the collection of revenues in the future, or transfers from other funds.

In addition, as of June 30, 2018, the City's General Fund is reporting a negative fund balance of \$208,253, and unrestricted net position for Governmental Activities and Business-type Activities in the Statement of Net Position is a negative \$66.5 million and \$3.1 million, respectively. Also, the Internal Service Funds are reporting a deficit net position of \$1,286,288. The City's obligation for other post-employment benefits has increased to \$42,765,541 as of June 30, 2018 (see Note 8), while the Net Pension Liability has increased to \$40,457,482.

The following represents management's plans regarding these deficits and unfunded liabilities:

Year Ended June 30, 2018

10) DEFICIT NET POSITION/FUND BALANCES - Continued

In FY 2013-2014, the City Council began the development and implementation of a multi-year <u>Deficit Elimination Plan</u>. Put simply, the Deficit Elimination Plan aims to pay off debt, reduce ongoing expenditures and increase ongoing revenue. In 2013, the City declared a fiscal emergency and held a special election for a temporary one-half (½) cent local transaction and use tax, which was approved by sixty percent (60%) of voters. This local transaction tax, also referred to as "Measure A," was originally set to sunset in October 2020. In November 2018, voters overwhelmingly (69%) approved extending the local transaction tax indefinitely.

The local transaction tax, originally projected to raise less than \$2 million per year, has generated close to \$2.5 million per year in additional general tax revenue and is necessary to fund a number of critical one-time needs. To date, the local transaction tax revenue has been used to fund non-recurring expenditures, including, but not limited to: 1) establishing General Fund, Self-Insurance, Equipment Replacement, and Facility Maintenance fund reserves, 2) paying off existing debt, 3) eliminating recurring deficit fund balances in Grant and other Special Revenue funds, 4) increase public safety by replacing outdated vehicles and equipment, 5) replacing and updating outdated computer hardware, software and telecommunications systems, and 6) funding capital projects to reduce the City's deferred maintenance backlog.

In addition to short-term actions identified above, the City has taken a number of longer-term actions since the passage of Measure A to address the City's deficit and improve long-term financial stability, including:

- Renegotiated the Fire and Emergency Services contract with the Los Angeles Fire Department to reduce the City's ongoing annual cost without reducing service (saved more than \$500,000/year).
- Transferred operational and financial responsibility of the San Fernando Regional Pool to the County of Los Angeles through a lease of up to 55 years (saved more than \$500,000/year).
- Reduced retiree health benefits to the statutory minimum for new employees to decrease the City's retiree health (OPEB) liability (significant long-term savings).
- Sold surplus land and used the land sale proceeds to reduce the General Fund deficit (generated \$1 million in proceeds).
- Developed a five-year General Fund projection to improve long-term decision making.
- Adopted a Development Agreement Ordinance to provide additional tools to increase economic development efforts and diversify the tax base.
- Re-established reserves for the Self-Insurance and Equipment Replacement Funds (more than \$1 million in reserve to protect against large lawsuits).
- Updated user fees, development fees, cost allocation calculations to ensure an appropriate cost recovery for City services (more than \$500,000/year in projected ongoing revenue).
- Updated the City's long term financial planning policies, including budget, purchasing, debt management, grant management, investment, and reserve policies, with an emphasis on creating long term fiscal sustainability.

Year Ended June 30, 2018

10) DEFICIT NET POSITION/FUND BALANCES - Continued

To continue implementation of the deficit reduction plan in FY 2018-2019, the Adopted Budget includes the following:

- Continue to pay down General Fund debt to the Retirement Fund and Enterprise Funds.
- Upgrades to security and functionality of the City's network backbone and software systems, including permitting software upgrades that will allow customers to apply, pay, and receive certain permits online.
- Investment in staff training and education to maximize utilization of existing staff resources.
- A General Fund budget surplus of \$175,000 to further reduce the deficit fund balance.

Despite the progress that has been made since 2013, the City will need to continue to work to establish a reserve fund balance and develop strategies to fund key long-term liabilities, including retiree health and pension costs.

The deficit elimination plan was developed with the understanding that the General Fund deficit is a result of many years of financial problems, some of which have been beyond the City's control (e.g. the "Great Recession" and dissolution of redevelopment in California) and others that were self-inflicted. It will take many years to dig the City out; however, if the preceding financial and operational elements continue to be implemented, the City will be successful in eliminating the General Fund deficit and building a strong financial base for the future.

11) COMMITMENTS AND CONTINGENCIES

Various claims and lawsuits have been filed against the City in the normal course of business. Based upon information obtained from the City attorney and the self-insurance administrators, the estimated liability under such claims and litigation will not exceed the accrued self-insurance liability recorded in the government-wide statement of net position.

Also, the City has received State and Federal funds that are subject to review and audit by the grantor agencies. Such audits could generate expenditure disallowances under terms of the grants; however, it is believed that any such reimbursements will not be significant.

12) PRIOR PERIOD ADJUSTMENTS

Beginning net position for Governmental Activities and Business-type Activities has been decreased by \$22,131,395 and \$7,078,207, respectively, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in Note 8. The \$7,078,207 restatement of beginning net position for Business-type Activities consists of a \$4,246,924 decrease to net position in the Water Fund, and a \$2,831,283 decrease to net position in the Sewer Fund.

REQUIRED SUPPLEMENTARY INFORMATION

City of San Fernando Required Supplementary Information

For the Year Ended June 30, 2018

CHANGES IN TOTAL OPEB LIABILITY/(ASSETS) AND RELATED RATIOS

| | Measurement Period | |
|---|-----------------------|-------------|
| | | 2017 |
| Total OPEB Liability | | |
| Service cost | \$ | 1,601,768 |
| Interest on total OPEB liability | | 1,364,732 |
| Changes in assumptions | | (4,804,507) |
| Changes in benefits | | - |
| Benefit payments, including refunds | | (1,064,148) |
| Net change in total OPEB liability | | (2,902,155) |
| Total OPEB liability - beginning | | 45,667,696 |
| Total OPEB liability - ending (a) | \$ | 42,765,541 |
| Covered payroll | \$ | 9,645,806 |
| Total OPEB liability as a percentage of covered payroll | | 443.36% |

Fiscal year 2018 was the first year of implementation; therefore, 10 years of information are not yet available.

Notes to Schedule:

Benefit Changes: None

Changes in Assumptions: None

City of San Fernando Required Supplementary Information

For the Year Ended June 30, 2018

Schedule of the City's Proportionate Share of the Net Pension Liability Last 10 Years*

| Measurement Date | Proportion of the Net Pension Liability | S | roportionate hare of Net nsion Liability | Covered Payroll | Proportionate Share of the Net Pension Liability as a % of Payroll | Plan Fiduciary Net Position as a % of the Total Pension Liability |
|------------------|---|----|--|--------------------|---|---|
| 2017 | 0.40795% | \$ | 40,457,482 | \$ 7,744,402 | 522.41% | 66.92% |
| 2016 | 0.41569% | | 35,969,636 | 6,907,444 | 520.74% | 68.39% |
| 2015 | 0.43391% | | 29,783,281 | 6,342,163 | 469.61% | 72.67% |
| 2014 | 0.43086% | | 26,809,903 | 7,129,905 | 376.02% | 75.28% |

^{*}Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%.

City of San Fernando Required Supplementary Information

For the Year Ended June 30, 2018

Schedule of Plan Contributions Last 10 Years*

| Fiscal Year | ontractually Required ontributions | Re | ntributions in elation to the Actuarially Determined ontributions | Def | ntribution ficiency/ Excess) | Covered Payroll | Contributions as a % of Covered Employee Payroll |
|-------------|--|----|---|-----|------------------------------------|--------------------|---|
| 2018 | \$ 3,088,007 | \$ | (3,088,007) | \$ | - | \$ 7,636,028 | 40.44% |
| 2017 | 2,850,313 | | (2,850,313) | | - | 7,744,402 | 36.80% |
| 2016 | 3,079,817 | | (3,079,817) | | - | 6,907,444 | 44.59% |
| 2015 | 2,314,312 | | (2,314,312) | | - | 6,342,163 | 36.49% |

^{*}Fiscal year 2015 was the first year of implementation; therefore,10 years of information are not yet available.

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, and 6/30/2016

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund

| | Budgeted | Amounts | Actual | Variance with |
|--------------------------------------|----------------|----------------|---------------|---------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 12,917,500 | \$ 12,917,500 | \$ 13,436,220 | \$ 518,720 |
| Licenses and Permits | 273,500 | 273,500 | 279,620 | 6,120 |
| Charges for Services | 839,000 | 839,000 | 893,317 | 54,317 |
| Fines and Forfeitures | 513,800 | 513,800 | 426,697 | (87,103) |
| Investment Earnings | 195,000 | 195,000 | 178,939 | (16,061) |
| Intergovernmental | 2,398,500 | 2,398,500 | 2,404,128 | 5,628 |
| Other | 370,802 | 370,802 | 370,655 | (147) |
| Total Revenues | 17,508,102 | 17,508,102 | 17,989,576 | 481,474 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| City Council | 176,108 | 194,861 | 191,434 | 3,427 |
| Treasurer | 181,495 | 181,495 | 181,924 | (429) |
| Administration | 451,011 | 451,011 | 447,984 | 3,027 |
| Personnel | 385,788 | 385,788 | 383,130 | 2,658 |
| City Attorney | 330,000 | 335,000 | 373,065 | (38,065) |
| City Clerk | 249,594 | 251,289 | 246,748 | 4,541 |
| Elections | , <u>-</u> | 14,500 | 7,791 | 6,709 |
| Financial Management | 670,696 | 670,696 | 682,879 | (12,183) |
| Information Technology | 412,948 | 444,066 | 438,598 | 5,468 |
| Retirement and Nondepartmental | 351,259 | 386,008 | 42,384 | 343,624 |
| Public Safety: | , | , | , | |
| Police | 7,842,848 | 8,055,365 | 8,037,695 | 17,670 |
| Fire | 3,000,000 | 3,000,000 | 2,723,821 | 276,179 |
| Community Development | 1,056,538 | 1,088,779 | 984,938 | 103,841 |
| Public Works | 1,195,676 | 1,217,006 | 1,094,565 | 122,441 |
| Parks and Recreation | 1,272,286 | 1,276,216 | 1,125,018 | 151,198 |
| | | | | |
| Total Expenditures | 17,576,247 | 17,952,080 | 16,961,974 | 990,106 |
| Excess (Deficiency) of Revenues | | | | |
| over Expenditures | (68,145) | (443,978) | 1,027,602 | 1,471,580 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 419,234 | 419,234 | 419,234 | - |
| Transfers Out | (480,000) | (480,000) | (180,000) | 300,000 |
| Total Other Financing Sources (Uses) | (60,766) | (60,766) | 239,234 | 300,000 |
| Net Change in Fund Balances | (128,911) | (504,744) | 1,266,836 | 1,771,580 |
| Fund Balance, Beginning of Year | (1,475,089) | (1,475,089) | (1,475,089) | |
| Fund Balance, End of Year | \$ (1,604,000) | \$ (1,979,833) | \$ (208,253) | \$ 1,771,580 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Retirement Tax Fund

| | Budgeted | Amounts | Actual | Variance with |
|---|--------------|--------------|---------------|---------------|
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 3,530,000 | \$ 3,530,000 | \$ 4,455,297 | \$ 925,297 |
| Investment Earnings | 25,000 | 25,000 | 31,405 | 6,405 |
| Total Revenues | 3,555,000 | 3,555,000 | 4,488,258 | 933,258 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 2,803,235 | 2,803,235 | 2,271,772 | 531,463 |
| Public Safety | 858,656 | 858,656 | 852,684 | 5,972 |
| Public Works | 208,602 | 208,602 | 196,959 | 11,643 |
| Parks and Recreation | 97,953 | 97,953 | 74,611 | 23,342 |
| Community Development | 96,312 | 96,312 | 71,881 | 24,431 |
| Total Expenditures | 4,064,758 | 4,064,758 | 3,467,907 | 596,851 |
| Excess (Deficiency) of Revenues | (500.750) | (500.750) | 1 000 251 | 1 520 100 |
| Over (Under) Expenditures | (509,758) | (509,758) | 1,020,351 | 1,530,109 |
| OTHER FINANCING SOURCES (USES) Transfers In Transfers Out | 274,868 | 274,868 | | (274,868) |
| Total Other Financing Sources (Uses) | 274,868 | 274,868 | | (274,868) |
| Net Change in Fund Balances | (234,890) | (234,890) | 1,020,351 | 1,255,241 |
| Fund Balance, Beginning of Year | 9,497,300 | 9,497,300 | 9,497,300 | |
| Fund Balance, End of Year | \$ 9,262,410 | \$ 9,262,410 | \$ 10,517,651 | \$ 1,255,241 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Measure R Fund

| | | Budgeted | Amo | ounts | | Actual | Variance with | | |
|---------------------------------|------|-----------|-----|------------|------|-----------|---------------|-----------|--|
| | | Original | | Final | P | Amounts | Fina | al Budget | |
| REVENUES | | | | | | | | | |
| Taxes | \$ | 285,000 | \$ | 285,000 | \$ | 284,304 | \$ | (696) | |
| Investment Earnings | | , - | · | - | | 33,290 | · | 33,290 | |
| | | | | | | | | | |
| Total Revenues | | 285,000 | | 285,000 | | 317,594 | | 32,594 | |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| Public Works | | 3,000 | | 3,000 | | 3,876 | | (876) | |
| Capital Outlay | | 3,000 | | 3,087,063 | | 857,263 | 2 | 2,229,800 | |
| Debt Service: | | _ | , | 3,007,003 | | 037,203 | | .,229,000 | |
| Principal | | 80,000 | | 80,000 | | 80,000 | | | |
| • | | 96,988 | | 96,988 | | • | | - | |
| Interest and Fiscal Charges | | 90,900 | - | 90,900 | | 96,988 | | | |
| Total Expenditures | | 179,988 | ; | 3,267,051 | | 1,038,127 | 2 | 2,228,924 | |
| | | | | | | | | | |
| Excess (Deficiency) of Revenues | | | | | | | | | |
| Over (Under) Expenditures | | 105,012 | (2 | 2,982,051) | | (720,533) | 2 | 2,261,518 | |
| Fund Balance, Beginning of Year | : | 3,316,392 | : | 3,316,392 | 3 | 3,316,392 | | _ | |
| | | -,-:-, | | | | -,-:-, | | | |
| Fund Balance, End of Year | \$ 3 | 3,421,404 | \$ | 334,341 | \$ 2 | 2,595,859 | \$ 2 | 2,261,518 | |

City of San Fernando Notes to Required Supplementary Information

Year Ended June 30, 2018

BUDGETS AND BUDGETARY ACCOUNTING

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the program, projects, series, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

The City's procedures for preparing the budgetary data reflected in the financial statements are:

- The annual budget provides for the general operation of the City and is adopted by the City Council after the
 holding of a public hearing. The budget figures presented in the accompanying required supplementary
 information financial schedules represent the original and final revised budget and include proposed expenditures
 and related financing.
- The City Council approves total budget appropriations and may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer within individual fund budgets without the approval of City Council; however, total appropriations may not be exceeded at the department level. The legal level of budgetary control is at the department level. The appropriated budget covers City expenditures in the General Fund, and Special Revenue Funds. Project length plans are adopted for the capital projects funds with unexpended funds at June 30 re-appropriated in the following year. The debt service on bond issues constitutes a legally authorized "non-appropriated budget". During the fiscal year 2017-18 supplemental budget appropriations were approved by the City Council. The effects of the supplemental appropriations were minor.
- Formal budgetary integration is employed as a management control device during the year. Commitments for
 materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in
 controlling expenditures. Encumbrances at year-end lapse, and then are added to the following year's budgeted
 appropriations.
- Annual budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with
 generally accepted accounting principles. Actual revenues and expenditures can be compared with related
 budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the
 Proprietary Funds, as the City is not legally required to adopt budgets for this type of fund. In addition, the City
 did not adopt a budget for the Housing Special Revenue Fund.
- Capital projects are budgeted through the Capital Projects Funds on a project-by-project basis. Appropriations
 for capital projects authorized but not constructed or completed during the year lapse at year-end, and are then
 included as part of appropriations in the following year's annual budget.

Budget information is presented as supplementary information for the other governmental special revenue funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new, or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. The budgets conform, in all material respects, to generally accepted accounting principles, which serves as the budgeting basis. Appropriations lapse at year-end.

SUPPLEMENTARY INFORMATION

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Capital Grants Fund

| | Budgeted | | |
|---------------------------------|----------------|--------------|---------------|
| | Amounts | Actual | Variance with |
| | Final | Amounts | Final Budget |
| REVENUES | | | |
| Intergovernmental | 6,392,490 | 1,545,575 | (4,846,915) |
| Total Revenues | 6,392,490 | 1,545,575 | (4,846,915) |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | 117,910 | 82,777 | 35,133 |
| Public Works | 6,999 | 12,443 | (5,444) |
| Parks and Recreation | 148,800 | 148,800 | - |
| Capital Outlay | 7,499,821 | 1,835,406 | 5,664,415 |
| Total Expenditures | 7,773,530 | 2,079,426 | 5,694,104 |
| Excess (Deficiency) of Revenues | | | |
| Over (Under) Expenditures | (1,381,040) | (533,851) | 847,189 |
| Fund Balance, Beginning of Year | (177,627) | (177,627) | |
| Fund Balance, End of Year | \$ (1,558,667) | \$ (711,478) | \$ 847,189 |

City of San Fernando Other Governmental Funds

June 30, 2018

SPECIAL REVENUE FUNDS

Special revenue funds account for specific revenues that are legally restricted to expenditures for particular purposes. The other special revenue funds include:

Proposition A Local Transit - Accounts for receipt and approved Local Transit Fund projects from a voter approved sales tax override for public transportation.

Proposition C Discretionary - Accounts for the maintenance of the mile-long bike path along the Metro-link Corridor in San Fernando.

Traffic Safety - Accounts for receipts from traffic fines as levied by local courts. Some of these funds are transferred to the General Fund for traffic safety purposes. The fund is required by Section 1463(b) of the California Penal Code.

Parking Maintenance and Operations - Accounts for parking receipts and maintenance of Business District parking facilities.

Local Transportation - Accounts for state funds allocated by the State for local pedestrian facility development or improvement.

Recreation - Accounts for receipts and the related expenditures from various recreation programs to be used for a specific program, such as sport leagues, craft and music classes, special events and concerts.

Quimby Act Fees - Accounts for revenues from real estate developers, who are required under state law to provide and support park facilities.

Street Lighting - Accounts for revenues and costs associated with the City's street lighting program.

State Asset Forfeiture - Accounts for the receipts and disbursements of state seized and forfeited assets from sale of controlled substances.

State Gas Tax – Accounts for the City's share of motor fuel tax revenue restricted for street maintenance and repairs.

Federal Asset Forfeiture - Accounts for the receipts and disbursements of federal seized and forfeited assets from sale of controlled substances.

AQMD - Accounts for South Coast Air Quality Management District revenues. These funds may be used for various programs to reduce air pollution.

Cash-in-Lieu of Parking - Accounts for revenues and related expenditures from developers or builders who elect to pay a specified amount to the City instead of providing required parking.

Pavement Management - Accounts for all of the pavement impact fees that are generated and the expenditures that are made related to the streets and highway infrastructure.

City of San Fernando Other Governmental Funds – Continued

June 30, 2018

SPECIAL REVENUE FUNDS - Continued

Proposition C - Accounts for the receipt of the "half-cent" sales tax administered by Metro. These funds are to be used to reduce traffic congestion, improve air quality, improve conditions of streets/freeways, and reduce foreign fuel dependence.

Community Development Block Grant (CDBG) - Accounts for expenses of the Community Development Block Grant received through the County of Los Angeles.

Operating Grants - Accounts for revenues that are restricted for specific operating purposes, including law enforcement and parks and recreation.

Surface Transportation Program Local Funding (STP Local Fund) - Accounts for revenues received from a local sales tax measure to be used for street projects.

SLESF - Accounts for revenues received which are restricted for law enforcement.

Measure M - Accounts for "half-cent" local return revenues from the County-wide sales tax administered by Metro. These funds are to be used to repave local streets, potholes and traffic signals, as well as expand the rail and rapid transit system with the overall objective of easing traffic congestion.

Road Maintenance and Rehab - Accounts for local return revenues received from the State of California (SB1) to address deferred maintenance on the State Highways system and local street and road system.

CAPITAL PROJECTS FUNDS

Capital Outlay - Accounts for capital projects funded by unrestricted general revenues for specific capital projects.

City of San Fernando Combining Balance Sheet Other Governmental Funds

June 30, 2018

| | | position A Local Transit | | position C cretionary | | Traffic Safety | Ma | Parking aintenance and perations | Local Transportation | | |
|-------------------------------------|----|--------------------------------|----|--------------------------|----|-------------------|----|---|-------------------------|-------|--|
| ASSETS | | | | | | | | | | | |
| Cash and Investments | \$ | 81,794 | \$ | 20,686 | \$ | - | \$ | 319,179 | \$ | - | |
| Restricted Cash and Investments | | - | | - | | - | | - | | - | |
| Receivables: Taxes | | _ | | _ | | _ | | _ | | _ | |
| Accounts | | 2,144 | | - | | 3,100 | | 5,626 | | - | |
| Grants | | <u>-</u> , | | _ | | - | | - | | 5,313 | |
| Loans Receivable | | - | | - | | - | | - | | - | |
| Prepaid Items | | | | | | | | _ | | | |
| Total Assets | \$ | 83,938 | \$ | 20,686 | \$ | 3,100 | \$ | 324,805 | \$ | 5,313 | |
| LIABILITIES | | | | | | | | | | | |
| Accounts Payable | \$ | 28,600 | \$ | _ | \$ | _ | \$ | 4,588 | \$ | 534 | |
| Accrued Liabilities | * | 418 | Ψ | _ | • | 42 | * | 978 | * | - | |
| Deposits | | - | | - | | - | | 1,067 | | - | |
| Due to Other Funds | | - | | - | | 7,837 | | - | | 4,779 | |
| Due to Other Agencies | | | | | | | | - | | | |
| Total Liabilities | | 29,018 | | | | 7,879 | | 6,633 | | 5,313 | |
| DEFERRED INFLOWS | | | | | | | | | | | |
| Unavailable Revenues - Grants | | | | | | | | - | | | |
| FUND BALANCES | | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | | |
| Prepaid Items | | - | | - | | - | | - | | - | |
| Restricted for: | | E4 000 | | 00.000 | | | | | | | |
| Transportation Air Pollution | | 54,920 | | 20,686 | | - | | - | | - | |
| Parks and Recreation | | _ | | _ | | _ | | _ | | - | |
| Public Safety | | _ | | _ | | _ | | _ | | _ | |
| Community Development | | - | | - | | - | | - | | - | |
| Parking | | - | | - | | - | | 318,172 | | - | |
| Unassigned | | | | | | (4,779) | | | | | |
| Total Fund Balances | | 54,920 | | 20,686 | | (4,779) | | 318,172 | | | |
| Total Liabilities, Deferred Inflows | | | | | | | | | | | |
| and Fund Balances | \$ | 83,938 | \$ | 20,686 | \$ | 3,100 | \$ | 324,805 | \$ | 5,313 | |

| Re | ecreation | imby Act Fees | Street _ighting | | ate Asset orfeiture | | State Sas Tax | / | ederal Asset orfeiture | | AQMD |
|----|----------------------------|------------------------------|---------------------------------|--------|------------------------|--------|-----------------------|--------------|------------------------------|----|----------------------|
| \$ | 69,675 | \$ 3,677 | \$ 40,172 | \$ | 38,881 | \$ | 85,225 | \$ | 7,657 | \$ | 104,434 |
| | - 40 - - 1,896 | - - - - | 18,752 - - - | | - - - - | | - - - - | | | | 8,061 - - - |
| \$ | 71,611 | \$ 3,677 | \$ 58,924 | \$ | 38,881 | \$ | 85,225 | \$ | 7,657 | \$ | 112,495 |
| \$ | 14,303 10,454 - - | \$ 3,525 152 - - | \$ 16,382 2,771 - - | \$ | 1,763 - - - | | 18,743 - - - | \$ | - - - - | \$ | 7,023 - - - |
| | 24,757 | 3,677 | 19,153 | | 1,763 | | 18,743 | | _ | | 7,023 |
| | | | | | | | | | | | |
| | 1,896 | - | - | | - | | - 66,482 | | - | | - |
| | - 44,958 - - | - | - - 39,771 - | | - - 37,118 - | | | | - - 7,657 - | | 105,472 |
| | <u>-</u> | <u>-</u> | <u>-</u> | | <u>-</u> | | <u>-</u> | | - - | | <u>-</u> |
| | 46,854 | | 39,771 | 37,118 | | 66,482 | | 66,482 7,657 | | | 105,472 |
| \$ | 71,611 | \$ 3,677 | \$ 58,924 | \$ | 38,881 | \$ | 85,225 | \$ | 7,657 | \$ | 112,495 |

Continued

City of San Fernando Combining Balance Sheet Other Governmental Funds - Continued

June 30, 2018

| | | sh-in-Lieu f Parking | avement nagement | Proposition C | | Community Development Block Grant | | perating Grants |
|---|----|-------------------------|---------------------|---------------|---------|---|------------|--------------------|
| ASSETS Cash and Investments | \$ | 433,807 | \$ 13,334 | \$ | 370,098 | \$ | _ | \$ _ |
| Restricted Cash and Investments | | - | - | | - | | - | - |
| Receivables: Taxes | | _ | _ | | _ | | _ | _ |
| Accounts | | _ | _ | | - | | _ | 10,000 |
| Grants | | - | - | | - | | 233,418 | 28,439 |
| Loans Receivable | | - | - | | - | | 303,686 | - |
| Prepaid Items | | | | | - | | | |
| Total Assets | \$ | 433,807 | \$ 13,334 | \$ | 370,098 | \$ | 537,104 | \$ 38,439 |
| LIABILITIES | | | | | | | | |
| Accounts Payable | \$ | - | \$ - | \$ | 38,274 | \$ | 232,803 | \$ 10,553 |
| Accrued Liabilities | | - | - | | 2,177 | | - | 3,046 |
| Deposits Due to Other Funds | | - | - | | - | | - 615 | 7,700 |
| Due to Other Agencies | | _ | - | | _ | | 303,686 | 48,105 |
| Due to Guilei / tgellelee | | | | | | | 000,000 | |
| Total Liabilities | | | | | 40,451 | | 537,104 | 69,404 |
| DEFERRED INFLOWS | | | | | | | | |
| Unavailable Revenues - Grants | | | | | | | 12,255 | |
| FUND BALANCES | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaid Items | | - | - | | - | | - | - |
| Restricted for: Transportation | | 433,807 | 13,334 | | 329,647 | | _ | _ |
| Air Pollution | | - | - | | - | | _ | - |
| Parks and Recreation | | - | - | | - | | - | - |
| Public Safety | | - | - | | - | | - | - |
| Community Development Parking | | - | - | | - | | - | - |
| Unassigned | | - | - | | - | | (12,255) | (30,965) |
| Total Fund Balances | | 433,807 | 13,334 | | 329,647 | | (12,255) | (30,965) |
| · · · · · · · · · · · · · · · · · · · | - | | , | | , | | (-,= = 5) | (32,223) |
| Total Liabilities, Deferred Inflows and Fund Balances | \$ | 433,807 | \$ 13,334 | \$ | 370,098 | \$ | 537,104 | \$ 38,439 |

| Lo | STP cal Fund | SLESF | easure M | | Road iintenance & Rehab | Capital Outlay | Total | | |
|----|-------------------------------------|-------------------------------------|----------|----------------------------------|-------------------------------|----------------------------------|--------------------------------------|--|--|
| | odi i dila | 0220. | | 040410 111 | ` | x i torido | Juliay | 10101 | |
| \$ | 42,990 - | \$ 70,071 - | \$ | 256,689 | \$ | 91,169 - | \$ 49,752 - | \$ 2,099,290 | |
| | - - - | - 48,747 - - | | - - - - | | 51,898 - - - | - - - - | 78,711 69,657 267,170 303,686 | |
| \$ | 42,990 | \$ 118,818 | \$ | 256,689 | \$ | 143,067 | \$ 49,752 | 1,896 \$ 2,820,410 | |
| \$ | 38,300 - - - - | \$ - - - - | \$ | - - - - | \$ | 8,825 - - - - | \$ - - - - | \$ 424,216 20,038 8,767 61,336 303,686 | |
| | 38,300 | _ | | _ | | 8,825 | _ | 818,043 | |
| | | 48,747 | | | | - | - | 61,002 | |
| | - | - | | - | | - | - | 1,896 | |
| | 4,690 - - - - - - | - - - 70,071 - - | | 256,689 - - - - - | | 134,242 - - - - - | - - - - 49,752 - - | 1,314,497 105,472 44,958 154,617 49,752 318,172 (47,999) | |
| | 4,690 | 70,071 | | 256,689 | | 134,242 | 49,752 | 1,941,365 | |
| \$ | 42,990 | \$ 118,818 | \$ | 256,689 | \$ | 143,067 | \$ 49,752 | \$ 2,820,410 | |

City of San Fernando

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Other Governmental Funds

| | Pro | position A | | | | | Parking intenance | | |
|--|-----|------------|------------|---------|---------------|----|-------------------|-------|------------|
| | | Local | Proposit | on C | Traffic | | and | Local | |
| | | Transit | Discretion | nary | Safety | 0 | perations | Trar | sportation |
| REVENUES | | | | | | | | | |
| Taxes | \$ | 457,621 | \$ | - | \$ - | \$ | 62,170 | \$ | - |
| Charges for Services | | 27,829 | | - | - | | 136,571 | | - |
| Fines and Forfeitures | | 806 | | - 53 | 10,221 | | 22 000 | | - |
| Investment Earnings Intergovernmental | | 800 | | 53 | - | | 23,800 | | 5,313 |
| Other | | | | | <u> </u> | | <u> </u> | | - |
| Total Revenues | | 486,256 | | 53 | 10,221 | | 222,541 | | 5,313 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government Public Safety | | - | | - | - | | - | | - |
| Public Works | | 496,383 | | - | - | | 146,137 | | _ |
| Parks and Recreation | | - | | _ | _ | | - | | - |
| Capital Outlay | | | | | | | 43,994 | | 5,314 |
| Total Expenditures | | 496,383 | | | | | 190,131 | | 5,314 |
| Excess (Deficiency) of Revenues | | | | | | | | | |
| Over (Under) Expenditures | | (10,127) | | 53 | 10,221 | | 32,410 | | (1) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers In | | - | | - | - | | - | | - |
| Transfers Out | - | | | | (15,000) | | - | | |
| Total Other Financing Sources (Uses) | | | | | (15,000) | | | | |
| Net Change in Fund Balances | | (10,127) | | 53 | (4,779) | | 32,410 | | (1) |
| Fund Balances, Beginning of Year | | 65,047 | 20 | ,633 | | | 285,762 | | 1 |
| Fund Balances, End of Year | \$ | 54,920 | \$ 20 | ,686 | \$ (4,779) | \$ | 318,172 | \$ | - |

| Re | ecreation | Quimby Ac Fees | t | Street Lighting | State Asset Forfeiture | State Gas Tax | Federal Asset Forfeiture | AQMD |
|----|--------------|-------------------|-----------------|--------------------|---------------------------|------------------|--------------------------------|---------------|
| \$ | - 181,076 | \$ | - | \$ 334,733 | \$ - | \$ - | \$ - | \$ - |
| | - | | - | - | 23 | - | - | - |
| | - | | - | - | - | - 518,601 | 113 | 252 31,276 |
| | | | | | | - | | - |
| | 181,076 | | | 334,733 | 23 | 518,601 | 113 | 31,528 |
| | | | | | | | | |
| | _ | | _ | _ | _ | _ | _ | _ |
| | - | | - | - | - | - | - | - |
| | - 175,020 | | - | 377,531 - | - | 281,611 - | - | - |
| | 387 | 3,52 | 5 | | 31,889 | | 28,270 | 57,130 |
| | 175,407 | 3,52 | 5 | 377,531 | 31,889 | 281,611 | 28,270 | 57,130 |
| | 5,669 | (3,52 | <u>5)</u> _ | (42,798) | (31,866) | 236,990 | (28,157) | (25,602) |
| | - - | | - <u>-</u> _ | 50,000 | <u>-</u> | - (184,234) | - | <u>-</u> |
| - | | | | 50,000 | | (184,234) | | |
| | 5,669 | (3,52 | 5) | 7,202 | (31,866) | 52,756 | (28,157) | (25,602) |
| | 41,185 | 3,52 | 5 | 32,569 | 68,984 | 13,726 | 35,814 | 131,074 |
| \$ | 46,854 | \$ | - - - | \$ 39,771 | \$ 37,118 | \$ 66,482 | \$ 7,657 | \$ 105,472 |

Continued

City of San Fernando

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Other Governmental Funds - Continued

| | Cash-in-Lieu Pavement of Parking Management Proposition C | | | | | | De | ommunity velopment ock Grant | Operating Grants | | |
|--|---|-----------------|----|--------------|----|-----------------|----|------------------------------------|---------------------|-------------------|--|
| REVENUES Taxes Charges for Services | \$ | - | \$ | - | \$ | 379,267 | \$ | - | \$ | - | |
| Fines and Forfeitures Investment Earnings Intergovernmental | | - 6,477 - | | - 34 - | | - (167) - | | - - 508,332 | | - - 213,694 | |
| Other | | 155,658 | | | | | | | | | |
| Total Revenues | | 162,135 | | 34 | | 379,100 | | 508,332 | | 213,694 | |
| EXPENDITURES Current: | | | | | | | | | | | |
| General Government Public Safety | | - | | - | | - | | - | | 12,205 87,753 | |
| Public Works Parks and Recreation | | - | | - | | 178,834 | | 30,481 | | 24,496 81,201 | |
| Capital Outlay | | | | | | 36,450 | | 226,353 | | - | |
| Total Expenditures | | | | | | 215,284 | | 256,834 | | 205,655 | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | 162,135 | | 34 | | 163,816 | | 251,498 | | 8,039 | |
| OTHER FINANCING SOURCES (USES) Transfers In Transfers Out | | - | | - | | - | | - | | - | |
| Total Other Financing Sources (Uses) | | _ | | | | | | _ | | | |
| Net Change in Fund Balances | | 162,135 | | 34 | | 163,816 | | 251,498 | | 8,039 | |
| Fund Balances, Beginning of Year | | 271,672 | | 13,300 | | 165,831 | | (263,753) | | (39,004) | |
| Fund Balances, End of Year | \$ | 433,807 | \$ | 13,334 | \$ | 329,647 | \$ | (12,255) | \$ | (30,965) | |

| STP Local Fund | | SLESF | | Measure M | Road Maintenance & Rehab | Capital Outlay | Total | |
|-------------------|-----------------------|-------------------|----------------------|----------------------------|--------------------------------|---------------------|--|--|
| \$ | - - - 2,686 | \$ 12 139,4 | | 257,645 - - (956) | \$ - - (410) 143,477 | \$ - - - - | \$ 1,491,436 345,476 10,244 32,810 1,560,110 | |
| | 2,686 | 139,53 | <u>-</u> 39 | 256,689 | 143,067 | | 155,658 3,595,734 | |
| | - | | - - | - | Ī | - - | 12,205 87,753 | |
| | 6,265 - 419,136 | | - - <u>-</u> _ | - - - | - 8,825 | - - - | 1,541,738 256,221 861,273 | |
| | 425,401 | | <u>-</u> _ | | 8,825 | | 2,759,190 | |
| | (422,715) | 139,53 | <u> </u> | 256,689 | 134,242 | · | 836,544 | |
| | - - | (100,00 | - 00) | - - | - | <u>-</u> | 50,000 (299,234) | |
| | | (100,00 | 00) | | | | (249,234) | |
| | (422,715) | 39,53 | 89 | 256,689 | 134,242 | - | 587,310 | |
| | 427,405 | 30,53 | 32 | - | | 49,752 | 1,354,055 | |
| \$ | 4,690 | \$ 70,07 | <u>′1 \$</u> | 256,689 | \$ 134,242 | \$ 49,752 | \$ 1,941,365 | |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Proposition A Local Transit Fund

| | Budgeted Amounts Final | | Actual Amounts | | Variance with Final Budget | |
|---|------------------------------|------------------------|-------------------|--------------------------|----------------------------|-------------------------|
| REVENUES Taxes Charges for Services Investment Earnings | \$ | 460,000 28,000 - | \$ | 457,621 27,829 806 | \$ | (2,379) (171) 806 |
| Total Revenues | | 488,000 | | 486,256 | | (1,744) |
| EXPENDITURES Current: | | | | | | |
| Public Works | | 513,455 | | 496,383 | | 17,072 |
| Total Expenditures | | 513,455 | | 496,383 | | 17,072 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | (25,455) | | (10,127) | | 15,328 |
| OTHER FINANCING SOURCES (USES) Transfers In | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| Net Change in Fund Balances | | (25,455) | | (10,127) | | 15,328 |
| Fund Balance, Beginning of Year | | 65,047 | | 65,047 | | |
| Fund Balance, End of Year | \$ | 39,592 | \$ | 54,920 | \$ | 15,328 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Proposition C Discretionary Fund

| | Budgeted Amounts Final | | Actual Amounts | | Variance with Final Budget | |
|---|------------------------|---------|-------------------|---------|-------------------------------|-----------------|
| REVENUES Investment Earnings Intergovernmental | \$ | 775,000 | \$ | 53 - | \$ | 53 (775,000) |
| Total Revenues | | 775,000 | | 53_ | | (774,947) |
| EXPENDITURES Capital Outlay | | 775,000 | | | | 775,000 |
| Total Expenditures | | 775,000 | | | | 775,000 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | - | | 53 | | 53 |
| Fund Balance, Beginning of Year | | 20,633 | | 20,633 | | |
| Fund Balance, End of Year | \$ | 20,633 | \$ | 20,686 | \$ | 53 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Traffic Safety Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget | |
|---|------------------------------|-------------------|----------------------------|--|
| REVENUES Fines and Forfeitures Other | \$ 15,000 | \$ 10,221 | \$ (4,779) | |
| Total Revenues | 15,000 | 10,221 | (4,779) | |
| EXPENDITURES Current: Public Works Capital Outlay | | <u>-</u> | | |
| Total Expenditures | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 15,000 | 10,221 | (4,779) | |
| OTHER FINANCING SOURCES (USES) Transfers Out | (15,000) | (15,000) | | |
| Total Other Financing Sources (Uses) | (15,000) | (15,000) | | |
| Net Change in Fund Balances | - | (4,779) | (4,779) | |
| Fund Balance, Beginning of Year | | | | |
| Fund Balance, End of Year | \$ - | \$ (4,779) | \$ (4,779) | |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Parking Maintenance and Operations Fund Year Ended June 30, 2018

| i c ai | Lilueu | Julie | 30, | 20 1 | O |
|-------------------|--------|-------|-----|------|---|
| | | | | | |

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget | |
|---|--------------------------------|--------------------------------|-------------------------------|--|
| REVENUES Taxes Charges for Services Investment Earnings | \$ 40,000 130,000 12,800 | \$ 62,170 136,571 23,800 | \$ 22,170 6,571 11,000 | |
| Total Revenues | 182,800 | 222,541 | 39,741 | |
| EXPENDITURES Current: | | | | |
| Public Works Capital Outlay | 135,325 250,000 | 146,137 43,994 | (10,812) 206,006 | |
| Total Expenditures | 385,325 | 190,131 | 195,194 | |
| Excess (Deficiency) of Revenues Over (under) Expenditures | (202,525) | 32,410 | 234,935 | |
| OTHER FINANCING SOURCES (USES) Transfers In Transfers Out | | | | |
| Total Other Financing Sources (Uses) | | | | |
| Net Change in Fund Balances | (202,525) | 32,410 | 234,935 | |
| Fund Balance, Beginning of Year | 285,762 | 285,762 | | |
| Fund Balance, End of Year | \$ 83,237 | \$ 318,172 | \$ 234,935 | |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Local Transportation Fund

| | Budgeted Amounts Final | Amounts Actual | |
|---|------------------------------|----------------|------------------|
| REVENUES Investment Earnings Intergovernmental | \$ - 19,600 | \$ - 5,313 | \$ - (14,287) |
| Total Revenues | 19,600 | 5,313 | (14,287) |
| EXPENDITURES Current: Public Works Capital Outlay | - 19,600 | - 5,314 | - 14,286 |
| Total Expenditures | 19,600 | 5,314 | 14,286 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | (1) | (1) |
| OTHER FINANCING SOURCES (USES) Transfers In Transfers Out | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | - | (1) | (1) |
| Fund Balance, Beginning of Year | 1 | 1 | |
| Fund Balance, End of Year | \$ 1 | \$ - | \$ (1) |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Recreation Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|----------------------------|
| REVENUES Charges for Services | \$ 166,366 | \$ 181,076 | \$ 14,710 |
| Charges for Services | \$ 100,300 | φ 101,070 | Φ 14,710 |
| Total Revenues | 166,366 | 181,076 | 14,710 |
| EXPENDITURES Current: | | | |
| Parks and Recreation | 168,403 | 175,020 | (6,617) |
| Capital Outlay | 7,000 | 387 | 6,613 |
| Sapital Sullay | 7,000 | | 0,010 |
| Total Expenditures | 175,403 | 175,407 | (4) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (9,037) | 5,669 | 14,706 |
| OTHER FINANCING SOURCES (USES) Transfers In Transfers Out | - - | | <u> </u> |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | (9,037) | 5,669 | 14,706 |
| Fund Balance, Beginning of Year | 41,185 | 41,185 | |
| Fund Balance, End of Year | \$ 32,148 | \$ 46,854 | \$ 14,706 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Quimby Act Fees Fund

| | Budgeted Amounts Final | | nts Actual | | Variance with Final Budget | |
|---|------------------------|------------|------------|------------|----------------------------|----------|
| REVENUES Investment Earnings Other | \$ | - - | \$ | - - | \$ | - - |
| Total Revenues | | | | | | |
| EXPENDITURES Current: Parks and Recreation Capital Outlay | | - 3,525 | | - 3,525 | | <u>-</u> |
| Total Expenditures | | 3,525 | | 3,525 | | |
| Excess (Deficiency) of Revenues Over (under) Expenditures | | (3,525) | | (3,525) | | - |
| Fund Balance, Beginning of Year | | 3,525 | | 3,525 | | |
| Fund Balance, End of Year | \$ | | \$ | | \$ | _ |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Street Lighting Fund

| | Budgeted Amounts Actual Amounts | | Variance with Final Budget |
|---|---------------------------------|------------|----------------------------|
| REVENUES Taxes | \$ 347,000 | \$ 334,733 | \$ (12,267) |
| Total Revenues | 347,000 | 334,733 | (12,267) |
| EXPENDITURES Current: Public Works | 417,940 | 377,531 | 40,409 |
| Capital Outlay | | - | - |
| Total Expenditures | 417,940 | 377,531 | 40,409 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (70,940) | (42,798) | 28,142 |
| OTHER FINANCING SOURCES (USES) Transfers In | 50,000 | 50,000 | |
| Total Other Financing Sources (Uses) | 50,000 | 50,000 | |
| Net Change in Fund Balances | (20,940) | 7,202 | 28,142 |
| Fund Balance, Beginning of Year | 32,569 | 32,569 | |
| Fund Balance, End of Year | \$ 11,629 | \$ 39,771 | \$ 28,142 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - State Asset Forfeiture Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|-------------------------------|
| REVENUES Fines and Forfeitures | \$ - | \$ 23 | \$ 23 |
| Total Revenues | | 23 | 23 |
| EXPENDITURES Current: Public Safety Capital Outlay | - 31,890 | - 31,889 | 1 |
| Total Expenditures | 31,890 | 31,889 | 1 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (31,890) | (31,866) | 24 |
| OTHER FINANCING SOURCES (USES) Transfers Out | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | (31,890) | (31,866) | 24 |
| Fund Balance, Beginning of Year | 68,984 | 68,984 | |
| Fund Balance, End of Year | \$ 37,094 | \$ 37,118 | \$ 24 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - State Gas Tax Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|-------------------------------|
| REVENUES Investment Earnings Intergovernmental | \$ - 550,016 | \$ - 518,601 | \$ - (31,415) |
| Total Revenues | 550,016 | 518,601 | (31,415) |
| EXPENDITURES Current: Public Works Capital Outlay | 278,750 | 281,611 | (2,861) |
| Total Expenditures | 278,750 | 281,611 | (2,861) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 271,266 | 236,990 | (34,276) |
| OTHER FINANCING SOURCES (USES) Transfers In | - | - | - |
| Transfers Out | (184,234) | (184,234) | |
| Total Other Financing Sources (Uses) | (184,234) | (184,234) | |
| Net Change in Fund Balances | 87,032 | 52,756 | (34,276) |
| Fund Balance, Beginning of Year | 13,726 | 13,726 | |
| Fund Balance, End of Year | \$ 100,758 | \$ 66,482 | \$ (34,276) |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Federal Asset Forfeiture Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|----------------------------|
| REVENUES Fines and Forfeitures Investment Earnings | \$ - - | \$ - 113 | \$ - 113 |
| Total Revenues | | 113 | 113 |
| EXPENDITURES Capital Outlay | 29,643 | 28,270 | 1,373 |
| Total Expenditures | 29,643 | 28,270 | 1,373 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (29,643) | (28,157) | 1,486 |
| OTHER FINANCING SOURCES (USES) Transfers Out | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | (29,643) | (28,157) | 1,486 |
| Fund Balance, Beginning of Year | 35,814 | 35,814 | |
| Fund Balance, End of Year | \$ 6,171 | \$ 7,657 | \$ 1,486 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - AQMD Fund

| | Budgeted Amounts Actual Final Amount | | Variance with Final Budget |
|---|--------------------------------------|------------------|----------------------------|
| REVENUES Investment Earnings Intergovernmental Other | \$ - 30,000 - | \$ 252 31,276 | \$ 252 1,276 |
| Total Revenues | 30,000 | 31,528 | 1,528 |
| EXPENDITURES Current: Public Works Capital Outlay | - 134,574 | - 57,130 | - 77,444 |
| Total Expenditures | 134,574 | 57,130 | 77,444 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (104,574) | (25,602) | 78,972 |
| OTHER FINANCING SOURCES (USES) Transfers In | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | (104,574) | (25,602) | 78,972 |
| Fund Balance, Beginning of Year | 131,074 | 131,074 | |
| Fund Balance, End of Year | \$ 26,500 | \$ 105,472 | \$ 78,972 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Cash-in-Lieu of Parking Fund

| | Budgeted Amounts Final | | unts Actual | | Variance wit | |
|---|------------------------------|----------|-------------|------------------|--------------|------------------|
| REVENUES Investment Earnings Other | \$ | <u>-</u> | \$ | 6,477 155,658 | \$ | 6,477 155,658 |
| Total Revenues | | | | 162,135 | | 162,135 |
| OTHER FINANCING SOURCES (USES) Transfers In | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| Net Change in Fund Balances | | - | | 162,135 | | 162,135 |
| Fund Balance, Beginning of Year | | 271,672 | | 271,672 | | |
| Fund Balance, End of Year | \$ | 271,672 | \$ | 433,807 | \$ | 162,135 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Pavement Management Fund

| | A | Budgeted Amounts Final | | Actual Amounts | | nce with Budget |
|---|----|------------------------|----|-------------------|----|--------------------|
| REVENUES Investment Earnings Other | \$ | - - | \$ | 34 - | \$ | 34 |
| Total Revenues | | | | 34_ | | 34 |
| EXPENDITURES Current: General Government Capital Outlay | | <u>-</u> | | - - | | - - |
| Total Expenditures | | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | 34 | | 34 |
| OTHER FINANCING SOURCES (USES) Transfers In Transfers Out | | - - | | - - | | - - |
| Total Other Financing Sources (Uses) | | | | | | |
| Net Change in Fund Balances | | - | | 34 | | 34 |
| Fund Balance, Beginning of Year | | 13,300 | | 13,300 | | |
| Fund Balance, End of Year | \$ | 13,300 | \$ | 13,334 | \$ | 34 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Proposition C Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------|---------------------|-------------------------------|
| REVENUES Taxes Investment Earnings | \$ 385,000 | \$ 379,267 (167) | \$ (5,733) (167) |
| Total Revenues | 385,000 | 379,100 | (5,900) |
| EXPENDITURES Current: | | | |
| Public Works Capital Outlay | 331,111 45,000 | 178,834 36,450 | 152,277 8,550 |
| Total Expenditures | 376,111 | 215,284 | 160,827 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 8,889 | 163,816 | 154,927 |
| OTHER FINANCING SOURCES (USES) Transfers In Transfers Out | <u>-</u> | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | 8,889 | 163,816 | 154,927 |
| Fund Balance, Beginning of Year | 165,831 | 165,831 | |
| Fund Balance, End of Year | \$ 174,720 | \$ 329,647 | \$ 154,927 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Community Development Block Grant Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|-------------------------------|
| REVENUES Intergovernmental Other | \$ 470,759 <u>-</u> | \$ 508,332 - | \$ 37,573 |
| Total Revenues | 470,759 | 508,332 | 37,573 |
| EXPENDITURES Current: Community Development | | | |
| Public Works Capital Outlay | 25,665 292,520 | 30,481 226,353 | (4,816) 66,167 |
| Debt Service: Principal Interest and Fiscal Charges | <u>-</u> | - - | <u>-</u> |
| Total Expenditures | 318,185 | 256,834 | 61,351 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 152,574 | 251,498 | 98,924 |
| OTHER FINANCING SOURCES (USES) Transfers In | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | 152,574 | 251,498 | 98,924 |
| Fund Balance, Beginning of Year | (263,753) | (263,753) | |
| Fund Balance, End of Year | \$ (111,179) | \$ (12,255) | \$ 98,924 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Operating Grants Fund

| | Ar | Budgeted Amounts Final | | Actual Amounts | | ance with |
|---|----|------------------------------|----|-------------------|----|--------------------|
| REVENUES Investment Earnings Intergovernmental Other | \$ | - 233,402 <u>-</u> | \$ | 213,694 - | \$ | - (19,708) - |
| Total Revenues | | 233,402 | | 213,694 | | (19,708) |
| EXPENDITURES Current: | | | | | | |
| General Government | | 25,000 | | 12,205 | | 12,795 |
| Public Safety | | 43,202 | | 87,753 | | (44,551) |
| Public Works | | 42,094 | | 24,496 | | 17,598 |
| Parks and Recreation | | 165,200 | | 81,201 | | 83,999 |
| Total Expenditures | | 275,496 | | 205,655 | | 69,841 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | (42,094) | | 8,039 | | 50,133 |
| OTHER FINANCING SOURCES (USES) Transfers In | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| Net Change in Fund Balances | | (42,094) | | 8,039 | | 50,133 |
| Fund Balance, Beginning of Year | | (39,004) | | (39,004) | | |
| Fund Balance, End of Year | \$ | (81,098) | \$ | (30,965) | \$ | 50,133 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - STP Local Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|--------------------|----------------------------|
| REVENUES Investment Earnings Intergovernmental Other | \$ - 425,401 - | \$ 2,686 - - | \$ 2,686 (425,401) |
| Total Revenues | 425,401 | 2,686 | (422,715) |
| EXPENDITURES Current: Public Safety Public Works | - 6,265 | - 6,265 | - - |
| Capital Outlay | 419,136 | 419,136 | |
| Total Expenditures | 425,401 | 425,401 | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - _ | (422,715) | (422,715) |
| OTHER FINANCING SOURCES (USES) Transfers In | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | - | (422,715) | (422,715) |
| Fund Balance, Beginning of Year | 427,405 | 427,405 | |
| Fund Balance, End of Year | \$ 427,405 | \$ 4,690 | \$ (422,715) |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - SLESF Local Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|-------------------------------|
| REVENUES Investment Earnings Intergovernmental Other | \$ - 100,000 - | \$ 122 139,417 | \$ 122 39,417 |
| Total Revenues | 100,000 | 139,539 | 39,539 |
| EXPENDITURES Current: Public Safety | | | |
| Total Expenditures | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 100,000 | 139,539 | 39,539 |
| OTHER FINANCING SOURCES (USES) Transfers Out | (100,000) | (100,000) | |
| Total Other Financing Sources (Uses) | (100,000) | (100,000) | |
| Net Change in Fund Balances | - | 39,539 | 39,539 |
| Fund Balance, Beginning of Year | 30,532 | 30,532 | |
| Fund Balance, End of Year | \$ 30,532 | \$ 70,071 | \$ 39,539 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Measure M Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|---------------------|-------------------------------|
| REVENUES Taxes Investment Earnings Other | \$ 305,617 - - | \$ 257,645 (956) | \$ (47,972) (956) |
| Total Revenues | 305,617 | 256,689 | (48,928) |
| EXPENDITURES | | | |
| Current: Public Works | 193,844 | | 193,844 |
| Total Expenditures | 193,844 | | 193,844 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 111,773 | 256,689 | 144,916 |
| OTHER FINANCING SOURCES (USES) Transfers Out | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | 111,773 | 256,689 | 144,916 |
| Fund Balance, Beginning of Year | | | |
| Fund Balance, End of Year | \$ 111,773 | \$ 256,689 | \$ 144,916 |

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Capital Outlay Fund

| | udgeted mounts Final | Actual Amounts | | Variance v | |
|---|----------------------------|-------------------|----------|------------|---|
| REVENUES Taxes | \$ _ | \$ | _ | \$ | _ |
| Total Revenues | - | | _ | | _ |
| EXPENDITURES Capital Outlay | | | | | |
| Total Expenditures | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | _ | | | |
| OTHER FINANCING SOURCES (USES) Transfers In | <u>-</u> _ | | <u>-</u> | | |
| Total Other Financing Sources (Uses) | | | | | |
| Net Change in Fund Balances | - | | - | | - |
| Fund Balance, Beginning of Year | 49,752 | 49,75 | 52 | | |
| Fund Balance, End of Year | \$ 49,752 | \$ 49,75 | 52 | \$ | |

NONMAJOR ENTERPRISE FUNDS

City of San Fernando Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Road Maintenance & Rehab Fund

| | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|------------------------------|--------------------------|----------------------------|
| REVENUES Taxes Investment Earnings Intergovernmental | \$ - - 141,475 | \$ - (410) 143,477 | \$ - (410) 2,002 |
| Total Revenues | 141,475 | 143,067 | 1,592 |
| EXPENDITURES Capital Outlay | 141,475 | 8,825 | 132,650 |
| Total Expenditures | 141,475 | 8,825 | 132,650 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | 134,242 | 134,242 |
| OTHER FINANCING SOURCES (USES) Transfers Out | | | |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | - | 134,242 | 134,242 |
| Fund Balance, Beginning of Year | | | |
| Fund Balance, End of Year | \$ - | \$ 134,242 | \$ 134,242 |

City of San Fernando Nonmajor Enterprise Funds June 30, 2018

Compressed Natural Gas Fund - This fund is used to account for, track, and manage the operations of a publicly accessible CNG fueling station.

Waste Disposal Fund - This fund is used to account for the collection of solid waste from all residential utility accounts within the City. As of February 2014, solid waste collection, disposal, and billing services are provided through an exclusive franchise agreement with a private waste disposal company.

City of San Fernando Combining Statement of Net Position Nonmajor Enterprise Funds

June 30, 2018

| | | Compressed Natural Gas | | | | Totals |
|----------------------------------|----------|---------------------------|----|----------|----|----------|
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Investments | \$ | 44,108 | \$ | 28,794 | \$ | 72,902 |
| Accounts Receivable | | - | | 12,936 | | 12,936 |
| Total Current Assets | | 44,108 | | 41,730 | | 85,838 |
| Noncurrent Assets: | | | | | | |
| Capital Assets: | | | | | | |
| Equipment | | _ | | 53,657 | | 53,657 |
| Accumulated Depreciation | | _ | | (40,631) | | (40,631) |
| Total Noncurrent Assets | | - | | 13,026 | | 13,026 |
| Total Assets | | 44,108 | | 54,756 | | 98,864 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | | 898 | | _ | | 898 |
| Accrued Liabilities | | - | | _ | | - |
| Total Current Liabilities | | 898 | | - | | 898 |
| NET POSITION | | | | | | |
| Net Investment In Capital Assets | | _ | | 13,026 | | 13,026 |
| Unrestricted | | 43,210 | | 41,730 | | 84,940 |
| Total Net Position | \$ | 43,210 | \$ | 54,756 | \$ | 97,966 |
| 151 151 55111511 | <u> </u> | .0,2.0 | | 0 1,1 00 | | 5.,555 |

City of San Fernando Combining Statement of Revenues, Expenses, and Changes in Net Position Nonmajor Enterprise Funds

| | Compressed Natural Gas | | Waste Disposal | | 「otals |
|---|---------------------------|----------------------|-------------------|----------------|--------------------------|
| OPERATING REVENUES Charges for Services Other | \$ | 56,781 11,686 | \$ | - 16,994 | \$ 56,781 28,680 |
| Total Operating Revenues | | 68,467 | | 16,994 | 85,461 |
| OPERATING EXPENSES Administration and General Maintenance and Operations Depreciation | | 2,231 40,594 - | | 3,257 2,641 | 2,231 43,851 2,641 |
| Total Operating Expenses | | 42,825 | | 5,898 | 48,723 |
| Operating Income (Loss) | | 25,642 | | 11,096 | 36,738 |
| NONOPERATING REVENUES (EXPENSES) Interest Income | | (25) | | 21 | (4) |
| Total Nonoperating Revenues (Expenses) | | (25) | | 21 | (4) |
| Income (Loss) Before Transfers | | 25,617 | | 11,117 | 36,734 |
| Transfers In Transfers Out | | 17,593 <u>-</u> | | <u>-</u> | 17,593 - |
| Change in Net Position | | 43,210 | | 11,117 | 54,327 |
| Net Position, Beginning of Year | | | | 43,639 | 43,639 |
| Net Position, End of Year | \$ | 43,210 | \$ | 54,756 | \$ 97,966 |

City of San Fernando Combining Statement of Cash Flows Nonmajor Enterprise Funds

| CACH ELONG EDOM ODEDATING ACTIVITIES | Compressed Natural Gas | | • | | Totals |
|---|---------------------------|---|----|------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES Receipts from Customers and Users Payments to Suppliers and Contractors Payments to Employees Other Operating Income | \$ | 56,781 (39,696) (2,231) 11,686 | \$ | (5,040) - 13,146 | \$ 56,781 (44,736) (2,231) 24,832 |
| Net Cash from Operating Activities | | 26,540 | | 8,106 | 34,646 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers from Other Funds Transfers to Other Funds | | 17,593 - | | - - - | 17,593 - |
| Net Cash from Noncapital Financing Activities | | 17,593 | | | 17,593 |
| CASH FLOWS FROM INVESTING ACTIVITIES Interest Received | | (25) | | 21 | (4) |
| Net Increase (Decrease) in Cash | | 44,108 | | 8,127 | 52,235 |
| Cash and Cash Equivalents - Beginning of Year | | | | 20,667 | 20,667 |
| Cash and Cash Equivalents - End of Year | \$ | 44,108 | \$ | 28,794 | \$ 72,902 |
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities: | | | | | |
| Operating Income (Loss) | \$ | 25,642 | \$ | 11,096 | \$ 36,738 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation | | - | | 2,641 | 2,641 |
| Changes in Assets and Liabilities: (Increase) Decrease in Accounts Receivable (Increase) Decrease in Inventory | | - - | | (3,848) | (3,848) |
| Increase (Decrease) in Accounts Payable Increase (Decrease) in Accrued Liabilities | | 898 - | | (1,783) | (885) |
| Net Cash Provided by Operating Activities | \$ | 26,540 | \$ | 8,106 | \$ 34,646 |

INTERNAL SERVICE FUNDS

City of San Fernando Combining Statement of Net Position Internal Service Funds

June 30, 2018

| Governmental Activities | |
|-------------------------|--|
| Internal Service Funds | |

| | E | quipment | F | acilities | | |
|--|----|-----------|-------------|-----------|----------------|----------------|
| | Re | olacement | Maintenance | | Self Insurance | Totals |
| | | | | | | |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Investments | \$ | 592,142 | \$ | 302,416 | \$ 1,090,509 | \$ 1,985,067 |
| Accounts Receivable | | - | | - | 26,500 | 26,500 |
| Inventory | | 40,814 | | - | | 40,814 |
| Total Current Assets | | 632,956 | | 302,416 | 1,117,009 | 2,052,381 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | | 49,862 | | 135,715 | 95,748 | 281,325 |
| Accrued Liabilities | | 5,414 | | 7,417 | - | 12,831 |
| Insurance Assessment Payable - Current | | _ | | _ | 81,057 | 81,057 |
| Claims Payable - Current | | _ | | - | 564,000 | 564,000 |
| Total Current Liabilities | | 55,276 | | 143,132 | 740,805 | 939,213 |
| Noncurrent Liabilities: | | | | | | |
| Insurance Assessment Payable | | _ | | - | 648,456 | 648,456 |
| Claims Payable | | - | | - | 1,751,000 | 1,751,000 |
| Total Noncurrent Liabilities | | - | | - | 2,399,456 | 2,399,456 |
| Total Liabilities | | 55,276 | | 143,132 | 3,140,261 | 3,338,669 |
| NET POSITION | | | | | | |
| Unrestricted | | 577,680 | | 159,284 | (2,023,252) | (1,286,288) |
| Total Net Position | \$ | 577,680 | \$ | 159,284 | \$ (2,023,252) | \$ (1,286,288) |

City of San Fernando Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds

| Governmental Activities | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|
| Internal Service Funds | | | | | | | |

| | E | quipment | F | acilities | | |
|---|----|---------------------|-------------|-------------------------|---------------------------|-----------------------------------|
| | | placement | Maintenance | | Self Insurance | Totals |
| OPERATING REVENUES Charges for Services Other | \$ | 693,790 175,976 | \$ | 1,360,057 | \$ 1,116,539 865,001 | \$ 3,170,386 1,040,977 |
| Total Operating Revenues | | 869,766 | | 1,360,057 | 1,981,540 | 4,211,363 |
| OPERATING EXPENSES Administration and General Maintenance and Operations Claims | | 321,719 390,882 | | 921,957 310,784 - | 952,341 - (175,046) | 2,196,017 701,666 (175,046) |
| Total Operating Expenses | | 712,601 | | 1,232,741 | 777,295 | 2,722,637 |
| Operating Income (Loss) | | 157,165 | | 127,316 | 1,204,245 | 1,488,726 |
| NONOPERATING REVENUES (EXPENSES) Interest Income Interest Expense | | <u>-</u> | | - - | | |
| Total Nonoperating Revenues (Expenses) | | | | - | | |
| Income (Loss) Before Transfers | | 157,165 | | 127,316 | 1,204,245 | 1,488,726 |
| Transfers In Transfers Out | | 130,000 (17,593) | | - - | 60,000 | 190,000 (17,593) |
| Change in Net Position | | 269,572 | | 127,316 | 1,264,245 | 1,661,133 |
| Net Position, Beginning of Year | | 308,108 | | 31,968 | (3,287,497) | (2,947,421) |
| Net Position, End of Year | \$ | 577,680 | \$ | 159,284 | \$ (2,023,252) | \$ (1,286,288) |

City of San Fernando Combining Statement of Cash Flows Internal Service Funds

| Governmental Activities | |
|-------------------------|--|
| Internal Service Funds | |

| | | Int | erna | il Service Fur | nas | | |
|--|----|-----------|------|----------------|----------------|----|-------------|
| | E | quipment | | Facilities | | | |
| | Re | placement | М | aintenance | Self Insurance | | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Cash Received from Interfund Services Provided | \$ | 695,398 | \$ | 1,360,057 | \$ 1,121,362 | \$ | 3,176,817 |
| Cash Paid to Suppliers for Goods and Services | Ψ | (366,834) | Ψ. | (741,542) | (1,163,926) | * | (2,272,302) |
| Cash Paid to Employees | | (319,165) | | (436,318) | (1,100,020) | | (755,483) |
| Claims Paid | | (319,103) | | (430,310) | (976 0E4) | | , , |
| | | 475.070 | | - | (876,954) | | (876,954) |
| Other Operating Income | | 175,976 | - | | 865,001 | | 1,040,977 |
| Net Cash from Operating Activities | | 185,375 | | 182,197 | (54,517) | _ | 313,055 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Transfers from Other Funds | | 130,000 | | - | 60,000 | | 190,000 |
| Transfers to Other Funds | | (17,593) | | - | - | | (17,593) |
| Net Cash from Noncapital Financing Activities | | 112,407 | | - | 60,000 | _ | 172,407 |
| CASH FLOWS FROM INVESTING ACTIVITIES Interest Received | | | | | | | |
| Net Increase (Decrease) in Cash | | 297,782 | | 182,197 | 5,483 | | 485,462 |
| Cash and Cash Equivalents - Beginning of Year | | 294,360 | | 120,219 | 1,085,026 | _ | 1,499,605 |
| Cash and Cash Equivalents - End of Year | \$ | 592,142 | \$ | 302,416 | \$ 1,090,509 | \$ | 1,985,067 |
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities: | | | | | | | |
| Operating Income (Loss) | \$ | 157,165 | \$ | 127,316 | \$ 1,204,245 | \$ | 1,488,726 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | | | |
| Changes in Assets and Liabilities: | | | | | | | |
| (Increase) Decrease in Accounts Receivable | | 1,608 | | _ | 4,823 | | 6,431 |
| (Increase) Decrease in Inventory | | (2,155) | | _ | -,0_0 | | (2,155) |
| Increase (Decrease) in Accounts Payable | | 26,203 | | 51,770 | (130,528) | | (52,555) |
| | | | | | (130,320) | | 5,665 |
| Increase (Decrease) in Accrued Liabilities | | 2,554 | | 3,111 | (04.057) | | |
| Increase (Decrease) in Insurance Payable | | - | | - | (81,057) | | (81,057) |
| Increase (Decrease) in Claims Payable | | | | | (1,052,000) | | (1,052,000) |
| Net Cash from Operating Activities | \$ | 185,375 | \$ | 182,197 | \$ (54,517) | \$ | 313,055 |

City of San Fernando Fiduciary Fund June 30, 2018

Agency Fund - This fund is used to account for funds received by the City as an agent for other entities.

City of San Fernando Statement of Changes in Assets and Liabilities Agency Fund

| | Beginning Balance | | Additions | Deletions | Ending Balance | |
|---|-----------------------|----|--------------------|---------------------------|-------------------|-------------------|
| ASSETS Cash and Investments Accounts Receivable | \$ 101,563 - | \$ | 237,085 585 | \$ 223,276 <u>-</u> | \$ | 115,372 585 |
| Total Assets | \$ 101,563 | \$ | 237,670 | \$ 223,276 | \$ | 115,957 |
| LIABILITIES Accounts Payable Deposits | \$ 9,151 92,412 | \$ | 228,393 237,384 | \$ 221,825 229,558 | \$ | 15,719 100,238 |
| Total Liabilities | \$ 101,563 | \$ | 465,777 | \$ 451,383 | \$ | 115,957 |

SECTION III. Statistical Section

AS OF JUNE 30, 2018

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City of San Fernando Description of Statistical Section Contents June 30, 2018

This part of the City of San Fernando's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

| Contents: | Pages |
|---|-------|
| <u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time | 118 |
| Revenue Capacity these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax | 128 |
| <u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future | 137 |
| <u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place | 142 |
| Operating Information these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs | 146 |

City of San Fernando Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|---|---|---|--|--|--|--|--|--|--|
| | 2009 | 2010 | 2011 | 2012 | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets Restricted Unrestricted | \$ 42,804,903 14,329,955 (14,751,986) | \$ 42,262,518 14,364,410 (17,503,004) | \$ 43,598,683 13,040,082 (19,365,287) | \$ 50,993,498 2,533,805 (14,057,614) | | | | | | |
| Total governmental activities net position | \$ 42,382,872 | \$ 39,123,924 | \$ 37,273,478 | \$ 39,469,689 | | | | | | |
| Business-type activities: Net investment in capital assets Restricted | \$ 16,267,470 | \$ 15,547,758 | \$ 15,324,618 | \$ 14,811,543 | | | | | | |
| Unrestricted | 7,920,801 | 7,206,906 | 7,733,239 | 7,887,577 | | | | | | |
| Total business-type activities net position | \$ 24,188,271 | \$ 22,754,664 | \$ 23,057,857 | \$ 22,699,120 | | | | | | |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets Restricted Unrestricted | \$ 59,072,373 14,329,955 (6,831,185) | \$ 57,810,276 14,364,410 (10,296,098) | \$ 58,923,301 13,040,082 (11,632,048) | \$ 65,805,041 2,533,805 (6,170,037) | | | | | | |
| Total primary government net position | \$ 66,571,143 | \$ 61,878,588 | \$ 60,331,335 | \$ 62,168,809 | | | | | | |

Source: City Finance Department

| Fiscal | Year |
|--------|------|

| 2013 | 2014 | 2015 | 2016 | | 2017 | 2018 | |
|---|--|---|---|----|---|--|--|
| \$ 49,532,007 1,802,498 (16,643,447) | \$ 47,859,172 11,909,107 (20,208,301) | \$ 45,956,739 5,887,197 (40,687,419) | \$ 44,313,624 5,926,880 (39,587,196) | \$ | 41,001,890 5,847,710 (32,938,991) | \$ 42,239,084 17,998,631 (66,465,286) | |
| \$ 34,691,058 | \$ 39,559,978 | \$ 11,156,517 | \$ 10,653,308 | \$ | 13,910,609 | \$ (6,227,571) | |
| | | | | | | | |
| \$ 14,420,860 | \$ 14,866,478 | \$ 14,634,533 | \$ 14,592,937 | \$ | 14,515,239 | \$ 14,079,295 | |
| 8,492,168 | 8,626,377 | 8,157,375 | 7,404,904 | | 3,639,086 | (3,091,126) | |
| \$ 22,913,028 | \$ 23,492,855 | \$ 22,791,908 | \$ 21,997,841 | \$ | 18,154,325 | \$ 10,988,169 | |
| _ | _ | _ | | | | | |
| \$ 63,952,867 1,802,498 (8,151,279) | \$ 62,725,650 11,909,107 (11,581,924) | \$ 60,591,272 5,887,197 (32,530,044) | \$ 58,906,561 5,926,880 (32,182,292) | \$ | 55,517,129 5,847,710 (29,299,905) | \$ 56,318,379 17,998,631 (69,556,412) | |
| \$ 57,604,086 | \$ 63,052,833 | \$ 33,948,425 | \$ 32,651,149 | \$ | 32,064,934 | \$ 4,760,598 | |

City of San Fernando Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

| | Fiscal Year | | | | |
|---|--------------|--------------|--------------|--------------|--|
| | 2009 | 2010 | 2011 | 2012 | |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 7,343,319 | \$ 8,393,942 | \$ 9,051,209 | \$ 6,397,275 | |
| Public safety | 10,101,285 | 9,917,154 | 10,137,119 | 10,346,561 | |
| Community development | 3,220,792 | 5,547,132 | 3,658,552 | 1,944,293 | |
| Public works | 6,102,140 | 5,591,332 | 4,960,530 | 5,423,605 | |
| Parks and recreation | 3,745,511 | 2,960,683 | 2,375,034 | 2,145,767 | |
| Interest on long-term debt | 963,737 | 1,141,113 | 1,092,731 | 509,971 | |
| Total governmental activities expenses | 31,476,784 | 33,551,356 | 31,275,175 | 26,767,472 | |
| Business-type activities: | | | · | | |
| Water | 3,183,923 | 3,282,758 | 3,227,843 | 3,248,148 | |
| Sewer | 2,731,323 | 2,614,749 | 1,867,044 | 2,445,675 | |
| Compressed Natural Gas | - | - | - | - | |
| Waste disposal | 1,125,434 | 1,098,303 | 1,077,641 | 1,027,810 | |
| Total business-type activities expenses | 7,040,680 | 6,995,810 | 6,172,528 | 6,721,633 | |
| Total primary government expenses | 38,517,464 | 40,547,166 | 37,447,703 | 33,489,105 | |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | 2,455,039 | 2,698,964 | 2,503,993 | 584,356 | |
| Public safety | 1,710,327 | 1,642,838 | 1,583,487 | 1,359,010 | |
| Community development | 334,666 | 425,299 | 581,323 | 413,067 | |
| Public works | 916,211 | 975,160 | 903,323 | 565,723 | |
| Parks and recreation | 878,659 | 871,337 | 526,198 | 458,090 | |
| Operating grants and contributions | 3,425,677 | 3,287,154 | 4,432,649 | 3,197,798 | |
| Capital grants and contributions | 2,063,580 | 1,094,301 | 1,896,595 | 930,527 | |
| Total governmental activities program revenues | 11,784,159 | 10,995,053 | 12,427,568 | 7,508,571 | |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 2,795,599 | 2,737,198 | 3,064,458 | 2,769,412 | |
| Sewer | 2,562,997 | 2,367,243 | 2,383,329 | 2,580,623 | |
| Compressed Natural Gas | - | - | - | - | |
| Waste disposal | 1,097,873 | 1,110,869 | 1,125,037 | 1,122,709 | |
| Total business-type activities program revenues | 6,456,469 | 6,215,310 | 6,572,824 | 6,472,744 | |
| Total primary government program revenues | 18,240,628 | 17,210,363 | 19,000,392 | 13,981,315 | |
| Net revenues (expenses): | | | | | |
| Governmental activities | (19,692,625) | (22,556,303) | (18,847,607) | (19,258,901) | |
| Business-type activities | (584,211) | (780,500) | 400,296 | (248,889) | |
| Total net revenues (expenses) | (20,276,836) | (23,336,803) | (18,447,311) | (19,507,790) | |

Source: City Finance Department

| Fiscal | l Year |
|--------|---------|
| LISUA | ı ı caı |

| | | | Fiscal | Year | | |
|-----|------------|--------------|--------------|--------------|--------------|--------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | | | | | | |
| \$ | 6,459,914 | \$ 4,619,200 | \$ 4,935,760 | \$ 7,744,559 | \$ 4,769,539 | \$ 5,003,034 |
| 9 | 9,414,862 | 10,190,441 | 10,731,526 | 10,122,343 | 13,881,037 | 13,046,118 |
| | 999,751 | 981,236 | 988,973 | 1,358,166 | 1,349,334 | 1,275,585 |
| : | 5,503,387 | 6,052,317 | 7,017,740 | 5,380,601 | 5,306,102 | 4,966,748 |
| | 2,224,370 | 1,781,749 | 1,740,259 | 1,963,627 | 1,926,959 | 1,735,878 |
| | 72,425 | 58,565 | 170,118 | 56,803 | 120,506 | 128,661 |
| 2 | 4,674,709 | 23,683,508 | 25,584,376 | 26,626,099 | 27,353,477 | 26,156,024 |
| , | 3,172,962 | 2,981,710 | 3,204,499 | 3,260,071 | 3,692,438 | 3,389,704 |
| 2 | 2,802,013 | 2,893,127 | 2,491,408 | 4,556,154 | 3,651,883 | 4,458,457 |
| | - | _ | _ | - | - | 42,825 |
| | 1,021,804 | 827,986 | 16,734 | 27,550 | 92,446 | 5,898 |
| (| 6,996,779 | 6,702,823 | 5,712,641 | 7,843,775 | 7,436,767 | 7,896,884 |
| 3 | 1,671,488 | 30,386,331 | 31,297,017 | 34,469,874 | 34,790,244 | 34,052,908 |
| | 513,512 | 820,334 | 758,286 | 647,141 | 583,386 | 595,511 |
| | | | | | | |
| | 1,553,828 | 1,538,619 | 1,407,121 | 2,367,700 | 1,235,131 | 1,243,148 |
| | 295,199 | 431,884 | 412,683 | 339,593 | 380,342 | 400,844 |
| | 757,265 | 912,209 | 763,728 | 414,979 | 438,527 | 423,286 |
| | 576,507 | 564,742 | 397,055 | 254,491 | 475,553 | 445,635 |
| | 3,139,513 | 2,851,032 | 3,386,430 | 2,409,666 | 2,272,862 | 3,032,809 |
| | 719,000 | 1,204,330 | 704,193 | 1,042,672 | 1,732,169 | 1,910,721 |
| , | 7,554,824 | 8,323,150 | 7,829,496 | 7,476,242 | 7,117,970 | 8,051,954 |
| | - 7 7- | | | | | |
| , | 3,291,272 | 3,806,797 | 3,849,880 | 3,813,635 | 4,274,122 | 4,411,292 |
| | 2,892,407 | 3,326,587 | 3,401,436 | 3,336,251 | 3,368,071 | 3,435,103 |
| | - | - | - | - | - | 68,467 |
| | 1,131,929 | 858,516 | _ | 6,651 | 12,984 | 16,994 |
| | 7,315,608 | 7,991,900 | 7,251,316 | 7,156,537 | 7,655,177 | 7,931,856 |
| 1 | 4,870,432 | 16,315,050 | 15,080,812 | 14,632,779 | 14,773,147 | 15,983,810 |
| | | | | | | |
| (1 | 7,119,885) | (15,360,358) | (17,754,880) | (19,149,857) | (20,235,507) | (18,104,070) |
| | 318,829 | 1,289,077 | 1,538,675 | (687,238) | 218,410 | 34,972 |
| (10 | 6,801,056) | (14,071,281) | (16,216,205) | (19,837,095) | (20,017,097) | (18,069,098) |
| | | | | | | |

(Continued)

City of San Fernando Changes in Net Position Last Ten Fiscal Years - (Continued) (accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|----------------|----------------|---------------|---------------|--|--|
| | 2009 | 2010 | 2011 | 2012 | | |
| General revenues and other changes in net position: | | | | | | |
| Governmental activities: | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 12,976,749 | \$ 13,101,490 | \$ 12,596,288 | \$ 10,198,997 | | |
| Sales and use | 2,599,450 | 2,478,957 | 2,323,994 | 2,380,675 | | |
| Property taxes in lieu of sales and use taxes | 998,834 | 927,430 | 596,449 | 603,373 | | |
| Business license taxes | - | - | - | 1,082,584 | | |
| Franchise | 418,974 | 341,642 | 333,522 | 307,119 | | |
| Other taxes | - | - | - | 1,002,816 | | |
| Intergovernmental, unrestricted | 85,783 | 74,236 | 115,898 | 264,443 | | |
| Investment income | 108,972 | 264,448 | 244,419 | 918 | | |
| Gain on sale of property | - | - | 298,411 | 120,000 | | |
| Other | 892,153 | 1,014,000 | 1,467,179 | 562,404 | | |
| Transfers | 222,623 | 340,902 | 121,000 | 121,000 | | |
| Extraordinary gain | <u>-</u> | | | 4,810,783 | | |
| Total governmental activities | 18,303,538 | 18,543,105 | 18,097,160 | 21,455,112 | | |
| Business-type activities: | | | | | | |
| Investment income | 197,462 | 45,256 | 23,897 | 11,152 | | |
| Other | - | - | - | - | | |
| Transfers | (222,623) | (340,902) | (121,000) | (121,000) | | |
| Total business-type activities | (25,161) | (295,646) | (97,103) | (109,848) | | |
| Total primary government | 18,278,377 | 18,247,459 | 18,000,057 | 21,345,264 | | |
| Changes in net position: | | | | | | |
| Governmental activities | (1,389,087) | (4,013,198) | (750,447) | 2,196,211 | | |
| Business-type activities | (609,372) | (1,076,146) | 303,193 | (358,737) | | |
| Total primary government | \$ (1,998,459) | \$ (5,089,344) | \$ (447,254) | \$ 1,837,474 | | |

Source: City Finance Department

⁽¹⁾ The fluctuations beginning in fiscal year 2012 compared to prior years resulted from reclassifications of certain revenues.

⁽²⁾ The extraordinary gain in 2012 resulted from the dissolution of the City's Redevelopment Agency in accordance with State law.

| Fiscal | Year |
|---------|-------|
| 1 15041 | 1 Cai |

| | 2013 2014 | | 2015 | 2016 | 2017 | 2018 |
|------|------------------------|----------------------|---------------------------|-----------------------------|---------------------|-------------------------------|
| \$ | 6 650 906 | \$ 8,406,309 | ¢ 7 071 457 | ¢ 0.720.120 | \$ 8.867,169 | \$ 8.970,624 (1) |
| | 6,650,806 2,637,297 | + -,, | \$ 7,871,457 5,313,426 | \$ 8,739,138 | * | \$ 8,970,624 (1) 7,984,731 |
| | 867,581 | 4,175,825 963,741 | 1,022,777 | 6,437,739 962,590 | 7,911,392 | 7,984,731 |
| | 1,031,924 | 1,043,365 | 1,022,777 | • | 1,483,606 | 1,629,779 (1) |
| | 297,319 | 409,176 | 613,793 | 1,184,994 636,652 | 636,457 | 663,381 |
| | * | | · · | • | · · | • |
| | 357,190 | 374,933 | 315,247 | 334,419 | 350,636 | 371,835 (1) |
| | 1.520 | 16.700 | 50.749 | 72 191 | 102.722 | 122.016 |
| | 1,530 | 16,790 | 50,748 | 72,181 | 102,733 | 122,016 |
| | 276 607 | - 572 952 | 1,033,066 | 107.561 | 40 101 | 102.512 |
| | 376,607 121,000 | 573,853 4,265,286 | 43,010 187,688 | 107,561 181,000 | 48,101 180,000 | 192,512 162,407 |
| | 121,000 | -,203,200 | 107,000 | 101,000 | 100,000 | - (2) |
| 1 | 2,341,254 | 20,229,278 | 17,565,628 | 18,656,274 | 19,580,094 | 20,097,285 |
| | 16,079 | 10,458 | 17,287 | 64,545 | 30,788 | 39,486 |
| | (121,000) | (719,708) | (187,688) | (181,000) | (180,000) | (162,407) |
| | (104,921) | (709,250) | (170,401) | (116,455) | (149,212) | (122,921) |
| 1 | 2,236,333 | 19,520,028 | 17,395,227 | 18,539,819 | 19,430,882 | 19,974,364 |
| , | (4 770 C21) | 4.060.000 | (100.052) | (402.502) | (655.412) | 1 002 215 |
| (| (4,778,631) 213,908 | 4,868,920 579,827 | (189,252) 1,368,274 | (493,583) | (655,413) 69,198 | 1,993,215 |
| \$ (| 4,564,723) | \$ 5,448,747 | \$ 1,179,022 | (803,693) \$ (1,297,276) | \$ (586,215) | (87,949) \$ 1,905,266 |
| Ψ (| 7,207,723) | Ψ 3,770,777 | Ψ 1,17,022 | Ψ (1,271,270) | Ψ (300,213) | Ψ 1,703,200 |

City of San Fernando Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

| | Fiscal Year | | | | | | | |
|------------------------------------|-------------|-------------|----|-------------|----|-------------|----|------------|
| | | 2009 | | 2010 | | 2011 | | 2012 |
| General fund: | | | | | | | | |
| Reserved | \$ | 639,172 | \$ | 768,679 | \$ | - | \$ | - |
| Unreserved | | (492,513) | | (666,295) | | - | | - |
| Total general fund | \$ | 146,659 | \$ | 102,384 | \$ | - | \$ | - |
| All other governmental funds: | | | | | | | | |
| Reserved | \$ | 7,112,657 | \$ | 8,245,010 | \$ | - | \$ | - |
| Unreserved, reported in: | | | | | | | | |
| Special revenue funds | | (422,538) | | (614,082) | | - | | - |
| Debt service funds | | 611,990 | | (2,222,757) | | - | | - |
| Capital projects funds | | (2,896,209) | | (2,759,950) | | - | | - |
| Total all other governmental funds | \$ | 4,405,900 | \$ | 2,648,221 | \$ | - | \$ | - |
| General fund: | | | | | | | | |
| Nonspendable | \$ | _ | \$ | _ | \$ | 237,378 | \$ | 335,766 |
| Unassigned | Ψ | _ | 4 | _ | 4 | (856,695) | - | 1,572,548) |
| Total general fund | \$ | _ | \$ | _ | \$ | (619,317) | | 1,236,782) |
| All other governmental funds: | | | | | | | | |
| Nonspendable | \$ | - | \$ | - | \$ | 5,448,274 | \$ | 492,395 |
| Restricted | | - | | - | | 2,890,223 | | 2,199,614 |
| Unassigned | | - | | - | | (7,022,933) | (| 2,508,607) |
| Total all other governmental funds | \$ | - | \$ | - | \$ | 1,315,564 | \$ | 183,402 |

Note: GASB 54 was implemented in 2011. Years prior to that have no comparable data.

Source: City Finance Department

| Fiscal | Vear |
|--------|---------|
| LISCA | i i cai |

| 2013 | 2 | 014 | | 2015 | 2016 | | 2016 2017 | | 2018 | |
|--|--------|--------------------------------|----|------------------------|------|-------------------------|-----------|----------------------------------|------|----------------------------------|
| \$ - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| \$ - | \$ | | \$ | | \$ | - | \$ | - | \$ | - |
| \$ - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| - | | - | | - | | - | | - | | - |
| - | | - | | - | | - | | - | | - |
| \$ - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | _ |
| | | | | | | | | | | |
| \$ 392,931 | \$ | 739,783 | \$ | 371,547 | \$ | 329,717 | \$ | 66,703 | \$ | 66,308 |
| (2,139,983) | (6, | 433,688) | | (4,485,592) | | (3,409,964) | | (1,541,792) | | (274,561) |
| \$ (1,747,052) | \$ (5, | 693,905) | \$ | (4,114,045) | \$ | (3,080,247) | \$ | (1,475,089) | \$ | (208,253) |
| \$ 94,787 1,836,005 (164,377) | 11, | 118,720 840,461 238,284) | \$ | 12,970,716 (86,502) | \$ | 16,579,665 (423,525) | \$ | 1,000 17,727,008 (480,384) | \$ | 1,896 18,388,470 (759,477) |
| \$ 1,766,415 | \$ 11, | 720,897 | Ф | 12,884,214 | \$ | 16,156,140 | \$ | 17,247,624 | \$ | 17,630,889 |

City of San Fernando Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

| Fiscal | Year |
|--------|------|
| | |

| | | 1 15001 | | |
|---|----------------|---|----------------|---------------|
| Revenues: | 2009 | 2010 | 2011 | 2012 |
| Taxes | \$ 20,136,147 | \$ 18,114,573 | \$ 17,433,856 | \$ 14,941,249 |
| Licenses and permits | 260,071 | 223,748 | 249,754 | 279,825 |
| Charges for services | 2,814,217 | 2,876,980 | 2,697,601 | 1,508,783 |
| Fines and forfeitures | 1,268,174 | 1,226,322 | 1,183,299 | 888,136 |
| Investment earnings | 699,154 | 700,719 | 570,661 | 280,368 |
| Intergovernmental | 5,481,477 | 6,017,833 | 7,005,399 | 5,234,049 |
| Sale of inventory | 125,000 | - | - | - |
| Other | 1,931,944 | 2,177,633 | 2,331,930 | 1,013,941 |
| Total revenues | 32,716,184 | 31,337,808 | 31,472,500 | 24,146,351 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 8,362,675 | 7,870,484 | 7,710,354 | 4,623,271 |
| Public safety | 10,620,149 | 10,382,127 | 10,556,689 | 9,961,760 |
| Community development | 2,033,620 | 1,636,343 | 2,364,956 | 1,222,182 |
| Public works | 4,383,266 | 3,274,845 | 3,085,317 | 3,748,331 |
| Parks and recreation | 3,731,142 | 2,921,263 | 2,332,198 | 2,055,715 |
| Pass-throughs | 1,367,117 | 1,745,906 | 1,712,477 | 1,067,046 |
| SERAF | - | 2,063,811 | 424,902 | - |
| Capital outlay | 1,538,552 | 989,588 | 2,835,433 | - |
| Debt service: | | | | |
| Principal | 1,418,388 | 1,663,887 | 1,933,535 | - |
| Interest and fiscal charges | 771,988 | 932,410 | 870,409 | 378,568 |
| Cost of issuance | | | | |
| Total expenditures | 34,226,897 | 33,480,664 | 33,826,270 | 23,056,873 |
| Excess (deficiency) of revenues over | | | | |
| (under) expenditures | (1,510,713) | (2,142,856) | (2,353,770) | 1,089,478 |
| Other financing sources (uses): | | | | |
| Transfers in | 5,468,685 | 6,818,161 | 7,603,439 | 3,233,411 |
| Transfers out | (5,246,062) | (6,477,259) | (7,482,439) | (3,112,411) |
| Payment to/from bond escrow agent | - | - (a, a, a | - | - |
| Issuance of debt | _ | _ | _ | _ |
| Discount | _ | _ | _ | _ |
| Sale of property | - | - | 178,411 | 245,000 |
| Total other financing sources (uses) | 222,623 | 340,902 | 299,411 | 366,000 |
| Extraordinary gain (loss) | - | | _ | (1,723,105) |
| Net change in fund balances | \$ (1,288,090) | \$ (1,801,954) | \$ (2,054,359) | \$ (267,627) |
| Debt service as a percentage of noncapital expenditures | 5.6% | 7.9% | 8.6% | 1.2% |

Source: City Finance Department

The above fluctuations in revenues and expenditures in 2012 are a result of reclassifications and the dissolution of the Redevelopment Agency, previously reported as a blended component unit.

Fiscal Year

| | | I IDUAI | 1 041 | | |
|----------------|---------------|---------------|---------------|---|---------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 11,120,845 | \$ 14,372,140 | \$ 15,890,424 | \$ 18,243,024 | \$ 18,814,442 | \$ 19,667,257 |
| 337,085 | 410,512 | 437,765 | 335,010 | 243,960 | 279,620 |
| 2,714,937 | 2,919,857 | 2,403,038 | 2,115,806 | 1,282,281 | 1,238,793 |
| 734,210 | 589,571 | 576,778 | 643,927 | 576,710 | 436,941 |
| 218,923 | 232,404 | 231,535 | 240,049 | 268,368 | 312,908 |
| 4,467,012 | 4,615,312 | 4,636,669 | 3,641,035 | 4,543,228 | 5,511,368 |
| - | - | - | - | - | - |
| 512,402 | 1,013,376 | 402,521 | 423,599 | 383,686 | 526,313 |
| 20,105,414 | 24,153,172 | 24,578,730 | 25,642,450 | 26,112,675 | 27,973,200 |
| | | | | | |
| 4,967,021 | 2,398,576 | 2,902,267 | 5,915,423 | 4,575,208 | 5,085,790 |
| 9,032,340 | 9,811,572 | 10,473,341 | 10,988,468 | 10,976,722 | 11,746,344 |
| 791,977 | 775,446 | 779,446 | 1,021,757 | 1,093,430 | 1,056,819 |
| 4,034,856 | 4,248,932 | 4,675,026 | 3,284,258 | 2,890,550 | 2,849,581 |
| 2,134,851 | 1,693,085 | 1,649,985 | 1,774,799 | 1,730,136 | 1,604,650 |
| -,, | - | -,0 12 ,2 00 | -,,,,,,,, | -,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | -,, |
| _ | _ | _ | _ | _ | _ |
| 427,999 | 464,855 | 239,126 | 1,291,817 | 2,017,716 | 3,755,234 |
| 268,000 | 384,000 | 1,572,692 | _ | 65,000 | 80,000 |
| 72,425 | 58,565 | 170,118 | 27,559 | 147,271 | 134,681 |
| - | - | , <u>-</u> | , <u>-</u> | , <u>-</u> | - |
| 21,729,469 | 19,835,031 | 22,462,001 | 24,304,081 | 23,496,033 | 26,313,099 |
| (1,624,055) | 4,318,141 | 2,116,729 | 1,338,369 | 2,616,642 | 1,660,101 |
| 3,338,164 | 11,677,345 | 1,520,854 | 628,658 | 424,262 | 469,234 |
| (3,217,164) | (7,412,059) | (1,927,472) | (577,658) | (344,262) | (479,234) |
| (3,217,104) | (7,412,037) | (1,727,472) | (377,038) | (344,202) | (479,234) |
| _ | _ | _ | 2,785,000 | _ | _ |
| _ | _ | _ | 131,355 | _ | _ |
| - | _ _ | 1,033,066 | - | _ | _ |
| 121,000 | 4,265,286 | 626,448 | 2,967,355 | 80,000 | (10,000) |
| | | | | | |
| \$ (1,503,055) | \$ 8,583,427 | \$ 2,743,177 | \$ 4,305,724 | \$ 2,696,642 | \$ 1,650,101 |
| | | | | | |
| 1.5% | 2.1% | 9.0% | 0.1% | 0.9% | 1.0% |

City of San Fernando Assessed Value of Taxable Property Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Residential | Commercial | Industrial | Other | Unsecured | Unknown | Taxable Assessed Value | Direct Tax Rate |
|---------------------------------|---------------|-------------|-------------|------------|-------------|---------|------------------------------|--------------------|
| 2000 | 024 240 226 | 254.066.040 | 222 072 520 | 25 (19 5(2 | 79 152 291 | | 1.515.160.550 | 0.696050/ |
| 2009 | 924,249,336 | 254,066,849 | 223,073,530 | 35,618,563 | 78,152,281 | - | 1,515,160,559 | 0.68605% |
| 2010 | 834,108,715 | 256,442,463 | 258,825,850 | 32,405,858 | 112,691,566 | - | 1,494,474,452 | 0.73077% |
| 2011 | 796,187,198 | 259,924,017 | 257,840,462 | 31,707,331 | 108,228,918 | - | 1,453,887,926 | 0.73507% |
| 2012 | 810,126,651 | 261,333,463 | 254,802,905 | 36,235,560 | 108,145,377 | - | 1,470,643,956 | 0.73170% |
| 2013 | 832,506,508 | 264,733,131 | 258,909,717 | 44,405,697 | 121,871,794 | - | 1,522,426,847 | 0.73694% |
| 2014 | 867,056,835 | 274,616,719 | 261,395,589 | 32,346,933 | 124,425,059 | - | 1,559,841,135 | 0.39186% |
| 2015 | 923,896,596 | 279,949,485 | 263,990,591 | 41,954,560 | 122,621,128 | - | 1,632,412,360 | 0.38353% |
| 2016 | 957,625,272 | 298,635,774 | 274,576,052 | 40,631,968 | 114,207,014 | - | 1,685,676,080 | 0.38306% |
| 2017 | 1,023,912,662 | 320,409,250 | 283,710,434 | 50,016,536 | 113,200,408 | - | 1,791,249,290 | 0.36884% |
| 2018 | 1,070,024,605 | 328,575,573 | 296,848,115 | 46,781,682 | 112,403,426 | - | 1,854,633,401 | 0.36854% |

Notes:

Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: L.A. County Assessor 2008/09 - 2017/18 Combined Tax Rolls provided by HdL, Coren and Cone.

City of San Fernando Direct and Overlapping Property Tax Rates (Rate per \$100 of assessed value) Last Ten Fiscal Years

| Agency | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Basic Levy ¹ | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| LA Community College District | 0.02212 | 0.02311 | 0.04031 | 0.03530 | 0.04875 | 0.04454 | 0.04017 | 0.03575 | 0.03596 | 0.04599 |
| LA Unified School District | 0.12478 | 0.15181 | 0.18695 | 0.16819 | 0.17561 | 0.14644 | 0.14688 | 0.12971 | 0.13110 | 0.12219 |
| Metropolitan Water District | 0.00430 | 0.0043 | 0.00370 | 0.00370 | 0.00350 | 0.00350 | 0.00350 | 0.00350 | 0.00350 | 0.00350 |
| Tax District No. 1 | 0.28420 | 0.2842 | 0.28420 | 0.28420 | 0.28420 | 0.25654 | 0.24832 | 0.24763 | 0.23247 | 0.23238 |
| Direct and Overlapping Tax Rates ² | 1.43540 | 1.46342 | 1.51516 | 1.49139 | 1.51206 | 1.45102 | 1.43887 | 1.41659 | 1.40303 | 1.40406 |
| City Share of 1% Levy Per Prop 13 ³ | 0.14560 | 0.14560 | 0.14560 | 0.14560 | 0.14560 | 0.14560 | 0.14560 | 0.14560 | 0.14560 | 0.14560 |
| Voter Approved City Debt Rate | 0.28420 | 0.28420 | 0.28420 | 0.28420 | 0.28420 | 0.25654 | 0.24832 | 0.24763 | 0.23247 | 0.23238 |
| Redevelopment Rate ⁴ | 1.28856 | 1.28850 | 1.28790 | 1.28790 | - | - | - | - | - | - |
| Total Direct Rate ⁵ | 0.68605 | 0.73077 | 0.73507 | 0.73170 | 0.73694 | 0.39186 | 0.38353 | 0.38306 | 0.36884 | 0.36854 |

Notes:

Data Source: L.A. County Assessor 2008/09 - 2017/18 Tax Rate Table provided by HdL, Coren and Cone.

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statue. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the Fiscal year 2012/13 and years thereafter.

⁵ Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in same proportions as general fund revenue.

City of San Fernando Principal Property Tax Payers Top Ten Property Owners By Assessed Value Current and Ten Years Ago

| | 2018 | | | | 2008 | | | | |
|------------------------------------|------|---------------------|---------------------|-----------------------------------|------|-------------------|-------------------|--|--|
| | | | Percent of | | | | Percent of | | |
| | | Tr. 11 | Total City | | | T 11 | Total City | | |
| | | Taxable Assessed | Taxable Assessed | | | Taxable | Taxable | | |
| Taxpayer | | Value Value | Value | Taxpayer | | Assessed Value | Assessed Value | | |
| Tuxpayor | | v uruc | - varae | Tuxpuyer | | v arac | - varae | | |
| CPF San Fernando LLC | \$ | 79,100,567 | 4.27% | CPF San Fernando LLC | \$ | 48,280,702 | 3.19% | | |
| Pharmavite LLC | | 42,836,953 | 2.31% | 315 Partners LLC | | 20,335,317 | 1.34% | | |
| SFVS Company LLC | | 22,135,360 | 1.19% | SFVS Company LLC | | 19,451,702 | 1.28% | | |
| Foothill HD Retail Center LLC | | 20,798,546 | 1.12% | Foothill HD Retail Center LLC | | 18,376,937 | 1.21% | | |
| Ahi Glenoaks Inc. | | 16,905,959 | 0.91% | Ahi Glenoaks Inc. | | 14,937,562 | 0.99% | | |
| San Fernando Gateway LLC | | 15,663,528 | 0.84% | San Fernando Gateway LLC | | 13,839,803 | 0.91% | | |
| 315 Partners LLC | | 15,525,732 | 0.84% | San Fernando Associates | | 9,722,405 | 0.64% | | |
| YNG LLC | | 14,000,702 | 0.75% | San Fernando Valley Automotive | | 9,161,284 | 0.60% | | |
| San Fernando Associates | | 11,110,931 | 0.60% | LA Kretz Morton Trust Cross Roads | | 7,688,678 | 0.51% | | |
| San Fernando Valley Automotive LLC | | 9,354,732 | 0.50% | Whitewater Holdings LLC | _ | 7,082,241 | 0.47% | | |
| Total Top Ten | \$ | 247,433,010 | 13.34% | Total Top Ten | \$ | 168,876,631 | 11.15% | | |
| Total Property Taxes | \$ 1 | 1,854,633,401 | | Total Property Taxes | \$ | 1,515,160,559 | | | |

Data Source: L.A. County Assessor 2017/18 and 2008/09 Combined Tax Rolls and the SBE Non Unitary Tax Roll provided by HdL, Coren and Cone.

City of San Fernando Property Tax Levies and Collections Last Ten Fiscal Years

| *C01 | llected | within | the |
|--------|---------|-----------|-----|
| - (() | HEGIEG | w IIIIIII | HIL |

| Einaal | Tawas I avii 1 | Eigent Warn | of I | *C-11+: | Tatal Call 4 | iona to Data |
|------------|----------------|-------------|----------|-------------------|--------------------------------|--------------|
| Fiscal | Taxes Levied | Fiscal Year | | *Collections in _ | Total Collect | |
| Year Ended | for the | | Percent | Subsequent | | Percent |
| June 30 | Fiscal Year | Amount | of Levy | Years | Amount | of Levy |
| | | | | | | |
| 2009 | 9,661,994 | 10,977,764 | 113.62% | 352,262 | 11,330,026 | 117.26% |
| 2010 | 9,754,979 | 11,049,754 | 113.27% | 426,417 | 11,476,171 | 117.64% |
| 2010 | 9,734,979 | 11,049,734 | 113.27/0 | 420,417 | 11,470,171 | 117.0470 |
| 2011 | 9,693,186 | 11,146,361 | 114.99% | 254,457 | 11,400,818 | 117.62% |
| | | | | | | |
| 2012 | 10,760,744 | 10,622,934 | 98.72% | 253,124 | 10,876,058 | 101.07% |
| 2013 | 5,612,092 | 4,501,185 | 80.21% | (89,102) | 4,412,083 | 78.62% |
| 2013 | 3,012,072 | 4,501,105 | 00.2170 | (0),102) | 4,412,003 | 70.0270 |
| 2014 | 4,146,929 | 5,685,040 | 137.09% | (125,983) | 5,559,057 | 134.05% |
| | | | | | | |
| 2015 | 4,093,768 | 5,794,276 | 141.54% | (1,188) | 5,793,088 | 141.51% |
| 2016 | 5,660,595 | 6,559,722 | 115.88% | (2,899) | 6,556,823 | 115.83% |
| 2010 | 3,000,373 | 0,337,722 | 113.0070 | (2,0)) | 0,550,625 | 113.0370 |
| 2017 | 5,991,659 | 6,616,033 | 110.42% | (4,283) | 6,611,750 | 110.35% |
| 2010 | | | 404000 | (0.0.00=) | 6 22 2 2 2 - | 104 1007 |
| 2018 | 5,953,422 | 6,241,044 | 104.83% | (20,237) | 6,220,807 | 104.49% |

Notes:

The collections presented include City property taxes, supplemental assessments, and Redevelopment Agency tax increment (through FY 2012), as well as amounts collected by the City and Redevelopment Agency that were passed through to other agencies.

Data Source: Prior Year CAFR, City Financial Information, HdL Reports.

^{*}Supplemental assessments include voter-approved indebtedness for City employees' retirement, a lighting district, penalties and interest, which are not included in the Taxes levied. The collection of these supplemental assessments often cause the percent of levy to exceed 100%.

^{*}Beginning in FY 2013, former Redevelopment Agency property tax increment is not included.

City of San Fernando Top 25 Sales Tax Producers

For Fiscal Year 2017-18

Business Category Business Name Service Stations Arco Arroyo Building Materials **Building Materials** Cal Grove Rentals Repair Shop/Equip. Rentals Casco Contractors **CCAP** Auto Lease Auto Lease El Pollo Loco **Quick Service Restaurants** El Super **Grocery Stores** Ferguson Enterprises Plumbing/Electrical Supplies Ganas Auto **Used Automotive Dealers** Goodman Distribution Contractors Home Depot **Building Materials IHOP** Casual Dining McDonald's **Quick Service Restaurants** Nachos Ornamental Contractors Pool & Electrical Products Plumbing/Electrical Supplies **PRG** Repair Shop/Equip. Rentals Rydell Chrysler Dodge Jeep Ram New Motor Vehicle Dealers Sams Club Discount Dept. Stores Smart & Final **Grocery Stores** Southland Lighting Plumbing/Electrical Supplies T Mobil Electronics/Appliance Stores TMB Production Supplies & Servs. **Electrical Equipment** Vallarta Supermarket **Grocery Stores** Western Motor Sport Used Automotive Dealers **WSS** Shoe Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 68.13%

* Firms Listed Alphabetically

Period: April 2017 Thru March 2018

Data Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

City of San Fernando Top 25 Sales Tax Producers

For Fiscal Year 2008-09

Business Category Business Name Acey Decy Lighting Repair Shop/Equip. Rentals All American Products Heavy Industrial Service Stations Arco Arroyo Building Materials **Building Materials** Casco Contractors Classics Unlimited Window & Door **Building Materials** El Pollo Loco **Quick Service Restaurants** Famsa Home Furnishings Food 4 Less **Grocery Stores** Goodman Distribution Contractors Home Depot **Building Materials** Honda Lease Trust Auto Lease Jack in the Box **Quick Service Restaurants** JC Penney **Department Stores** McDonald's **Quick Service Restaurants** Nachos Ornamental Supply Contractors Payless Foods **Grocery Stores** Pep Boys **Automotive Supply Stores** Pool & Electrical Products Plumbing/Electrical Supplies Rydell Chevy Buick Pontiac GMC New Motor Vehicle Dealers Sams Club Discount Dept. Stores Southland Lighting Plumbing/Electrical Supplies Truman 76 Service Stations Valu Plus **Grocery Stores** WSS **Shoe Stores**

Percent of Fiscal Year Total Paid By Top 25 Accounts = 68.01%

* Firms Listed Alphabetically

Period: April 2008 Thru March 2009

Data Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

City of San Fernando Taxable Sales by Category Last Ten Calendar Years (in thousands of dollars)

| | <u>2008</u> | | <u>2009</u> | | <u>2010</u> | | <u>2011</u> | | <u>2012</u> | |
|----------------------------|-------------|---------|-------------|---------|-------------|---------|-------------|---------|-------------|---------|
| Apparel Stores | \$ | 10,245 | \$ | 8,583 | \$ | 8,689 | \$ | 8,892 | \$ | 9,728 |
| Food Stores | | 11,911 | | 11,720 | | 11,429 | | 11,813 | | 13,558 |
| Eating and Drinking Places | | 46,223 | | 44,122 | | 44,841 | | 45,546 | | 48,841 |
| Building Materials | | 91,002 | | 77,431 | | 69,549 | | 71,116 | | 69,324 |
| Auto Dealers and Supplies | | 57,791 | | 45,696 | | 32,826 | | 24,752 | | 28,719 |
| Service Stations | | 12,907 | | 11,977 | | 14,845 | | 17,810 | | 19,006 |
| Other Retail Stores | | 72,482 | | 71,060 | | 61,849 | | 57,888 | | 56,148 |
| All Other Outlets | | 88,238 | | 74,461 | | 75,390 | | 79,553 | | 81,689 |
| | | | | | | | | | | |
| Total | \$ | 390,799 | \$ | 345,050 | \$ | 319,418 | \$ | 317,370 | \$ | 327,013 |

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Data Source: State Board of Equalization, CA Dept. of Taxes and Fees Administration, State Controller's Office and The HDL Companies

City of San Fernando Taxable Sales by Category Last Ten Calendar Years (in thousands of dollars)

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Apparel Stores | \$ 9,443 | \$ 9,414 | \$ 10,384 | \$ 12,211 | \$ 11,620 |
| Food Stores | 15,507 | 13,755 | 14,084 | 15,033 | 15,249 |
| Eating and Drinking Places | 52,068 | 54,563 | 61,028 | 65,454 | 70,852 |
| Building Materials | 86,272 | 90,286 | 96,105 | 102,767 | 114,285 |
| Auto Dealers and Supplies | 47,103 | 83,371 | 89,583 | 106,462 | 104,530 |
| Service Stations | 17,864 | 16,640 | 15,215 | 13,545 | 12,927 |
| Other Retail Stores | 54,557 | 57,119 | 63,622 | 64,129 | 64,439 |
| All Other Outlets | 87,583 | 100,989 | 113,275 | 125,212 | 127,788 |
| | | | | | |
| Total | \$ 370,397 | \$ 426,137 | \$ 463,296 | \$ 504,813 | \$ 521,690 |

Data Source: State Board of Equalization, CA Dept. of Taxes and Fees Administration, State Controller's Office and The HDL Companies

City of San Fernando Water Customers Current Year and Ten Years Ago

| | | 2018 | | 2009 | | |
|-------------------------|-----------|---------------------------|------------------------|------------|---------------------------|--|
| | Water | Percent of Total Water | | Water | Percent of Total Water | |
| Water Customer | Charge | s Revenues | Water Customer | Charges | Revenues | |
| Pharmavite Corporation | \$ 70, | 962 1.62% | Puretek Corp. | 21,672 | 0.78% | |
| Pharmavite Corporation | 31, | 635 0.72% | Pharmavite Corporation | 17,616 | 0.63% | |
| Mission Park Apartments | 25, | 683 0.58% | Samco Scientific Corp | 14,249 | 0.51% | |
| Bitman, Boris Bruce | 21, | 636 0.49% | LA Board of Education | 13,912 | 0.50% | |
| LA Board of Education | 16, | 691 0.38% | Puretek Corp | 12,667 | 0.46% | |
| Martin & Denise Rile | 15, | 784 0.36% | Pharmavite Corporation | 10,169 | 0.37% | |
| Fresenius Medical CA | 15, | 759 0.36% | Mission Car Wash | 9,525 | 0.34% | |
| LA Board of Education | 15, | 022 0.34% | The SFVS Company LLC | 9,268 | 0.33% | |
| Glenoaks Village H.O. | 14, | 963 0.34% | K.V. Mart No. 19 | 9,073 | 0.33% | |
| Majers, Olin | 14, | <u>0.34%</u> | Martin & Denise Rile | 9,002 | 0.32% | |
| Total Top Ten | \$ 242, | 983 5.53% | Total Top Ten | \$ 127,152 | 4.57% | |
| Total Water Revenue | \$ 4,390, | 967 <u> </u> | Total Water Revenue | 2,780,051 | | |

Data Source: City of San Fernando Finance Department Eden UB System (Water only).

City of San Fernando Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Governmental Activities

| Fiscal Year Ended June 30 | General Obligation Bonds | Tax Allocation Bonds | Loans | Certificates of Participation | | Pecentage of Personal Income | Per Capita |
|---------------------------------|--------------------------------|----------------------------|-----------|-------------------------------|------------|------------------------------------|---------------|
| June 30 | Donas | Bolids | Louis | Tarticipation | Hetivities | 1 crsonar meome | Сарна |
| 2009 | - | 13,985,000 | 6,643,296 | - | 20,628,296 | 3.74% | 866 |
| 2010 | - | 12,850,000 | 6,582,631 | - | 19,432,631 | 5.41% | 821 |
| 2011 | - | 11,620,158 | 6,307,069 | - | 17,927,227 | 4.94% | 756 |
| 2012 | - | - | 2,424,692 | - | 2,424,692 | 0.63% | 102 |
| 2013 | - | - | 1,956,692 | - | 1,956,692 | 0.48% | 81 |
| 2014 | - | - | 1,572,692 | - | 1,572,692 | 0.37% | 65 |
| 2015 | - | - | - | - | - | 0.00% | - |
| 2016 | - | - | - | 2,916,355 | 2,916,355 | 0.66% | 117 |
| 2017 | - | - | - | 2,845,644 | 2,845,644 | 0.63% | 115 |
| 2018 | - | - | - | 2,759,933 | 2,759,933 | 0.61% | 112 |

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Personal income and Population numbers from https://www.census.gov/quickfacts/fact/table/sanfernandocitycalifornia,US/PST045217 visited 11/15/2018.

Date Source: City of San Fernando Finance Department.

City of San Fernando Direct and Overlapping Debt As Of June 30, 2018

| | Gross Bonded Debt Balance | Percent Applicable To City | Net Bonded Debt |
|---|------------------------------|----------------------------------|-----------------------|
| Direct Debt: | Dept Balance | 10 City | Dent |
| 240.01 2016 Installment Sale Agreement | 2,640,000 | 100.000 | 2,640,000 |
| 240.01 Premium | 119,933 | 100.000 | 119,933 |
| Total Direct Debt | | | 2,759,933 |
| Overlapping Debt: | | | |
| * 310.3 Metropolitan Water District | 29,354,442 | 0.106 | 31,003 |
| 805.55 LA CCD DS 2003 Taxable Series 2004B | 2,115,000 | 0.234 | 4,940 |
| 805.56 LA CCD DS 2001 Taxable Series 2004A | 31,555,000 | 0.234 | 73,698 |
| 805.60 LA CCD DS 2001, 2008 Ser E-1 | 7,580,000 | 0.234 | 17,703 |
| 805.62 LA CCD DS 2003, 2008 Ser F-1 | 7,575,000 | 0.234 | 17,692 |
| 805.65 LA CCD DS 2008, 2009 Taxable Ser B | 75,000,000 | 0.234 | 175,165 |
| 805.66 LA CCD DS 2008, 2010 Tax Series D | 125,000,000 | 0.234 | 291,941 |
| 805.67 LA CCD DS 2008, 2010 Tax Ser E (BABS) | 900,000,000 | 0.234 | 2,101,974 |
| 805.69 LA CCD DS 2008 2012 Series F | 205,000,000 | 0.234 | 478,783 |
| 805.70 LA CCD DS 2013 Ref Bonds | 42,305,000 | 0.234 | 98,804 |
| 805.71 LA CCD DS 2008 Series G | 1,664,870,000 | 0.234 | 3,888,348 |
| 805.73 LA CCD DS 2015 Ref Series A | 33,270,000 | 0.234 | 77,703 |
| 805.74 LA CCD DS 2015 Ref Series B | 272,085,000 | 0.234 | 635,462 |
| 805.75 LA CCD DS 2015 Ref Series C | 223,910,000 | 0.234 | 522,948 |
| 805.76 LA CCD DS 2008 Series I | 175,565,000 | 0.234 | 410,037 |
| 805.78 LA CCD DS 2016 Ref Bonds | 300,000,000 | 0.234 | 700,658 |
| 805.79 LA CCD DS 2016, 2017 Ser A | 100,000,000 | 0.234 | 233,553 |
| 887.59 Los Angeles USD DS 2004 Series A | 125,535,000 | 0.288 | 361,293 |
| 887.66 Los Angeles Unif DS 2005 Ref Bonds A-1 | 38,035,000 | 0.288 | 109,459 |
| 887.67 Los Angeles Unif DS 2005 Ref Bonds A-2 | 14,790,000 | 0.288 | 42,563 |
| 887.86 Los Angeles Unif DS 2002 Series E | 200,000,000 | 0.288 | 575,571 |
| 887.87 Los Angeles Unif DS 2004 Series J | 739,280,000 | 0.288 | 2,127,540 |
| 887.89 Los Angeles Unif DS 2005 Series H | 609,075,000 | 0.288 | 1,752,829 |
| 887.91 LAUSD Measure R Series 2009 | 47,425,000 | 0.288 | 136,482 |
| 887.92 LAUSD Measure R Series KRY BABS | 363,005,000 | 0.288 | 1,044,675 |
| 887.93 LAUSD Measure Y 2009 Series KRY BABS | 806,795,000 | 0.288 | 2,321,838 |
| 887.95 LAUSD Measure K 2010 Series KRY | 145,250,000 | 0.288 | 418,008 |
| 887.96 LAUSD Measure R 2010 Series KRY | 157,165,000 | 0.288 | 452,298 |
| 887.97 LAUSD Measure Y 2010 Series KRY | 130,450,000 | 0.288 | 375,416 |
| 887.98 LAUSD Measure R 2010 Series RY BABS | 477,630,000 | 0.288 | 1,374,549 |
| 887.99 LAUSD Measure Y 2010 Series RY BABS | 772,955,000 | 0.288 | 2,224,452 |
| 888.57 Los Angeles Unif DS 2011 Ref Bond Series A 1 | 127,870,000 | 0.288 | 367,991 |

Data Source: HdL Coren and Cone, L.A. County Assessor and Auditor Combined 2017/18 Lien Date Tax Rolls.

City of San Fernando Direct and Overlapping Debt As Of June 30, 2018

Overlapping Debt (Continued):

| 888.58 Los Angeles Unif DS 2011 Ref Bond Series A 2 | 143,980,000 | 0.288 | 414,353 |
|---|---------------|-------|------------|
| 888.60 Los Angeles Unif DS 2014 Ref Bond Series A | 109,940,000 | 0.288 | 316,391 |
| 888.61 Los Angeles Unif DS 2014 Ref Bond Series B | 283,135,000 | 0.288 | 814,821 |
| 888.62 Los Angeles Unif DS 2014 Ref Bond Series C | 909,360,000 | 0.288 | 2,617,005 |
| 888.63 Los Angeles Unif DS 2014 Ref Bond Series D | 153,385,000 | 0.288 | 441,420 |
| 888.66 Los Angeles Unif DS 2005 Series K | 8,035,000 | 0.288 | 23,124 |
| 888.68 Los Angeles Unif DS 2015 Ref Bond Series A | 318,085,000 | 0.288 | 915,402 |
| 888.69 Los Angeles Unif DS 2008 Series A 2016 | 1,162,115,000 | 0.288 | 3,344,397 |
| 888.70 Los Angeles Unif DS 2016 Bonds Series A | 500,855,000 | 0.288 | 1,441,388 |
| 888.71 Los Angeles Unif DS 2016 Bonds Series B | 1,057,635,000 | 0.288 | 3,043,719 |
| 888.72 Los Angeles Unif DS 2017 Ref Bonds Ser A Prop BB | 1,202,445,000 | 0.288 | 3,460,461 |
| Total Overlapping Debt: | | _ | 40,277,857 |

Total Direct and Overlapping Debt

43,037,790

2017/2018 Assessed Valuation: \$1,210,412,202 After Deducting \$644,221,199 Incremental Value.

| Debt to Assessed Valuation Ratios: | Direct Debt | 0.23% |
|------------------------------------|------------------|-------|
| | Overlapping Debt | 3.33% |
| | Total Debt | 3.56% |

Notes:

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the city.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Data Source: HdL Coren and Cone, L.A. County Assessor and Auditor Combined 2017/18 Lien Date Tax Rolls.

^{*} This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

City of San Fernando Legal Debt Margin Information Last Ten Fiscal Years

| Fiscal Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------|---------------|---------------|---------------|---------------|
| Assessed Valuation | 1,515,160,559 | 1,494,474,452 | 1,453,887,926 | 1,470,643,956 | 1,522,426,847 |
| Conversion Percentage | <u>25</u> % |
| Adjusted Assessed Valuation | 378,790,140 | 373,618,613 | 363,471,982 | 367,660,989 | 380,606,712 |
| Debt Limit Percentage | <u>15</u> % |
| Debt Limit | 56,818,521 | 56,042,792 | 54,520,797 | 55,149,148 | 57,091,007 |
| Total Net Debt Applicable To Limit: General obligation bonds | | - | - | - | |
| Legal debt margin | 56,818,521 | 56,042,792 | 54,520,797 | 55,149,148 | 57,091,007 |
| Total debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Notes:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Data Source: L.A. County Assessor 2017/18 Combined Tax Rolls, provided by HdL, Coren and Cone and City Finance Department

City of San Fernando Legal Debt Margin Information Last Ten Fiscal Years

| Fiscal Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|
| Assessed Valuation | 1,559,841,135 | 1,632,412,360 | 1,685,676,080 | 1,791,249,290 | 1,854,633,401 |
| Conversion Percentage | <u>25</u> % |
| Adjusted Assessed Valuation | 389,960,284 | 408,103,090 | 421,419,020 | 447,812,323 | 463,658,350 |
| Debt Limit Percentage | <u>15</u> % |
| Debt Limit | 58,494,043 | 61,215,464 | 63,212,853 | 67,171,848 | 69,548,753 |
| Total Net Debt Applicable To Limit: General obligation bonds | | | | | |
| Legal debt margin | 58,494,043 | 61,215,464 | 63,212,853 | 67,171,848 | 69,548,753 |
| Total debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Data Source: L.A. County Assessor 2017/18 Combined Tax Rolls, provided by HdL, Coren and Cone and City Finance Department

City of San Fernando Demographic and Economic Statistics Last Ten Calendar Years

| Calendar Year | Population ¹ | Calif. Metropolitan Personal Income (in thousands) ² | Calif. Metropolitan Per Capita Personal Income ² | Unemployment Rate ³ |
|------------------|-------------------------|---|---|--------------------------------|
| 2009 | 25,198 | 343,776,000 | 13,643 | 11.8% |
| 2010 | 23,662 | 359,081,000 | 14,156 | 12.9% |
| 2011 | 23,712 | 362,556,000 | 15,290 | 12.9% |
| 2012 | 23,818 | 379,016,000 | 15,913 | 11.5% |
| 2013 | 23,880 | 403,190,000 | 16,884 | 9.2% |
| 2014 | 24,220 | 419,684,000 | 17,328 | 8.7% |
| 2015 | 24,587 | 433,248,000 | 17,621 | 7.4% |
| 2016 | 24,931 | 442,924,000 | 17,766 | 5.6% |
| 2017 | 24,717 | 454,373,000 | 18,383 | 4.9% |
| 2018 | 24,714 | 454,317,000 | 18,383 | 4.3% |

Data Sources:

¹ US Census Bureau

² HdL Report/Bureau of Economic Analysis (data shown is for the metropolitan area of L.A. Long Beach-Santa Ana through 2009; thereafter US Census Bureau Data).

US Census Bureau (data shown is for the metropolitan area of L.A.-Long Beach-

³ Anaheim).

City of San Fernando Miscellaneous and Demographic Statics

| Date Incorporated | August 31, 1911 |
|-------------------|-----------------|
|-------------------|-----------------|

Form of Government Council-City Manager

Land Area 2.42 square miles

| Land Use (Estimated % of City) | Residential | 43.2% |
|--------------------------------|------------------------------------|--------|
| , , , | Commercial | 10.2% |
| | Industrial | 9.7% |
| | Public/Institutional | 7.4% |
| | Open space/Recreational | 1.7% |
| | Highway and streets, rights-of-way | 26.3% |
| | Undeveloped land | 1.6% |
| | | 100.0% |

| Building Permits | Calendar Year | # Permits | Valuation |
|-------------------------|---------------|-----------|------------|
| | 1991 | 220 | 12,427,290 |
| | 1993 | 307 | 3,390,293 |
| | 1994 | 383 | 14,150,921 |
| | 1995 | 650 | 4,802,623 |
| | 1996 | 354 | 5,321,998 |
| | 1997 | 379 | 6,229,912 |
| | 1998 | 241 | 5,314,484 |
| | 1999 | 277 | 6,879,355 |
| | 2000 | 481 | 8,530,618 |
| | 2001 | 499 | 11,829,627 |
| | 2002 | 527 | 5,852,529 |
| | 2003 | 985 | 9,610,033 |
| | 2004 | 551 | 10,249,858 |
| | 2005 | 1,390 | 15,845,473 |
| | 2006 | 1,421 | 13,860,435 |
| | 2007 | 1,137 | 9,549,375 |
| | 2008 | 1,035 | 15,742,359 |
| | 2009 | 858 | 9,888,598 |
| | 2010 | 797 | 8,024,919 |
| | 2011 | 760 | 7,146,062 |
| | 2012 | 810 | 19,328,819 |
| | 2013 | 714 | 11,262,235 |
| | 2014 | 904 | 17,514,200 |
| | 2015 | 880 | 9,313,800 |
| | 2016 | 1,075 | 10,771,178 |
| | 2017 | 1,078 | 11,430,654 |
| | 2018 | 1,337 | 14,314,565 |
| | | | |

Date Source: City of San Fernando Community Development Department

City of San Fernando Principal Employers Last Fiscal Year and Ten Years Ago

| | 201 | 7-18 | | 2008-09 | |
|-------------------------------------|------------------------|-----------------------------------|-------------------------------------|------------------------|-----------------------------------|
| Business Name | Number of Employees | Percent of Total Employment | Business Name | Number of Employees | Percent of Total Employment |
| Los Angeles Unified School District | 2010 | 17.18% | Los Angeles Unified School District | 490 | 8.45% |
| Pharmavite LLC | 360 | 3.08% | Puretek Corp** | 400 | 6.90% |
| Los Angeles County Superior Court * | 277 | 2.37% | JT Contractors, Inc. | 400 | 6.90% |
| Home Depot | 271 | 2.32% | Pepsi Bottling | 300 | 5.17% |
| Pepsi Bottling | 270 | 2.31% | Samco Scientific | 300 | 5.17% |
| Puretek Corp** | 200 | 1.71% | County of Los Angeles | 275 | 4.74% |
| Production Resource Group LLC (PRC | 200 | 1.71% | Future Graphics | 220 | 3.79% |
| Vallarta Supermarkets | 162 | 1.38% | Padilla Construction | 200 | 3.45% |
| Ricon Corp | 149 | 1.27% | City of San Fernando | 190 | 3.28% |
| Valley Crest Landscape Co. *** | 136 | 1.16% | Medical Illumination Intl. | 155 | 2.67% |
| Total Top Ten Employers | 4,035 | 34.49% | Total Top Ten Employers | 2,930 | 50.51% |
| Total City Labor Force (1) | 11,700 | | Total City Labor Force | 5,801 | |

Notes:

Results based on direct correspondence with city's local businesses.

(1) Total City Labor Force provided by EDD Labor Force Data

Note: Sam's Club is permanently closed

Disclaimer: The City of San Fernando makes no claims concerning the accuracy of data provided nor assume any liability resulting from the use of information herein.

^{*} Includes all employees at courthouse, including state and county

^{**} Includes 2 locations

^{***} Includes maintenance only, no development side

AS OF JUNE 30, 2018

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City of San Fernando Full-Time Equivalent City Employees by Function Last Ten Fiscal Years

| | Fiscal Year | | | | |
|-----------------------------------|-------------|-------------|------|------|------|
| <u>Function</u> | 2009 | <u>2010</u> | 2011 | 2012 | 2013 |
| General government | 19 | 17 | 17 | 15 | 14 |
| Community Development | 10 | 10 | 7 | 5 | 9 |
| Public Safety | 62 | 62 | 62 | 57 | 50 |
| Public Works | 46 | 43 | 41 | 39 | 36 |
| Recreation and Community Services | 20 | 27 | 22 | 31 | 24 |
| | | | | | |
| Total | 157 | 159 | 149 | 147 | 133 |

City of San Fernando Full-Time Equivalent City Employees by Function Last Ten Fiscal Years

| _ | Fiscal Year | | | | |
|-----------------------------------|-------------|------|------|------|-------------|
| <u>Function</u> | <u>2014</u> | 2015 | 2016 | 2017 | <u>2018</u> |
| General government | 14 | 14 | 15 | 15 | 15 |
| Community Development | 8 | 8 | 8 | 8 | 8 |
| Public Safety | 48 | 48 | 47 | 48 | 48 |
| Public Works | 35 | 34 | 34 | 34 | 34 |
| Recreation and Community Services | 30 | 32 | 24 | 24 | 24 |
| | | | | | |
| | 135 | 136 | 128 | 129 | 129 |

Data Source: City of San Fernando Finance and Personnel Records

City of San Fernando Operating Indicators by Function Last Ten Years

| | Calendar Year | | | | | | |
|--------------------------|---------------|--------|--------|--------|--------|--|--|
| Function | 2009 | 2010 | 2011 | 2012 | 2013 | | |
| Police: | | | | | | | |
| Arrests | 2,721 | 1,933 | 1,424 | 887 | 683 | | |
| Parking Citations Issued | 16,966 | 16,583 | 14,799 | 13,407 | 10,699 | | |

Data Source: City of San Fernando Police Department

City of San Fernando Operating Indicators by Function Last Ten Years

| _ | Calendar Year | | | | | |
|--------------------------|---------------|--------|-------|-------|-------|--|
| Function | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Police: | | | | | | |
| Arrests | 581 | 612 | 1007 | 965 | 881 | |
| Parking Citations Issued | 8,654 | 10,730 | 9,745 | 8,691 | 9,602 | |

Data Source: City of San Fernando Police Department

City of San Fernando Capital Asset Statistics by Function Last Ten Fiscal Years

| | Fiscal Year | | | | | |
|--------------------------------|-------------|-------|-------|-------|-------|--|
| Function | 2009 | 2010 | 2011 | 2012 | 2013 | |
| | | | | | | |
| Police: | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | |
| Fire: | | | | | | |
| Fire Stations | 0 | 0 | 0 | 0 | 0 | |
| Public Works: | | | | | | |
| Streets (miles) | 47.20 | 47.20 | 47.20 | 47.20 | 47.20 | |
| Alleyways (miles) | 3.20 | 3.20 | 3.20 | 3.20 | 3.20 | |
| Streetlights | 1,678 | 1,848 | 1,848 | 1,848 | 1,848 | |
| Traffic Signals Intersections | 45 | 45 | 45 | 45 | 45 | |
| Parks and Recreation: | | | | | | |
| Parks | 6 | 6 | 6 | 6 | 6 | |
| Recreation Centers | 2 | 2 | 2 | 2 | 2 | |
| Water: | | | | | | |
| Water mains (miles) | 66.50 | 66.50 | 66.50 | 66.88 | 66.88 | |
| Maximum Daily Pumping Capacity | 600 | 600 | 600 | 600 | 600 | |
| Wastewater: | | | | | | |
| Sanitary Sewers (miles) | 42.59 | 42.59 | 42.59 | 42.59 | 42.59 | |
| Storm Sewers (miles) | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 | |

Data Source: City of San Fernando Public Works Department

City of San Fernando Capital Asset Statistics by Function Last Ten Fiscal Years

| Function | Fiscal Year | | | | |
|--------------------------------|-------------|-------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| D. I. | | | | | |
| Police: | 4 | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Fire: | | | | | |
| Fire Stations | 0 | 0 | 0 | 0 | 0 |
| Public Works: | | | | | |
| Streets (miles) | 47.20 | 47.20 | 47.20 | 47.20 | 47.20 |
| Alleyways (miles) | 3.20 | 3.20 | 3.20 | 3.20 | 3.20 |
| Streetlights | 1,848 | 1,848 | 1,848 | 1,848 | 1,848 |
| Traffic Signals Intersections | 45 | 45 | 45 | 45 | 45 |
| Parks and Recreation: | | | | | |
| Parks | 8 | 8 | 8 | 8 | 8 |
| Recreation Centers | 2 | 2 | 2 | 2 | 2 |
| Water: | | | | | |
| Water mains (miles) | 66.88 | 66.88 | 66.88 | 66.88 | 66.88 |
| Maximum Daily Pumping Capacity | 600 | 600 | 3,600 | 3,600 | 3,600 |
| Wastewater: | | | | | |
| Sanitary Sewers (miles) | 42.59 | 42.59 | 42.59 | 42.59 | 42.59 |
| Storm Sewers (miles) | 0.68 | 0.68 | 0.68 | 0.68 | 0.68 |

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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Nick Kimball, City Manager

Date: March 4, 2019

Subject: Presentation of Fiscal Year 2018-2019 Mid-Year Budget Review and FY 2019-

2020 Budget Kickoff

RECOMMENDATION:

It is recommended that the City Council:

- a. Review and discuss the Fiscal Year (FY) 2018-2019 Mid-Year Budget Review and FY 2019-2020 Budget Kickoff; and
- b. Adopt Resolution No. 7905 (Attachment "A") amending the City's FY 2018-2019 Budget to include the proposed changes.

BACKGROUND:

- 1. On June 18, 2018, the City Council adopted a Resolution approving the FY 2018-2019 City Budget.
- Pursuant to the City's Adopted Budget Policy, the City Manager will present a mid-year fiscal review to City Council (typically between January and March). The purpose of the mid-year review is to update City Council on the financial condition of the City and recommend adjustments to the City's Budget that have been identified subsequent to budget adoption.
- 3. In February 2019, the City Manager reviewed revenues and expenditures through December 31, 2018 with each Department Head.

FINANCE DEPARTMENT

Presentation of Fiscal Year 2018-2019 Mid-Year Budget Review and Fiscal Year 2019-2020 Budget Kickoff

Page 2 of 5

ANALYSIS:

The FY 2018-2019 mid-year budget review is an essential element in maintaining financial stability. This review provides the City Council an opportunity to review the General Fund, make the needed course corrections to achieve a more accurate budget for the current fiscal year (resulting in greater budget transparency), and help shape the development of the FY 2019-2020 Budget.

General Fund.

The General Fund is the chief operating fund for the City. The City adopted a budget for FY 2018-2019 with \$19,519,280 in revenues and \$19,343,226 in expenditures, resulting in net budget surplus of \$176,054.

- Revenues. Staff has reviewed receipts through mid-year and, overall, revenues are on track
 to meet original budget estimates. The two recommended adjustments are: 1) increase
 rental income by \$154,000 to account for the increased lease rate for San Fernando
 Community Hospital as the lease agreement was not final at the time of budget adoption,
 and 2) transfer the AIMS maintenance surcharge fee to a special fund to track separately
 from the General Fund.
- Expenditures. Total adopted General Fund expenditures for FY 2018-2019 were \$19,343,226. Adjusted expenditures through December 2018 were \$19,498,742, which includes \$155,516 of additional appropriations approved by City Council and prior year carry overs pursuant to the Budget Resolution. Funds are carried over from one fiscal year to the next if the goods or services were ordered in the prior fiscal year but received in the following fiscal year, as demonstrated by an open Purchase Order, or unused one-time capital improvement funding.

The primary mid-year adjustments proposed in the General Fund are related to items that were not originally planned or differ from original budget estimates based on updated information.

The key changes are noted below:

| Revenue Source | Adjustment | |
|---|------------|--|
| Rental Income – San Fernando Community Hospital | \$154,000 | |
| AIMS | (\$25,000) | |
| Total Revenue Adjustment | \$129,000 | |

Presentation of Fiscal Year 2018-2019 Mid-Year Budget Review and Fiscal Year 2019-2020 Budget Kickoff

Page 3 of 5

| Expenditure Category | Adjustment |
|---|-------------|
| Carryovers and additional Council appropriations | \$155,516 |
| Interpretation Services for City Council meetings | \$10,000 |
| Additional funds for Labor Attorney Services | \$50,000 |
| Reduction in LAFD contract cost | (\$250,000) |
| Economic Development Study | \$30,000 |
| Smart Meter Principal & Interest Payments | \$16,000 |
| Street light knockdowns | \$35,000 |
| Reallocation of labor distribution for Rec Supervisor | \$16,000 |
| Transfer AIMS Maintenance Charge to new fund | (\$17,500) |
| Total Expenditure Adjustment | \$45,016 |

The mid-year adjustments result in a net budget surplus of \$260,038 in the General Fund.

| Fund | 2018-2019 | Proposed | 2018-2019 | | |
|-------------------|----------------|------------|----------------|--|--|
| | Adopted Budget | Amendments | Total Adjusted | | |
| Revenues | \$19,519,280 | \$129,000 | \$19,648,280 | | |
| Expenditures | \$19,343,226 | \$45,016 | \$19,388,242 | | |
| Surplus/(Deficit) | \$176,054 | | \$260,038 | | |

Other Funds.

In addition to adjustments in the General Fund, the following adjustments are being proposed in Other Funds (Attachment "A" Exhibit "1"):

- 1. Adjust salaries in Proposition A Fund (007) to more accurately reflect staff support of Prop A funded programs.
- 2. Correct typographical error in the Self Sustaining Recreation Program Fund (017) that resulted in an insufficient appropriation for Day Camp supplies.
- 3. Appropriate Equipment Replacement Funds (041) to replace a damage police patrol vehicle. The loss will be offset by recovery of insurance funds.
- 4. Transfer AIMS surcharge from General Fund to new Community Development Surcharge Fund (055) to track activity separately.
- 5. Adjust inter-fund repayment appropriation between the Water Fund (070) and Sewer Fund (072) to reflect the adopted debt service schedule.
- 6. Appropriate revenues and expenditures in the Low/Moderate Income Housing Fund (094) to reflect increased activity.

FY 2019-2020 Budget Kickoff.

In order to meet the budget adoption deadline and give the City Council and the public sufficient time to review and consider the City Manager's proposed budget, staff begins making preparations for the budget process in January each year. Preparations include initial revenue

Presentation of Fiscal Year 2018-2019 Mid-Year Budget Review and Fiscal Year 2019-2020 Budget Kickoff

Page 4 of 5

projections, providing direction to Departments regarding budget guidelines and expectations (e.g., reductions in Operations and Maintenance budgets, Maintenance of Effort budgets, funded enhancement requests only, etc.), and planning the calendar to get input from the City Council.

To facilitate an efficient budget process, staff has developed a proposed calendar of events for the FY 2019-2020 budget process. The purpose of a budget calendar is to provide all parties involved with deadlines for submitting data and budget requests and provide the community opportunities to provide input.

A summary of some of the important dates, including the budget study session(s) and budget adoption, are as follows:

Monday, January 22, 2019

 City Council agenda item to discuss citywide strategic goals and City Council priorities for FY 2019-2020.

Thursday, May 9, 2019

• Distribute fiscal year 2019-2020 Proposed Budget Book to City Council and post it to the City's website for public review.

Monday, May 13, 2019

Budget Study Session

Monday, May 20, 2019

Budget Study Session (if necessary)

Monday, June 17, 2019

Budget Adoption

BUDGET IMPACT:

The proposed adjustments are based on the most current information received by staff and will result in an increase in the General Fund budget surplus. The proposed adjustments in the Other Funds are necessary to accurately reflect accounting entries in those funds.

Presentation of Fiscal Year 2018-2019 Mid-Year Budget Review and Fiscal Year 2019-2020 Budget Kickoff

Page 5 of 5

CONCLUSION:

Adopting the proposed mid-year adjustments will provide staff with the budget authority to make the needed course corrections and achieve a more accurate budget for the current fiscal year and provide the basis for developing the FY 2019-2020 Budget.

ATTACHMENTS:

- A. Resolution No. 7905 (including Exhibit 1: Summary of FY 2018-2019 Proposed Mid-year Budget Adjustments)
- B. Preliminary FY 2019-2020 Budget Calendar

ATTACHMENT "A"

RESOLUTION NO. 7905

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO AMENDING THE ADOPTED BUDGET FOR FISCAL YEAR 2018-2019

WHEREAS, the City Council has received and considered the proposed adjustment to the budget for Fiscal Year 2018-2019, commencing July 1, 2018, and ending June 30, 2019; and

WHEREAS, the purpose of the mid-year adjustment is to update the community on the financial condition of the City and recommend adjustments to the City's Budget that have been identified subsequent to budget adoption; and

WHEREAS, the City Council has determined that it is necessary to adjust the expenditures and revenues of the current City budget; and

WHEREAS, an annual budget for the City of San Fernando for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, a copy of which is on file in the City Clerk's Office, and has been adopted on June 18, 2018.

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

<u>Section 1.</u> The City Council hereby amends the adopted Budget to adjust the expenditures and revenues as provided in Exhibit "1", attached hereto.

PASSED, APPROVED, AND ADOPTED this 4th day of March 2019.

| | Joel Fajardo, Mayor | |
|-----------------------------|---------------------|--|
| | | |
| ATTEST: | | |
| | | |
| | | |
| 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 libeld on the 4 th day of March, 2019, by the following vote to |
| AYES: | |
| NOES: | |
| ABSENT: | |
| | |
| | <u> </u> |
| Elena G. Chávez, City Clerk | |

CC Meeting Agenda **GENERAL FUND**

FISCAL YEAR 2018-2019 MID-YEAR BUDGET ADJUSTMENTS

| | ADOPTED GENERAL FUND REVENUES | 19,519,280 | | | |
|-------------------|--------------------------------------|--------------|------------|----------|---|
| | REVENUE | 2019 | Proposed | Proposed | |
| Fund Acct Project | Account Title | Total Budget | Adjustment | Total | Justification: |
| 001 3520 0000 | Rental Income | 225,000 | 154,000 | 379,000 | Additional lease revenue from San Fernando Community Hospital |
| 001 3719 0154 | AIMS Maintenance Surcharge | 25,000 | (25,000) | - | Transfer AIMS to special fund to track separate from General Fund |
| | Subtotal Revenue Adjustments | | 129,000 | | |
| | TOTAL ADJUSTED GENERAL FUND REVENUES | | 19,648,280 | | |

| | | | | ADOPTED GENERAL FUND EXPENDITURES | | 19,343,226 | | |
|------|-----|---------|------|--|---------------------|------------|-----------|--|
| | | | | EXPENDITURE | 2019 | Proposed | Proposed | |
| Fund | Div | Project | Acct | Account Title | Total Budget | Adjustment | Total | Justification: |
| | | | | APPROVED FISCAL YEAR 2017-2018 | _ | 155,516 | 155,516 | Carryover per Resolution 7869 |
| | | | | SUBTOTAL CARRYOVERS | | 155,516 | | |
| | | | | | | | | |
| 001 | 101 | | | PROFESSIONAL SERVICES | - | 10,000 | | Appropriate funds for City Council meeting interpretation services. |
| 001 | 112 | 0000 | | PROFESSIONAL SERVICES | 100,000 | 50,000 | | Additional funds for labor attorney due to ongoing labor negotiations. |
| 001 | 500 | 0000 | 4260 | CONTRACT SERVICES | 3,000,000 | (250,000) | 2,750,000 | Reduce cost of LAFD services |
| | | | | SUBTOTAL ADMINISTRATION | | (190,000) | | |
| | | | | NO RECOMMENDED ADJUSTMENTS | - | - | - | No recommended adjustments. |
| | | | | SUBTOTAL CITY CLERK | _ | - | | |
| 001 | 150 | 0000 | 4270 | PROFESSIONAL SERVICES | 39,800 | 30,000 | 69.800 | Appropriate funds for Kosmont Economic Development Study |
| 001 | 130 | 0000 | 4270 | | - | 30,000 | 05,000 | |
| | | | | SUBTOTAL COMMUNITY DEVELOPMENT | | 30,000 | | |
| 001 | 135 | 0000 | 4260 | CONTRACT SERVICES | 292,000 | (17,500) | 274,500 | Transfer AIMS to special fund to track separate from General Fund |
| 001 | 190 | 0000 | 4405 | LEASE INTEREST | - | 1,975 | 1,975 | Appropriate parking meter lease interest payments |
| 001 | 190 | 0000 | 4420 | LEASE PRINCIPAL | - | 14,025 | 14,025 | Appropriate parking meter lease principal payments |
| | | | | SUBTOTAL FINANCE | _ | (1,500) | | |
| | | | | NO RECOMMENDED ADJUSTMENTS | - | - | - | No recommended adjustments. |
| | | | | SUBTOTAL POLICE DEPARTMENT | _ | - | | |
| | | | | | | | | |
| 001 | 371 | 0564 | 4300 | STREET LIGHT KNOCKDOWNS | - | 35,000 | 35,000 | Additional funds necessary to replace traffic signal knockdowns. |
| | | | | SUBTOTAL PUBLIC WORKS | _ | 35,000 | | |
| 001 | 422 | 0000 | 4101 | REGULAR SALARES | 96,491 | 16,000 | 112,491 | Amend labor distribution for Recreation Supervisor |
| | | | | SUBTOTAL RECREATION & COMMUNITY SERVICE | = | 16,000 | | |
| | | | | | | | | |
| | | | | Subtotal Expenditure Adjustments | | 45,016 | | |
| | | | | TOTAL ADJUSTED GENERAL FUND EXPENDITURES | | 19,388,242 | | |
| | | | | | | | | |

FISCAL YEAR 2018-2019 MID-YEAR BUDGET ADJUSTMENTS

PROP A TRANSIT FUND

| | Beginning Fund Balance: | | | | | | 39,592 | | |
|------|-------------------------|-------------|--------------------------|---------------|--|--------------|------------|----------|--|
| | | | TOTAL REVENUES | | | | 505,758 | | |
| | | | | REVENUE | | 2019 | Proposed | Proposed | |
| | Acct | Project | | Account Title | | Total Budget | Adjustment | Total | Justification: |
| 007 | | | No Revenue Adjustments | | | | - | - | |
| | | | | | | | - | | |
| | | | TOTAL ADJUSTED REVEN | UES | | | 505,758 | | |
| | | | TOTAL EXPENDITURES | | | | 505,758 | | |
| | | | | EXPENDITURE | | 2019 | Proposed | Proposed | |
| Fund | Div | Project Acc | | Account Title | | Total Budget | - | Total | Justification: |
| 007 | 440 | | 1 REGULAR SALARIES | | | 21,704 | (16,000) | 5,704 | Amend labor distribution for Recreation Supervisor |
| | | | | | | | (16,000) | | |
| | | | TOTAL ADJUSTED EXPEND | DITURES | | | 489,758 | | |
| | TOTAL | ADJUSTED PF | ROP A FUND SURPLUS(DEFIC | CIT) | | | 55,592 | | |
| | | | Beginning Fund Balance: | | | | 32,148 | | |
| | | | TOTAL REVENUES | | | | 168,634 | | |
| | | | | REVENUE | | 2019 | Proposed | Proposed | |
| Fund | Acct | Project | | Account Title | | Total Budget | Adjustment | Total | Justification: |
| 017 | | | No Revenue Adjustments | | | - | - | - | |
| | | | | | | | - | | |
| | | | TOTAL ADJUSTED REVEN | UES | | | 168,634 | | |
| | | | TOTAL EXPENDITURES | | | | 158,078 | | |
| | | | | EXPENDITURE | | 2019 | Proposed | Proposed | |
| Fund | Div | Project Acc | | Account Title | | Total Budget | - | Total | Justification: |
| 017 | 420 | • | 0 DEPARTMENT SUPPLIES | | | 1,900 | 17,100 | | Add'l supplies for sewer maintenance. |
| | | | | | | | 17,100 | | |
| | | | TOTAL ADJUSTED EXPEND | DITURES | | | 175,178 | | |
| | TOTAL | ADJUSTED RE | CREATION FUND SURPLUS | DEFICIT) | | | 25,604 | | |
| | | | | | | | | | |

FISCAL YEAR 2018-2019 MID-YEAR BUDGET ADJUSTMENTS

EQUIPMENT MAINTENANCE FUND

| | | | Beginning Fund Balance: | | 442,099 | | |
|------|---------|-----------|--|----------------|------------|----------|--|
| | | | TOTAL REVENUES | | 837,758 | | |
| | | | REVENUE | 2019 | Proposed | Proposed | |
| Fund | Acct | Project | Account Title | Total Budget | | Total | Justification: |
| 041 | 3950 | 0000 | PROPERTY DAMAGE REIMBURSEMENT | - | 22,000 | 22,000 | Record insurance recovery for damaged patrol vehicle |
| | | | | | 22,000 | | |
| | | | | | | | |
| | | | TOTAL ADJUSTED REVENUES | | 859,758 | | |
| | | | | | | | |
| | | | TOTAL EXPENDITURES | | 696,865 | | |
| | | | EXPENDITURE | 2019 | Proposed | Proposed | |
| Fund | Div | Project A | | Total Budget | Adjustment | Total | Justification: |
| 041 | 225 | 0000 4 | 500 CAPITAL EXPENSES | 40,000 | 22,000 | 62,000 | Replace damaged patrol vehicle. |
| | | | | | 22,000 | | |
| | | | | | | | |
| | | | TOTAL ADJUSTED EXPENDITURES | | 718,865 | | |
| | | | | | | | |
| 1 | TOTAL . | ADJUSTED | EQUIPMENT REPLACEMENT FUND SURPLUS(DEFICIT | ·) | 582,992 | | |
| | | | Beginning Fund Balance: TOTAL REVENUES | | <u>-</u> | | |
| | | | REVENUE | 2019 | Droposod | Proposed | |
| Fund | Acct | Project | Account Title | Total Budget | Proposed | Total | Justification: |
| 055 | 3719 | | AIMS MAINTENANCE SURCHARGE | Total Budget | 25,000 | 25,000 | |
| 033 | 3713 | 0151 | , mind it in mere deficient mee | | 25,000 | 23,000 | |
| | | | | | 23,000 | | |
| | | | TOTAL ADJUSTED REVENUES | | 25,000 | | |
| | | | | | | | |
| | | | TOTAL EXPENDITURES | | - | | |
| | | | EXPENDITURE | 2019 | Proposed | Proposed | |
| Fund | | Project A | | Total Budget | | Total | Justification: |
| 055 | 150 | 0000 4 | 260 CONTRACT SERVICES | | 25,000 | 25,000 | Establish new fund to separately track surcharge. |
| | | | | | 25,000 | | |
| | | | TOTAL ADJUSTED EXPENDITURES | | 25,000 | | |
| | | | TO THE ADJUSTED EAF ENDITORES | | 23,000 | | |
| | | | COMMUNITY DEVELOPMENT SURCHARE FUND SUR | DILIC/DESIGIT) | | | |

OTHER FUNDS

FISCAL YEAR 2018-2019 MID-YEAR BUDGET ADJUSTMENTS

WATER FUND

| | | | Beginning Fund Balanc | e: | | | 2,842,738 | | |
|------|---------|---------|-----------------------------|---------------|----------|------|------------|----------|--|
| | | | TOTAL REVENUES | | | | 4,297,000 | | |
| | _ | | | REVENUE | 2019 | | Proposed | Proposed | |
| | Acct | Project | | Account Title | Total Bu | dget | Adjustment | Total | Justification: |
| 070 | | | NO PROPOSED ADJUST | MENTS | | - | - | - | |
| | | | | | | | - | | |
| | | | TOTAL ADJUSTED REVI | ENUES | | | 4,297,000 | | |
| | | | TOTAL EXPENDITURES | | | | 5,492,857 | | |
| | | | | EXPENDITURE | 2019 |) | Proposed | Proposed | |
| Fund | Div | Project | Acct | Account Title | Total Bu | dget | Adjustment | Total | Justification: |
| 070 | 381 | | 4405 INTEREST EXPENSE | | | ,000 | 56,300 | | Repay sewer fund per adopted debt service schedule. |
| | | | | | | | 56,300 | | |
| | | | TOTAL ADJUSTED EXPE | NDITURES | | | 5,549,157 | | |
| | TOTAL A | ADJUSTE | D SEWER FUND SURPLUS(DE | FICIT) | | | 1,590,581 | | |
| | | | 1 | HOUSING FUND | | | | | |
| | | | Beginning Fund Balanc | e: | | | 367,412 | | |
| | | | TOTAL REVENUES | <u></u> | | | - | | |
| | | | | REVENUE | 2019 |) | Proposed | Proposed | |
| Fund | Acct | Project | | Account Title | Total Bu | dget | Adjustment | Total | Justification: |
| 094 | 3110 | 0000 | TAX INCREMENT | | | - | 150,675 | 150,675 | Appropriate SERAF repayment from Successor Agency |
| | | | | | | | 150,675 | | |
| | | | TOTAL ADJUSTED REVI | ENUES | | | 150,675 | | |
| | | | TOTAL EXPENDITURES | | | | _ | | |
| | | | TO THE EXI ENDITORES | EXPENDITURE | 2019 |) | Proposed | Proposed | |
| Fund | Div | Project | Acct | Account Title | Total Bu | | • | Total | Justification: |
| 094 | 155 | | 4101 SALARIES-PERMANENT | | Total Bu | - | 2,500 | 2,500 | Justinication. |
| JJ4 | 133 | 5500 | . 101 SAL MALS I LIMPANEIVI | 201223 | | | 2,300 | 2,300 | Appropriate funds for Comm Dev support of Housing Fund |
| 094 | 155 | 0000 | 4270 PROFESSIONAL SERVICE | ES | | _ | 5,000 | 5,000 | the state of the s |
| | | | | | | | -,0 | -,0 | Appropriate funds for housing related professional services |
| 094 | 190 | 0000 | 4450 OTHER EXPENSE | | | - | 250,000 | 250,000 | Appropriate approved housing loan |
| | | | | | | | 257,500 | | |
| | | | TOTAL ADJUSTED EXPE | NDITURES | | | 257,500 | | |
| | | | | | | | . , , | | |



ATTACHMENT "B"

BUDGET CALENDAR

| Time Frame | Task | Department(s) |
|----------------------|---|-------------------------|
| | Review and calculate revenue projections for General | |
| January – April 2019 | Fund, Special Revenue Funds, Enterprise Funds and | Finance |
| | Capital Projects Funds. | |
| January 22, 2019 | Agenda item to discuss citywide strategic goals and City | Administration, |
| January 22, 2013 | Council priorities for Fiscal Year 2019-2020. | Finance |
| February 2019 | Review/Update salary projections. | Personnel, Finance |
| | City Council update and presentation: | |
| March 4, 2019 | FY 2017-2018 Audited Financial Statements | Administration, |
| | FY 2018-2019 Mid-year Budget | Finance |
| | FY 2019-2010 Budget Kickoff | |
| March 2019 | Prepare/update budget instructions and forms for departments to complete during budget development. | Finance |
| | City Manager meets with Department Heads to discuss | |
| March 11, 2019 | the budget schedule and provide direction regarding | All Departments |
| | budget guidelines (e.g. Maintenance of effort, only funded | An Departments |
| | enhancement requests, etc.). Budget forms distributed. | |
| March 11 - 29, 2019 | Departments review and complete budget forms. | All Departments |
| April 1 - 5, 2019 | Preliminary review of department budget forms, including | Administration, |
| 7.p. 1 3, 2023 | review of enhancement and Capital requests. | Finance |
| April 8 - 11, 2019 | City Manager/Finance Director meetings with Department | All Departments |
| | Heads to discuss budget requests. | • |
| April 19, 2019 | Finalize City Manager's recommendations. | Administration, Finance |
| | | Administration, |
| April/May 2019 | Prepare Proposed Budget document. | Finance |
| | Provide Proposed Budget to City Council and post to the | Administration, |
| May 9, 2019 | City's website. | Finance |
| May 13, 2019 | | |
| May 20, 2019 | Budget Study Sessions. | All Departments |
| May/June 2019 | Update Proposed Budget based on direction provided at | Administration, |
| ,, | Budget Study Sessions. | Finance |
| May 30, 2019 | Publish Notice of Public Hearing for budget adoptions. | City Clerk |
| Juno 17, 2010 | Budget hearing and adoption, including adopting of Gann | Administration, |
| June 17, 2019 | Limit. | Finance |
| July 1, 2019 | Post adopted budget to the City's Finance system. | Finance |
| July/August 2019 | Produce Adopted Budget book, distribute to City Council, | Finance |
| 34.9// 14B431 2013 | post to the City's website, and submit for GFOA Award. | THUTTEE |



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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Nick Kimball, City Manager

Date: March 4, 2019

Subject: Consideration to Award a Professional Service Agreement to Urban Futures, Inc.

to Develop Cost Projections and Recommendations to Address the City's Pension

and Other Post Employment Benefit Liabilities

RECOMMENDATION:

It is recommended that the City Council:

- a. Pursuant to the Ad Hoc Committee's recommendation, award a professional services contract to Urban Futures, Inc. (Attachment "A" Contract No. 1907) to develop cost projections and recommendations to address the City's Pension and Other Post Employment Benefit (OPEB) liabilities;
- b. Dissolve the Ad Hoc Committee; and
- c. Authorize the City Manager to make non-substantive changes and execute the Agreement.

BACKGROUND:

- On August 20, 2018, staff provided the City Council with an analysis and projection of the City's long-term pension and OPEB costs, as well as various funding strategies to address those liabilities.
- 2. Subsequent to receiving the presentation and discussing the report, the City Council directed staff to prepare a Request for Proposals (RFP) for financial advisory services to project long-term pension and OPEB obligations and propose various strategies to fund those obligations.
- On October 1, 2018, the City Council reviewed the draft RFP, authorized the City Manager
 to release the RFP, and appointed an Ad Hoc Committee (Mayor Fajardo, Councilmember
 Gonzales) to review proposals, interview firms, and recommend selection of a firm to the
 full City Council.

FINANCE DEPARTMENT

Consideration to Award a Professional Service Agreement to Urban Futures, Inc. to Develop Cost Projections and Recommendations to Address the City's Pension and Other Post Employment Benefit Liabilities

Page 2 of 3

- 4. On November 8, 2018, the City Clerk's Office received five proposals prior to the submittal deadline.
- 5. On January 29, 2019, the Ad Hoc Committee met to receive the proposals and begin the review process.
- 6. On February 21, 2019, the Ad Hoc Committee telephonically interviewed the top three candidates via conference call.

ANALYSIS:

The City received responses from the following five firms prior to the submittal deadline:

- 1. Bartel Associates;
- 2. Hilltop Securities;
- 3. Nyhart;
- 4. PFM Group Consulting LLC; and
- 5. Urban Futures, Inc.

Subsequent to the meeting on January 29, 2019, the proposals were independently reviewed by each Ad Hoc Committee member and feedback was provided to City staff. Based on the quality of the written responses, the Ad Hoc Committee agreed on three firms to move to the interview stage. The three finalists, in alphabetical order, were: 1) Bartel Associates, 2) Hilltop Securities, and 3) Urban Futures, Inc.

Each of the finalists was provided with approximately 30 minutes to discuss their proposal with the Ad Hoc Committee and respond to questions posed by the Committee. Based on review of the proposals and interviews with the top three firms, the Ad Hoc Committee recommends the City Council award a contract to Urban Futures, Inc.

<u>Urban Futures, Inc.</u>

Urban Futures, Inc. (UFI) has provided municipal advisory services to cities, counties, special districts, schools, community colleges, and non-profits in the State of California since 1972. UFI has extensive experience working with California cities to model long-term pension and OPEB liabilities and assist the City with formulating practical solutions to reduce those liabilities. UFI has experience working with other cities that have a local property tax override to pay pension costs and is very familiar with the related legal constraints.

UFI is a full-service financial advisory firm that provides solutions for all aspects of finance-related issues facing their clients – including strategic planning, analysis and evaluation of alternatives, transaction (financing) execution, post-issuance compliance, fiscal restructuring,

Consideration to Award a Professional Service Agreement to Urban Futures, Inc. to Develop Cost Projections and Recommendations to Address the City's Pension and Other Post Employment Benefit Liabilities

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and contemporary financial issues such as meeting the increasing cost of municipal pension and retiree health costs.

In addition to the services requested through this RFP, UFA also provides clients with:

- Public Financial Advisory Services
- Management Consulting
- Successor Agency Consulting
- Project Negotiations
- Continuing Disclosure Reporting
- Strategic Planning

- Fiscal Consultant Report Preparation
- Special Studies
- Capital Improvement Program Development
- Pricing Agent Services
- Arbitrage Rebate Reports

Through their proposal and interview, UFI demonstrated a deep understanding of San Fernando's pension and OPEB issues as well as direct experience working with similar cities to develop practical solutions to reduce long-term liabilities.

BUDGET IMPACT:

UFI has proposed providing the requested services on an hourly basis with hourly rates ranging from \$175 per hour for an Analyst to \$325 per hour for the President/CEO (See Attachment "A," Exhibit "1" — Proposed Fees for complete rate schedule). The total cost for the services requested in this RFP are estimated not-to-exceed \$35,000. Additional fees will apply if the City decides to engage UFI's services to move forward with implementing recommendations that result from the initial analysis.

This item arose after the Fiscal Year 2018-2019 Budget was adopted, therefore, no funding was included in the Adopted Budget for this service. However, there are sufficient funds available in the Appropriated Reserve account to cover the cost of the proposed contract. The purpose of the Appropriated Reserve account is to fund important items that may arise during the fiscal year. Consequently, no budget amendment is necessary at this time.

CONCLUSION:

It is recommended that City Council award a Professional Services Agreement to Urban Futures, Inc. to provide pension and OPEB related fiscal advisory services.

ATTACHMENT:

A. Contract No. 1907 with Exhibit "1" – UFI Proposal

Urban Futures, Inc.

Fiscal Advisor Services related to Pension and OPEB Liabilities

| THIS PR | OFESSIC | NAL SERVICES AGR | EEMENT ("Agreement") is made and entered into this | | | | | |
|------------|---|------------------------|--|--|--|--|--|--|
| | day of | | 2019 (hereinafter, the "Effective Date"), by and between | | | | | |
| the CITY | the CITY OF SAN FERNANDO, a municipal corporation ("CITY") and Urban Futures, a Corporation | | | | | | | |
| (hereina | (hereinafter, "CONSULTANT"). For the purposes of this Agreement CITY and CONSULTANT may | | | | | | | |
| be referr | red to c | ollectively by the cap | pitalized term "Parties." The capitalized term "Party" may | | | | | |
| refer to 0 | CITY or (| CONSULTANT interch | angeably. | | | | | |

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, CITY and CONSULTANT agree as follows:

ENGAGEMENT TERMS

- 1.1 SCOPE OF WORK: Subject to the terms and conditions set forth in this Agreement and all exhibits attached and incorporated hereto, CONSULTANT agrees to perform the services and tasks set forth in Exhibit "A" (hereinafter referred to as the "Scope of Work"). CONSULTANT further agrees to furnish to CITY all labor, materials, tools, supplies, equipment, services, tasks and incidental and customary work necessary to competently perform and timely complete the services and tasks set forth in the Scope of Work. For the purposes of this Agreement the aforementioned services and tasks set forth in the Scope of Work shall hereinafter be referred to generally by the capitalized term "Work." CONSULTANT shall not commence with the performance of the Work until such time as CITY issues a written Notice to Proceed.
- 1.2 PROSECUTION OF WORK: The Parties agrees as follows:
 - A. Time is of the essence of this Agreement and each and every provision contained herein. The Work shall be commenced within thirty (30) calendar days of CITY's issuance of a Notice to Proceed, and shall be completed on a date not more than three hundred sixty-five (365) calendar days from the issuance of the Notice to Proceed (the "Completion Date");
 - CONSULTANT shall perform the Work continuously and with due diligence so as B. to complete the Work by the Completion Date. CONSULTANT shall cooperate with CITY and in no manner interfere with the work of CITY, its employees or other consultants, contractors or agents;

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 2 of 17

- CONSULTANT shall not claim or be entitled to receive any compensation or damage because of the failure of CONSULTANT, or its subconsultants, to have related services or tasks completed in a timely manner;
- D. CONSULTANT shall at all times enforce strict discipline and good order among CONSULTANT's employees; AND
- E. CONSULTANT, at its sole expense, shall pay all sales, consumer, use or other similar taxes required by law.

1.3 COMPENSATION:

- A. CONSULTANT shall perform the various services and tasks set forth in the Scope of Work in accordance with the compensation schedule which is included as Exhibit "1" (hereinafter, the "Approved Rate Schedule").
- B. Section 1.3(A) notwithstanding, CONSULTANT's total compensation for the performance and completion of the Work shall not exceed the sum of THIRTY-FIVE THOUSAND DOLLARS (\$35,000.00) (hereinafter, the "Not-to-Exceed Sum"). CONSULTANT further agrees that the Not-to-Exceed Sum is inclusive of compensation for all labor, materials, tools, supplies, equipment, services, tasks and incidental and customary work necessary to competently perform and timely complete the Work.
- 1.4 PAYMENT OF COMPENSATION: The Not-to-Exceed Sum shall be paid to CONSULTANT in monthly increments as the Work is completed. Following the conclusion of each calendar month, CONSULTANT shall submit to CITY an itemized invoice indicating the services performed and tasks completed during the recently concluded calendar month, including services and tasks performed and the reimbursable out-of-pocket expenses incurred. If the amount of CONSULTANT's monthly compensation is a function of hours worked by CONSULTANT's personnel, the invoice shall indicate the number of hours worked in the recently concluded calendar month, the persons responsible for performing the Work, the rate of compensation at which such services and tasks were performed, the subtotal for each task and service performed and a grand total for all services performed. Within thirty (30) calendar days of receipt of each invoice, CITY shall notify CONSULTANT in writing of any disputed amounts included in the invoice. Within forty-five (45) calendar days of receipt of each invoice, CITY shall pay all undisputed amounts included on the invoice. CITY shall not withhold applicable taxes or other authorized deductions from payments made to CONSULTANT.
- 1.5 <u>ACCOUNTING RECORDS</u>: CONSULTANT shall maintain complete and accurate records with respect to all matters covered under this Agreement for a period of three (3) years after the expiration or termination of this Agreement. CITY shall have the right to access

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 3 of 17

and examine such records, without charge, during normal business hours. CITY shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

ABANDONMENT BY CONSULTANT: In the event CONSULTANT ceases to perform the Work agreed to under this Agreement or otherwise abandons the undertaking contemplated herein prior to the expiration of this Agreement or prior to completion of any or all tasks set forth in the Scope of Work, CONSULTANT shall deliver to CITY immediately and without delay, all materials, records and other work product prepared or obtained by CONSULTANT in the performance of this Agreement. Furthermore, CONSULTANT shall only be compensated for the reasonable value of the services, tasks and other Work performed up to the time of cessation or abandonment, less a deduction for any damages, costs or additional expenses which CITY may incur as a result of CONSULTANT's cessation or abandonment.

II. PERFORMANCE OF AGREEMENT

- 2.1 <u>CITY'S REPRESENTATIVES</u>: The CITY hereby designates the City Manager and Deputy City Manager/Director of Finance (hereinafter, the "CITY Representatives") to act as its representatives for the performance of this Agreement. The CITY Manager shall be the chief CITY Representative. The CITY Representatives or their designee shall act on behalf of the CITY for all purposes under this Agreement. CONSULTANT shall not accept directions or orders from any person other than the CITY Representatives or their designee.
- 2.2 CONSULTANT REPRESENTATIVE: CONSULTANT hereby designates [INSERT NAME AND TITLE OF PERSON WHO IS CONSULTANT REPRESENTATIVE FOR PURPOSES OF CONTRACT ADMINISTRATION] to act as its representative for the performance of this Agreement (hereinafter, "CONSULTANT Representative"). CONSULTANT Representative shall have full authority to represent and act on behalf of the CONSULTANT for all purposes under this Agreement. CONSULTANT Representative or his designee shall supervise and direct the performance of the Work, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Work under this Agreement. Notice to the CONSULTANT Representative shall constitute notice to CONSULTANT.
- 2.3 <u>COORDINATION OF SERVICE; CONFORMANCE WITH REQUIREMENTS</u>: CONSULTANT agrees to work closely with CITY staff in the performance of the Work and this Agreement and shall be available to CITY staff and the CITY Representatives at all reasonable times. All work prepared by CONSULTANT shall be subject to inspection and approval by CITY Representatives or their designees.

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 4 of 17

- 2.4 <u>STANDARD OF CARE; PERFORMANCE OF EMPLOYEES</u>: CONSULTANT represents, acknowledges and agrees to the following:
 - A. CONSULTANT shall perform all Work skillfully, competently and to the highest standards of CONSULTANT's profession;
 - B. CONSULTANT shall perform all Work in a manner reasonably satisfactory to the CITY;
 - CONSULTANT shall comply with all applicable federal, state and local laws and regulations, including the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 et seq.);
 - D. CONSULTANT understands the nature and scope of the Work to be performed under this Agreement as well as any and all schedules of performance;
 - E. All of CONSULTANT's employees and agents possess sufficient skill, knowledge, training and experience to perform those services and tasks assigned to them by CONSULTANT; and
 - F. All of CONSULTANT's employees and agents (including but not limited subcontractors and subconsultants) possess all licenses, permits, certificates, qualifications and approvals of whatever nature that are legally required to perform the tasks and services contemplated under this Agreement and all such licenses, permits, certificates, qualifications and approvals shall be maintained throughout the term of this Agreement and made available to CITY for copying and inspection.

The Parties acknowledge and agree that CONSULTANT shall perform, at CONSULTANT's own cost and expense and without any reimbursement from CITY, any services necessary to correct any errors or omissions caused by CONSULTANT's failure to comply with the standard of care set forth under this Section or by any like failure on the part of CONSULTANT's employees, agents, contractors, subcontractors and subconsultants. Such effort by CONSULTANT to correct any errors or omissions shall be commenced immediately upon their discovery by either Party and shall be completed within seven (7) calendars days from the date of discovery or such other extended period of time authorized by the CITY Representatives in writing and in their sole and absolute discretion. The Parties acknowledge and agree that CITY's acceptance of any work performed by CONSULTANT or on CONSULTANT's behalf shall not constitute a release of any deficiency or delay in performance. The Parties further acknowledge, understand and agree that CITY has relied upon the foregoing representations of CONSULTANT, including but not limited to the representation that CONSULTANT possesses the skills,

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 5 of 17

training, knowledge and experience necessary to perform the Work skillfully, competently and to the highest standards of CONSULTANT's profession.

- 2.5 <u>ASSIGNMENT</u>: The skills, training, knowledge and experience of CONSULTANT are material to CITY's willingness to enter into this Agreement. Accordingly, CITY has an interest in the qualifications and capabilities of the person(s) who will perform the services and tasks to be undertaken by CONSULTANT or on behalf of CONSULTANT in the performance of this Agreement. In recognition of this interest, CONSULTANT agrees that it shall not assign or transfer, either directly or indirectly or by operation of law, this Agreement or the performance of any of CONSULTANT's duties or obligations under this Agreement without the prior written consent of the CITY. In the absence of CITY's prior written consent, any attempted assignment or transfer shall be ineffective, null and void and shall constitute a material breach of this Agreement.
- 2.6 CONTROL AND PAYMENT OF SUBORDINATES; INDEPENDENT CONTRACTOR: The Work shall be performed by CONSULTANT or under CONSULTANT's strict supervision. CONSULTANT will determine the means, methods and details of performing the Work subject to the requirements of this Agreement. CITY retains CONSULTANT on an independent contractor basis and not as an employee. CONSULTANT reserves the right to perform similar or different services for other principals during the term of this Agreement, provided such work does not unduly interfere with CONSULTANT's competent and timely performance of the Work contemplated under this Agreement and provided the performance of such services does not result in the unauthorized disclosure of CITY's confidential or proprietary information. Any additional personnel performing the Work under this Agreement on behalf of CONSULTANT are not employees of CITY and shall at all times be under CONSULTANT's exclusive direction and control. CONSULTANT shall pay all wages, salaries and other amounts due such personnel and shall assume responsibility for all benefits, payroll taxes, Social Security and Medicare payments and the like. CONSULTANT shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: Social Security taxes, income tax withholding, unemployment insurance, disability insurance, workers' compensation insurance and the like.
- 2.7 <u>REMOVAL OF EMPLOYEES OR AGENTS</u>: If any of CONSULTANT's officers, employees, agents, contractors, subcontractors or subconsultants is determined by the CITY Representatives to be uncooperative, incompetent, a threat to the adequate or timely performance of the tasks assigned to CONSULTANT, a threat to persons or property, or if any of CONSULTANT's officers, employees, agents, contractors, subcontractors or subconsultants fail or refuse to perform the Work in a manner acceptable to the CITY, such officer, employee, agent, contractor, subcontractor or subconsultant shall be promptly removed by CONSULTANT and shall not be reassigned to perform any of the Work.

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 6 of 17

- 2.8 <u>COMPLIANCE WITH LAWS</u>: CONSULTANT shall keep itself informed of and in compliance with all applicable federal, state or local laws to the extent such laws control or otherwise govern the performance of the Work. CONSULTANT's compliance with applicable laws shall include, without limitation, compliance with all applicable Cal/OSHA requirements.
- 2.9 <u>NON-DISCRIMINATION</u>: In the performance of this Agreement, CONSULTANT shall not discriminate against any employee, subcontractor, subconsultant, or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental disability or medical condition.
- 2.10. <u>INDEPENDENT CONTRACTOR STATUS</u>: The Parties acknowledge, understand and agree that CONSULTANT and all persons retained or employed by CONSULTANT are, and shall at all times remain, wholly independent contractors and are not officials, officers, employees, departments or subdivisions of CITY. CONSULTANT shall be solely responsible for the negligent acts and/or omissions of its employees, agents, contractors, subcontractors and subconsultants. CONSULTANT and all persons retained or employed by CONSULTANT shall have no authority, express or implied, to bind CITY in any manner, nor to incur any obligation, debt or liability of any kind on behalf of, or against, CITY, whether by contract or otherwise, unless such authority is expressly conferred to CONSULTANT under this Agreement or is otherwise expressly conferred by CITY in writing.

III. INSURANCE

- 3.1 <u>DUTY TO PROCURE AND MAINTAIN INSURANCE</u>: Prior to the beginning of and throughout the duration of the Work, CONSULTANT will procure and maintain policies of insurance that meet the requirements and specifications set forth under this Article. CONSULTANT shall procure and maintain the following insurance coverage, at its own expense:
 - A. <u>Commercial General Liability Insurance</u>: CONSULTANT shall procure and maintain Commercial General Liability Insurance ("CGL Coverage") as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001) or its equivalent. Such CGL Coverage shall have minimum limits of no less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the general aggregate for bodily injury, personal injury, property damage, operations, products and completed operations, and contractual liability.

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 7 of 17

- B. <u>Automobile Liability Insurance</u>: CONSULTANT shall procure and maintain Automobile Liability Insurance as broad as Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto). Such Automobile Liability Insurance shall have minimum limits of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury and property damage.
- C. Workers' Compensation Insurance/ Employer's Liability Insurance: A policy of workers' compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both CONSULTANT and CITY against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by CONSULTANT in the course of carrying out the Work contemplated in this Agreement.
- D. <u>Errors & Omissions Insurance</u>: For the full term of this Agreement and for a period of three (3) years thereafter, CONSULTANT shall procure and maintain Errors and Omissions Liability Insurance appropriate to CONSULTANT's profession. Such coverage shall have minimum limits of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall be endorsed to include contractual liability.
- 3.2 <u>ADDITIONAL INSURED REQUIREMENTS</u>: The CGL Coverage and the Automobile Liability Insurance shall contain an endorsement naming the CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers as additional insureds.
- 3.3 <u>REQUIRED CARRIER RATING</u>: All varieties of insurance required under this Agreement shall be procured from insurers admitted in the State of California and authorized to issue policies directly to California insureds. Except as otherwise provided elsewhere under this Article, all required insurance shall be procured from insurers who, according to the latest edition of the Best's Insurance Guide, have an A.M. Best's rating of no less than A:VII. CITY may also accept policies procured by insurance carriers with a Standard & Poor's rating of no less than BBB according to the latest published edition the Standard & Poor's rating guide. As to Workers' Compensation Insurance/ Employer's Liability Insurance, the CITY Representatives are authorized to authorize lower ratings than those set forth in this Section.
- 3.4 <u>PRIMACY OF CONSULTANT'S INSURANCE</u>: All policies of insurance provided by CONSULTANT shall be primary to any coverage available to CITY or CITY's elected or appointed officials, officers, employees, agents or volunteers. Any insurance or self-insurance maintained by CITY or CITY's elected or appointed officials, officers, employees, agents or volunteers shall be in excess of CONSULTANT's insurance and shall not contribute with it.

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 8 of 17

- 3.5 <u>WAIVER OF SUBROGATION</u>: All insurance coverage provided pursuant to this Agreement shall not prohibit CONSULTANT or CONSULTANT's officers, employees, agents, subcontractors or subconsultants from waiving the right of subrogation prior to a loss. CONSULTANT hereby waives all rights of subrogation against CITY.
- NERIFICATION OF COVERAGE: CONSULTANT acknowledges, understands and agrees, that CITY's ability to verify the procurement and maintenance of the insurance required under this Article is critical to safeguarding CITY's financial well-being and, indirectly, the collective well-being of the residents of the CITY. Accordingly, CONSULTANT warrants, represents and agrees that its shall furnish CITY with original certificates of insurance and endorsements evidencing the coverage required under this Article on forms satisfactory to CITY in its sole and absolute discretion. The certificates of insurance and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the CITY if requested. All certificates of insurance and endorsements shall be received and approved by CITY as a condition precedent to CONSULTANT's commencement of any Work or any of the Work. Upon CITY's written request, CONSULTANT shall also provide CITY with certified copies of all required insurance policies and endorsements.

IV. INDEMNIFICATION

- 4.1 The Parties agree that CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers (hereinafter, the "CITY Indemnitees") should, to the fullest extent permitted by law, be protected from any and all loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the Parties to be interpreted and construed to provide the CITY Indemnitees with the fullest protection possible under the law. CONSULTANT acknowledges that CITY would not enter into this Agreement in the absence of CONSULTANT's commitment to indemnify, defend and protect CITY as set forth herein.
- 4.2 To the fullest extent permitted by law, CONSULTANT shall indemnify, hold harmless and defend the CITY Indemnitees from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorneys' fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with CONSULTANT's performance of Work hereunder or its failure to comply with any of its obligations contained in this Agreement, except such loss or damage which is caused by the sole negligence or willful misconduct of the CITY.
- 4.3 CITY shall have the right to offset against the amount of any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 9 of 17

of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Article and related to CONSULTANT's failure to either (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

- 4.4 The obligations of CONSULTANT under this Article will not be limited by the provisions of any workers' compensation act or similar act. CONSULTANT expressly waives its statutory immunity under such statutes or laws as to CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers.
- 4.5 CONSULTANT agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Article from each and every subcontractor or any other person or entity involved by, for, with or on behalf of CONSULTANT in the performance of this Agreement. In the event CONSULTANT fails to obtain such indemnity obligations from others as required herein, CONSULTANT agrees to be fully responsible and indemnify, hold harmless and defend CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of CONSULTANT's subcontractors or any other person or entity involved by, for, with or on behalf of CONSULTANT in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of CITY's choice.
- 4.6 CITY does not, and shall not, waive any rights that it may possess against CONSULTANT because of the acceptance by CITY, or the deposit with CITY, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.
- 4.7 This Article and all provisions contained herein (including but not limited to the duty to indemnify, defend and hold free and harmless) shall survive the termination or normal expiration of this Agreement and is in addition to any other rights or remedies which the CITY may have at law or in equity.

V. TERMINATION

5.1 <u>TERMINATION WITHOUT CAUSE</u>: CITY may terminate this Agreement at any time for convenience and without cause by giving CONSULTANT a minimum of five (5) calendar days' prior written notice of CITY's intent to terminate this Agreement. Upon such termination for convenience, CONSULTANT shall be compensated only for those services and tasks which have been performed by CONSULTANT up to the effective date of the termination. CONSULTANT may not terminate this Agreement except for cause

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 10 of 17 $\,$

as provided under Section 5.2, below. If this Agreement is terminated as provided herein, CITY may require CONSULTANT to provide all finished or unfinished Documents and Data, as defined in section 6.1 below, and other information of any kind prepared by CONSULTANT in connection with the performance of the Work. CONSULTANT shall be required to provide such Documents and Data within fifteen (15) calendar days of CITY's written request. No actual or asserted breach of this Agreement on the part of CITY pursuant to Section 5.2, below, shall operate to prohibit or otherwise restrict CITY's ability to terminate this Agreement for convenience as provided under this Section.

5.2 EVENTS OF DEFAULT; BREACH OF AGREEMENT:

- A. In the event either Party fails to perform any duty, obligation, service or task set forth under this Agreement (or fails to timely perform or properly perform any such duty, obligation, service or task set forth under this Agreement), an event of default (hereinafter, "Event of Default") shall occur. For all Events of Default, the Party alleging an Event of Default shall give written notice to the defaulting Party (hereinafter referred to as a "Default Notice") which shall specify: (i) the nature of the Event of Default; (ii) the action required to cure the Event of Default; (iii) a date by which the Event of Default shall be cured, which shall not be less than the applicable cure period set forth under Sections 5.2B and 5.2C below or if a cure is not reasonably possible within the applicable cure period, to begin such cure and diligently prosecute such cure to completion. The Event of Default shall constitute a breach of this Agreement if the defaulting Party fails to cure the Event of Default within the applicable cure period or any extended cure period allowed under this Agreement.
- B. CONSULTANT shall cure the following Events of Defaults within the following time periods:
 - i. Within three (3) business days of CITY's issuance of a Default Notice for any failure of CONSULTANT to timely provide CITY or CITY's employees or agents with any information and/or written reports, documentation or work product which CONSULTANT is obligated to provide to CITY or CITY's employees or agents under this Agreement. Prior to the expiration of the 3-day cure period, CONSULTANT may submit a written request for additional time to cure the Event of Default upon a showing that CONSULTANT has commenced efforts to cure the Event of Default and that the Event of Default cannot be reasonably cured within the 3-day cure period. The foregoing notwithstanding, CITY shall be under no obligation to grant additional time for the cure of an Event of Default under this Section 5.2B.i. that exceeds seven (7) calendar days from the end of the initial 3-day cure period; or

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ii. Within fourteen (14) calendar days of CITY's issuance of a Default Notice for any other Event of Default under this Agreement. Prior to the expiration of the 14-day cure period, CONSULTANT may submit a written request for additional time to cure the Event of Default upon a showing that CONSULTANT has commenced efforts to cure the Event of Default and that the Event of Default cannot be reasonably cured within the 14-day cure period. The foregoing notwithstanding, CITY shall be under no obligation to grant additional time for the cure of an Event of Default under this Section 5.2B.ii that exceeds thirty (30) calendar days from the end of the initial 14-day cure period.

In addition to any other failure on the part of CONSULTANT to perform any duty, obligation, service or task set forth under this Agreement (or the failure to timely perform or properly perform any such duty, obligation, service or task), an Event of Default on the part of CONSULTANT shall include, but shall not be limited to the following: (i) CONSULTANT's refusal or failure to perform any of the services or tasks called for under the Scope of Work; (ii) CONSULTANT's failure to fulfill or perform its obligations under this Agreement within the specified time or if no time is specified, within a reasonable time; (iii) CONSULTANT's and/or its employees' disregard or violation of any federal, state, local law, rule, procedure or regulation; (iv) the initiation of proceedings under any bankruptcy, insolvency, receivership, reorganization, or similar legislation as relates to CONSULTANT, whether voluntary of involuntary; (v) CONSULTANT's refusal or failure to perform or observe any covenant, condition, obligation or provision of this Agreement; and/or (vii) CITY's discovery that a statement representation or warranty by CONSULTANT relating to this Agreement is false, misleading or erroneous in any material respect.

- C. CITY shall cure any Event of Default asserted by CONSULTANT within forty-five (45) calendar days of CONSULTANT's issuance of a Default Notice, unless the Event of Default cannot reasonably be cured within the 45-day cure period. Prior to the expiration of the 45-day cure period, CITY may submit a written request for additional time to cure the Event of Default upon a showing that CITY has commenced its efforts to cure the Event of Default and that the Event of Default cannot be reasonably cured within the 45-day cure period. The foregoing notwithstanding, an Event of Default dealing with CITY's failure to timely pay any undisputed sums to CONSULTANT as provided under Section 1.4, above, shall be cured by CITY within five (5) calendar days from the date of CONSULTANT's Default Notice to CITY.
- D. CITY, in its sole and absolute discretion, may also immediately suspend CONSULTANT's performance under this Agreement pending CONSULTANT's cure of any Event of Default by giving CONSULTANT written notice of CITY's intent to

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 12 of 17

suspend CONSULTANT's performance (hereinafter, a "Suspension Notice"). CITY may issue the Suspension Notice at any time upon the occurrence of an Event of Default. Upon such suspension, CONSULTANT shall be compensated only for those services and tasks which have been rendered by CONSULTANT to the reasonable satisfaction of CITY up to the effective date of the suspension. No actual or asserted breach of this Agreement on the part of CITY shall operate to prohibit or otherwise restrict CITY's ability to suspend this Agreement as provided herein.

- E. No waiver of any Event of Default or breach under this Agreement shall constitute a waiver of any other or subsequent Event of Default or breach. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.
- F. The duties and obligations imposed under this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law. In addition to any other remedies available to CITY at law or under this Agreement in the event of any breach of this Agreement, CITY, in its sole and absolute discretion, may also pursue any one or more of the following remedies:
 - i. Upon written notice to CONSULTANT, the CITY may immediately terminate this Agreement in whole or in part;
 - ii. Upon written notice to CONSULTANT, the CITY may extend the time of performance;
 - iii. The CITY may proceed by appropriate court action to enforce the terms of the Agreement to recover damages for CONSULTANT's breach of the Agreement or to terminate the Agreement; or
 - iv. The CITY may exercise any other available and lawful right or remedy.

CONSULTANT shall be liable for all legal fees plus other costs and expenses that CITY incurs upon a breach of this Agreement or in the CITY's exercise of its remedies under this Agreement.

G. In the event CITY is in breach of this Agreement, CONSULTANT's sole remedy shall be the suspension or termination of this Agreement and/or the recovery of any unpaid sums lawfully owed to CONSULTANT under this Agreement for completed services and tasks.

Fiscal Advisor Services related to Pension and OPEB Liabilities Page 13 of 17 $\,$

- 5.3 <u>SCOPE OF WAIVER</u>: No waiver of any default or breach under this Agreement shall constitute a waiver of any other default or breach, whether of the same or other covenant, warranty, agreement, term, condition, duty or requirement contained in this Agreement. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.
- 5.4 <u>SURVIVING ARTICLES, SECTIONS AND PROVISIONS</u>: The termination of this Agreement pursuant to any provision of this Article or by normal expiration of its term or any extension thereto shall not operate to terminate any Article, Section or provision contained herein which provides that it shall survive the termination or normal expiration of this Agreement.

VI. MISCELLANEOUS PROVISIONS

- 6.1 DOCUMENTS & DATA; LICENSING OF INTELLECTUAL PROPERTY: All Documents and Data shall be and remain the property of CITY without restriction or limitation upon their use or dissemination by CITY. For purposes of this Agreement, the term "Documents and Data" means and includes all reports, analyses, correspondence, plans, drawings, designs, renderings, specifications, notes, summaries, strategies, charts, schedules, spreadsheets, calculations, lists, data compilations, documents or other materials developed and/or assembled by or on behalf of CONSULTANT in the performance of this Agreement and fixed in any tangible medium of expression, including but not limited to Documents and Data stored digitally, magnetically and/or electronically. This Agreement creates, at no cost to CITY, a perpetual license for CITY to copy, use, reuse, disseminate and/or retain any and all copyrights, designs, and other intellectual property embodied in all Documents and Data. CONSULTANT shall require all subcontractors and subconsultants working on behalf of CONSULTANT in the performance of this Agreement to agree in writing that CITY shall be granted the same right to copy, use, reuse, disseminate and retain Documents and Data prepared or assembled by any subcontractor or subconsultant as applies to Documents and Data prepared by CONSULTANT in the performance of this Agreement.
- 6.2 <u>CONFIDENTIALITY</u>: All data, documents, discussion, or other information developed or received by CONSULTANT or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONSULTANT without prior written consent by CITY. CITY shall grant such consent of disclosure as legally required. Upon request, all CITY data shall be returned to CITY upon the termination or expiration of this Agreement. CONSULTANT shall not use CITY's name or insignia, photographs, or any publicity pertaining to the Work in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of CITY.

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- 6.3 <u>FALSE CLAIMS ACT</u>: CONSULTANT warrants and represents that neither CONSULTANT nor any person who is an officer of, in a managing position with, or has an ownership interest in CONSULTANT has been determined by a court or tribunal of competent jurisdiction to have violated the False Claims Act, 31 U.S.C., Section 3789 et seq. and the California False Claims Act, Government Code Section 12650 et seq.
- 6.4 <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:

CONSULTANT:

Urban Futures, Inc. 17821 E. 17th Street, Suite 245 Tustin, CA 92780

Attn: Michael P. Busch, CEO Phone: (714) 283-9334 Fax: (714) 283-5465

Email: michaelb@urbanfuturesinc.com

CITY:

City of San Fernando
Finance Department
117 Macneil Street
San Fernando, CA 91340
Attn: Director of Finance
Phone: (818) 898-7307

Fax: (818) 365-8090

Such notices shall be deemed effective when personally delivered <u>or</u> successfully transmitted by facsimile as evidenced by a fax confirmation slip <u>or</u> when mailed, forty-eight (48) hours after deposit with the United States Postal Service, first class postage prepaid and addressed to the Party at its applicable address.

- 6.5 <u>COOPERATION; FURTHER ACTS</u>: The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as are reasonably necessary, appropriate or convenient to achieve the purposes of this Agreement.
- 6.6 <u>SUBCONTRACTING</u>: CONSULTANT shall not subcontract any portion of the Work required by this Agreement, except as expressly stated herein, without the prior written approval of CITY. Subcontracts (including without limitation subcontracts with subconsultants), if any, shall contain a provision making them subject to all provisions stipulated in this Agreement, including provisions relating to insurance requirements and indemnification.
- 6.7 <u>CITY'S RIGHT TO EMPLOY OTHER CONSULTANTS</u>: CITY reserves the right to employ other contractors in connection with the various projects worked upon by CONSULTANT.
- 6.8 <u>PROHIBITED INTERESTS</u>: CONSULTANT warrants, represents and maintains that it has not employed nor retained any company or person, other than a *bona fide* employee working solely for CONSULTANT, to solicit or secure this Agreement. Further, CONSULTANT warrants and represents that it has not paid nor has it agreed to pay any

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company or person, other than a *bona fide* employee working solely for CONSULTANT, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, CITY shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of CITY, during the term of his or her service with CITY, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

- 6.9 <u>TIME IS OF THE ESSENCE</u>: Time is of the essence for each and every provision of this Agreement.
- 6.10 GOVERNING LAW AND VENUE: This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Los Angeles County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Central District of California located in the City of Los Angeles, California.
- 6.11 <u>ATTORNEYS' FEES</u>: If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing Party in such litigation shall be entitled to have and recover from the losing Party reasonable attorneys' fees and all other costs of such action.
- 6.12 <u>SUCCESSORS AND ASSIGNS</u>: This Agreement shall be binding on the successors and assigns of the Parties.
- 6.13 <u>NO THIRD PARTY BENEFIT</u>: There are no intended third party beneficiaries of any right or obligation assumed by the Parties. All rights and benefits under this Agreement inure exclusively to the Parties.
- 6.14 <u>CONSTRUCTION OF AGREEMENT</u>: This Agreement shall not be construed in favor of, or against, either Party but shall be construed as if the Parties prepared this Agreement together through a process of negotiation and with the advice of their respective attorneys.
- 6.15 <u>SEVERABILITY</u>: If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.
- 6.16 <u>AMENDMENT; MODIFICATION</u>: No amendment, modification or supplement of this Agreement shall be valid or binding unless executed in writing and signed by both Parties, subject to CITY approval. The requirement for written amendments,

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modifications or supplements cannot be waived and any attempted waiver shall be void and invalid.

- 6.17 <u>CAPTIONS</u>: The captions of the various articles, sections and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.
- 6.18 <u>INCONSISTENCIES OR CONFLICTS</u>: In the event of any conflict or inconsistency between the provisions of this Agreement and any of the exhibits attached hereto, the provisions of this Agreement shall control.
- 6.19 ENTIRE AGREEMENT: This Agreement including all attached exhibits is the entire, complete, final and exclusive expression of the Parties with respect to the matters addressed herein and supersedes all other agreements or understandings, whether oral or written, or entered into between CITY and CONSULTANT prior to the execution of this Agreement. No statements, representations or other agreements, whether oral or written, made by any Party which are not embodied herein shall be valid or binding. No amendment, modification or supplement to this Agreement shall be valid and binding unless in writing and duly executed by the Parties pursuant to Section 6.16, above.
- 6.20 <u>COUNTERPARTS</u>: This Agreement shall be executed in three (3) original counterparts each of which shall be of equal force and effect. No handwritten or typewritten amendment, modification or supplement to any one counterparts shall be valid or binding unless made to all three counterparts in conformity with Section 6.16, above. One fully executed original counterpart shall be delivered to CONSULTANT and the remaining two original counterparts shall be retained by CITY.

(SIGNATURE PAGE TO FOLLOW)

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

| OF SAN FERNANDO | URBAN FUTURES, INC. | |
|----------------------------|---------------------|--------------------------------------|
| | Ву: | |
| Nick Kimball, City Manager | Name: | |
| | Title: | |
| | | By: Nick Kimball, City Manager Name: |



URBAN FUTURES, INC.
Public Finance Group
Public Management Group

Southern California Office

17821 E. 17th Street, Suite 245 Tustin, CA 92780

Bus: (714) 283-9334 Fax: (714) 283-5465

Northern California Offices

455 Hickey Blvd, Suite 515 Daly City, CA 94015 Bus: (650) 503-1500

1470 Maria Lane, Suite 315 Walnut Creek, CA 94596 Bus: (925) 478-7450 Fax: (925) 478-7697

CITY OF SAN FERNANDO

Request for Proposals for Retirement Benefit Options

October 15, 2018



Nick Kimball Finance Director City of San Fernando 117 MacNeil Street San Fernando, CA 91106

Re: Statement of Qualifications for Financial Advisory Services (Urban Futures, Inc.)

Nick,

Urban Futures, Inc. ("UFI") is pleased to submit this proposal to provide financial advisory services to the City of San Fernando (the "City"), including evaluating the option to issue Pension Obligation Bonds (POBs). UFI is one of the State's leading municipal advisory firms, and our team is highly qualified to provide the City with the highest level of service. The proposed members of our financing team have a wealth of experience in local government, public finance and the study of California Public Employee Retirement System (CalPERS) pension plans.

UFI is registered as an Independent Registered Municipal Advisor (IRMA) with the Municipal Securities Rulemaking Board and the Securities and Exchange Commission. We provide a solution driven approach to financial advisory services, including capital/project financing plans, budget forecast modeling, fiscal restructuring and special studies.

UFI's experience in the areas of public finance, modeling, and issuance of bonds. UFI created the Pension Focus Group in 2017, which now includes over 25 cities, the Group serves as a forum for sharing pension information and conveying to other CalPERS member agencies. We are confident, therefore, that our understanding of CalPERS is unmatched by other Financial Advisory Firms. We have taken the time to recreate the Amortization Schedules for each Amortization Base, which allows us to model various scenarios and solutions with surgical precision. Our goal for this assignment is to assist you in developing and implementation an efficient pension management strategy.

I look forward to the opportunity to discuss our proposal further and to introduce the UFI team. Should you have any questions, or need additional information, please feel free to ask.

Sincerely,

Michael P. Busch Chief Executive Officer UFI Financial Solutions

P.S. Congratulations on the renewal of (Measure A) Sales Tax Measure, it should really help to secure your financial position in the future.

Profile of the Firm

FIRM EXPERIENCE: Since 1972, Urban Futures, Inc. (UFI) has provided municipal advisory services to cities, counties, special districts, schools, community colleges, and non-profits in the State of California. UFI is registered as an Independent Registered Municipal Advisor (IRMA) with the Municipal Securities Rulemaking Board (MSRB) and the Securities and Exchange Commission (SEC). All UFI's senior professionals have passed the MSRB Series 50 Municipal Advisor Representative examination.

ADAPTING TO CHANGE: As the industry consolidated, UFI expanded its California presence in terms of personnel, clients and services offered. Currently UFI has 23 professionals located in the Firm's Northern and Southern California offices. 11 professionals provide traditional municipal and school financing and management services, and 3 provide continuing disclosure, reinvestment, and arbitrage rebate services. In 2015 UFI was restructured into five divisions to better serve the ever-changing needs of our clients:

- The Public Management Group,
- The Public Finance Group
- Analytics and Compliance
- The Sustainable Communities Development Group
- Isom Advisors

comprehensive approach and client focus: What makes us unique are the comprehensive scope of services that we offer our clients. We are <u>not</u> a transaction-oriented firm. UFI seeks to develop comprehensive long-term solutions. We work in conjunction with each client through the budget/planning phases. We help to develop a decision framework and models that incorporates key variables; and, take into account cost/benefits and policy considerations to evaluate all viable project and/or financing alternatives. We help you formulate practical solutions and recommendations; and, help you present them to your authorizing board to ensure that your solution/financing is approved.

We feel that these initial planning and approval steps are the most critical part of an engagement, where most of the heavy lifting and maneuvering takes place.

Once a solution and financing mechanism has been selected and approved, we then help you assemble your project team to ensure that your financing is completed in a timely and cost-effective manner. We, however, continue to maintain our relationship once a financing is complete to ensure that all your post-issuance compliance needs are met.

UFI offers a full array of financial services:

- ✓ Public Financial Advisory Services
- ✓ Successor Agency Consulting
- ✓ Continuing Disclosure Reporting
- √ Fiscal Consultant Report Preparation
- √ Capital Improvement Program Development
- ✓ Arbitrage Rebate Reports

- ✓ Management Consulting
- ✓ Project Negotiations
- ✓ Strategic Planning
- ✓ Special Studies
- ✓ Pricing Agent Services

The *Public Management Group* offers strategic planning, financial and budget forecasting, special studies, and performance improvement services. The *Sustainable Communities Group* provides economic development and real estate advisory services, including Redevelopment wind down and the formation of Community Facilities Districts (CFDs), Assessment Districts and Enhanced Infrastructure Financing Districts (EIFD's). The *Public Finance Group* and the *Isom School Advisors Group* support the issuance of debt including lease revenue bonds, certificates of participation, general obligation bonds, pension obligation bonds, special tax and benefit assessment bonds, tax allocation bonds, water and sanitary sewer revenue bonds, privately placed loans, and clean energy bonds. The *Analytics and Compliance Group* provides services related to continuing disclosure, arbitrage rebate, and California Debt and Investment Advisory Commission (CDIAC) reporting compliance.

There are no active/pending lawsuits against the firm, or legal judgements paid within the last 5 years.

Qualifications of the Firm

LEAD FINANCIAL ADVISOR: We provide solutions for **all aspects of finance-related issues facing our clients**—from strategic planning, analysis and evaluation of alternatives, transaction (financing) execution, post-issuance compliance, fiscal restructuring and specific contemporary issues such as the skyrocketing costs of municipal pension and other post-employment unfunded obligations (OPEB).

Lancaster

Urban Futures has been a leader in providing financial advisory services since 1972. We have assisted over 300 public agencies with bond financing and other capital issues.

2017 Financial Advisor Rankings (California)

| Rank | Financial Advisor Rankings | Number of Issues | Mkt. Share | Par Amount (US\$ mil) |
|------|---------------------------------|------------------------|---------------|--------------------------|
| 1 | Urban Futures Inc | 145 | 15.4 | 2,628.2 |
| 2 | Fieldman Rolapp & Associates | 104 | 11.0 | 3,545.4 |
| 3 | KNN Public Finance | 95 | 10.1 | 10,617.8 |
| 4 | PFM Financial Advisors LLC | 89 | 9.4 | 9,410.0 |
| 5 | Public Resources Advisory Group | 48 | 5.1 | 14,690.8 |

Source: SDC Platinum (Thomson Reuters)

| UFI LA | A County | Clients |
|--------|----------|---------|
|--------|----------|---------|

Alhambra Lancaster Atresia Lawndale Avalon Los Angeles Azusa Lynwood Bell Maywood Bellflower Monrovia **Beverly Hills Monterey Park** Cerritos Pasadena Claremont Pico Rivera Commerce Pomona Duarte Redondo Beach El Monte Rosemead Gardena San Fernando Glendora San Gabriel **Hawaiian Gardens Santa Fe Springs Huntington Park** Signal Hill Industry South El Monte Inglewood South Pasadena Irwindale **Temple City** La Puente **Torrance**

Last year, we executed over 145 transactions totaling \$2.6 billion in par value, earning us the **#1 ranking in California by number of transactions**. This statistic further highlights our focus on serving the needs of small and medium-sized municipalities.

COMMITMENT TO CALIFORNIA: UFI's offices and employees are all located in California, having established its first office in Orange County in 1972. Our California clients have put their trust in UFI over its 45-year history. In many cases, UFI has been on the leading edge of municipal advisory activities and public finance management. UFI is the only financial advisory firm to be engaged by several municipalities to prepare 20-year budget forecasts. These forecasts are based on position-based labor costs and include pension and bond liabilities. We believe the most challenging period for public agencies still lies ahead. Our custombuilt models are developed with the goal of helping our clients chart their fiscal course beyond the typical 5-year horizon:

UFI has served as the Municipal Advisor to nearly half of the 88 cities in Los Angeles County.

Our core expertise is in public finance, financial solutions, and financial modeling, which by necessity involves the integration of public agency retirement and benefit costs.

West Covina

La Verne

PENSION MODELING EXPERIENCE: UFI has spent several months learning the intricacies of California pension benefit laws, CalPERS administrative procedures, and developing complex pension/OPEB models. As result, we have gained an in-depth understanding of how your pension liabilities are structured, the key drivers, and most important, practical solutions and strategies to address them.

UFI has experience building customized 20-year labor-costing models that we developed as part of our role in the San Bernardino Bankruptcy proceedings. This expertise serves as the foundation of our customized pension models. We commence by developing an amortization schedules for each Amortization Base, which provides a level of detail not previously available. It not only allows you to better understand your pension liabilities, but also allows you to make more targeted and surgical decisions – based on your objectives: maximize interest cost savings or maximize cash flow relief.

We believe that your pension and OPEB liabilities are large-scale, complex issues that involve multiple, inter-related variables; consequently, addressing these issues will require creative solutions from multiple funding sources. Moreover, pension and OPEB liabilities are dynamic and ever-changing, which will require the City to monitor and (pro)actively manage your pension& OPEB costs going-forward.

Since the City's retirement costs are based on its underlying payroll, which is the central component of the City's operating budget, your retirement costs cannot be viewed independently. Therefore, we typically incorporate other obligations such as other post-employment benefits (OPEB costs), existing debt service, and capital improvement costs into our pension models and analysis to address your fixed cost liabilities in a comprehensive manner.

SGVCOG - We have been engaged by the San Gabriel Valley Council of Governments to help them model their future retirement costs, including potential alternatives to CalPERS such as 401(a), PARS, and exiting the CalPERS system. We developed a customized model, driven by individual employee data (salaries), to estimate termination payments to CalPERS using different discount rates.

San Gabriel Valley Council of Governments

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Marisa Creter Executive Director (626) 457-1800 mcreder@sgvcog.org

This month we were engaged by the City of Glendora to examine their pension liability and assist them with the issuance of POBs.

In the following section, we have provided an in-depth discussion on your pension liabilities to illustrate how our approach to addressing your pension liability will be more detailed than any other financial advisory firm.

PENSION OBLIGATION BOND (POB) EXPERIENCE: UFI is seeing a renewed interest in Pension Obligation Bonds ("POBs") by California cities faced with growing pension unfunded accrued actuarial liabilities (UAALs) that are consuming their General Fund revenues. POBs are normally designed to finance a city's UAAL with the hope that by pre-paying a sizeable amount of its long-term pension liability in a lump sum, that CalPERS will invest the bond proceeds at rates substantially higher than the City's cost of borrowing.

Since 2016, UFI has completed the issuance of new money, restructuring and/or refunding POBs for the cities of Inglewood, Monrovia, Pasadena, Pomona, Fountain Valley, San Ramon and the Cosumnes Community Services District, more than any other financial advisory firm in California.

City of Fountain Valley - UFI's municipal advisory work with the City of Fountain Valley included the issuance of Pension Obligation Bonds in 2015 to fund part of the City's This engagement commenced with an in-depth analysis of the impact of advanced payments to CalPERS. We issued \$x million in POBs in 2015, to fund % of its Unfunded Actuarial Accrued Liability (UAAL).

City of Inglewood - Last year UFI completed a second issuance of POBs for the City Inglewood, to refund the City's 2005 POBs. We performed an analysis that determined it was more cost-effective to cash defease the maturities than to pay the make-whole call. A portion of the proceeds reimbursed the City's for its current year CalPERS contributions, which were then used to pay for public infrastructure improvements in areas surrounding the new NFL Stadium.

City of Monrovia – Last year UFI served as the Municipal Advisor to the City of Monrovia. We performed in-depth analysis for the issuance of \$115,305,000 of Refunding POBs. Proceeds from the POBs were used to refund in full amount of the City of Monrovia's Series 2010 POBs and fund a portion of the City's new UAAL. The City currently has a fully funded pension plan, and only pays its annual normal costs.

City of Riverside – UFI served as the Municipal Advisor to the City of Riverside, assisting in the issuance of \$31,960,000 of POBs. The 10-year taxable bonds were issued to pay off the Pension Notes issued in 2016, which paid off a portion of the City's unfunded actuarial accrued liability (UAAL). The 2017 bonds were issued on a parity basis with the City's \$89 million Series 2004A and \$30 million Series 2005A Taxable Pension Bonds.

City of Pasadena — UFI serves as the Municipal Advisor to the City of Pasadena. In 2015, we assisted in the issuance of \$119,460,000 in POBs (Series A & B) to refinance its outstanding 1999, 2004, and 2013 POBs, as well as to fund a portion of its unfunded actuarial accrued liability of the (closed) Fire and Police Retirement System.

City of Pomona —In 2017 UFI we assisted the City of Pomona Public Finance Authority with the issuance of taxable lease revenue refunding bonds totaling \$50.4 million in par value. The proceeds for this transaction were effectively used to refinance the \$42 million 2006 POBs. The bonds were structured as a lease transaction, which required a pledged of essential assets, in order to obtain AA bond insurance.

City of San Bernardino – UFI served as the Municipal Advisor to the City of San Bernardino though its Chapter 9 bankruptcy proceedings. As part of this process, UFI restructured the \$160 million 2008 POB with the foreign bank holding the note.

Understanding your Pension Liability

The pension liability of each municipality is unique, which has been impacted by a few factors including: benefit levels/enhancement, demographic trends, changes in underlying assumptions, actual investment

City of Fountain Valley

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City of Inglewood

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City of Monrovia

Oliver Chi City Manager (626) 932-5512 ochi@ci.monrovia.ca.us

City of Riverside

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City of Pasadena

Matthew Hawkesworth Finance Director (626) 744-4355 mhawkesworth@ cityofpasadena.net

City of Pomona

Onyx Jones Finance Director (909) 620-2353 onyx_jones@ ci.pomona.ca.us

City of San Bernardino

Brent Mason Finance Director (909) 384-5242 Mason_br@sbcity.org returns, and historical funding patterns over the past several years. Consequently, addressing the City's pension liability will require solutions tailored to meet the City's budget and policy constraints.

What differentiates UFI from other financial advisory firms is that we first develop an in-depth understanding of the City's pension liabilities and other financial constraints.

The City's annual pension liability is comprised of two primary components: 1) Normal Costs and 2) Unfunded Accrued Liability (UAL) Payments.

Normal Costs - represent the pension benefits earned by current employees during the year. Normal costs are set by CalPERS as a percentage of payroll. The current Normal Costs are expected to be \$1.3 million per annum in FY 19-20. Normal Cost contribution rates projected to remain relatively stable over the next several years. Normal costs are driven primarily by the number of active employees in each Benefit Tier.

MISCELLANEOUS

| Group Name | Benefit | Active | Payroll FY 19-20 | Normal FY 19-20 | \$ Annual Normal Cost |
|----------------|-----------|--------|---------------------|--------------------|--------------------------|
| Misc. 1st Tier | 3.0% @ 60 | 42 | \$ 3,385,555 | 15.61% | \$ 528,316 |
| Misc. 2nd Tier | 2.00%@ 55 | 26 | 1,630,794 | 11.12% | 181,344 |
| Misc. PEPRA | 2.0% @ 62 | 8 | 448,373 | 7.19% | 32,243 |
| | TOTAL | 76 | \$ 5,464,722 | 13.58% | \$ 741,903 |

SAFETY

| Group Name | Benefit | Active | Payroll FY 19-20 | Normal FY 19-20 | \$ Annual ormal Cost |
|-----------------|-----------|--------|---------------------|--------------------|-------------------------|
| Safety 1st Tier | 3.0% @ 50 | 3 | \$ 464,367 | 23.89% | \$ 110,914 |
| Safety 2nd Tier | 3.0% @ 50 | 16 | 1,939,204 | 20.71% | 401,551 |
| safety 3rd Tier | 3.0% @ 55 | 2 | 190,241 | 19.83% | 37,721 |
| Safety PEPRA | 2.7% @ 57 | 5 | 381,233 | 13.03% | 49,690 |
| | TOTAL | 26 | \$ 2,975,045 | 20.16% | \$ 599,876 |

FY 19-20 ANNUAL NORMAL COSTS \$ 1,341,779
FY 19-20 ANNUAL UAL PAYMENTS 2,815,544

FY 19-20 CalPERS PAYMENT \$ 4,157,322

Source: CalPERS June 30, 2017 Acturial Reports D-1 Normal Cost by Benefit Group

Unfunded Accrued Liability - is the annual dollar amount needed to fund past service credit earned for (active or retired) members, as of the current valuation date. The UAL is equal to the difference between the present value of benefits earned to date, less the current market value of the assets. As of the June 30, 2017 Actuarial Valuation conducted by CalPERS, the City's current unfunded position at \$39 million.

UAL Payments - UAL payments amortize the "unfunded" amount into fixed annual payments or an amortization schedule. The UAL Amortization Schedule is comprised of an aggregate of different amortization schedules for each respective "Base". CalPERS conducts an actuarial

Reducing your annual normal costs can only achieved by а reduction employees/positions or through a fundamental shift in benefit tiers (i.e., toward PEPRA). The City currently has 30 active employees that participate in the PEPRA plan. which represents only 10% of the active Give that current government employee pool is still primarily comprised of "classic" and 2nd employees, the shift toward typically younger PEPRA employees will occur gradually over time. The City should anticipate that it will take 1 or 2 generations for the impact of Pension reform to take place.

Hence, our analysis will focus on finding solutions to reduce the City's UAL payments.

Unfunded Accrued Liability (UAL)

MISCELLANEOUS PLAN

Accrued Liability (AL) \$ 59,955,265
Market Value Assets (MVA) 40,172,907
UAL = AL-MVA \$ 19,782,358
67%

SAFETY PLAN

Accrued Liability (AL) \$ 58,610,211
Market Value Assets (MVA) 39,433,063
UAL = AL - MVA \$ 19,177,148
67%

COMBINED UAL

\$ 38,959,506

Balance as of June 30, 2017 (Page 5)

valuation in each year; as part of the valuation, they identify Base factors that impact the funding status of the pension plan:

- Market Value (gains)/losses = 30 years
- Plan amendments & benefit enhancements = 20 years*
- Actuarial assumption Discount Rate = 20 years
- Methodology Amortization term = 20 years

CalPERS calculates the present value of each Amortization Base and creates an amortization schedule. The payments then commence two years after the actuarial valuation date. These schedules are created in a manner than controls contribution volatility while promoting intergenerational equity.

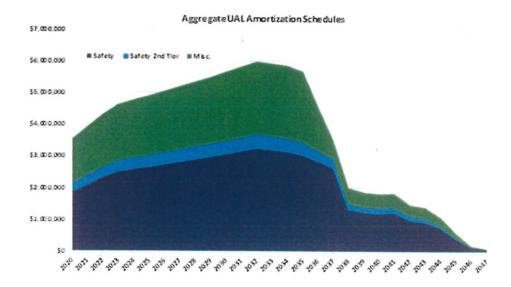
CalPERS now requires you to designate to which Amortization B they should apply any additional payments.

The City's UAL payment for the next fiscal year (FY19-20) is equal to \$3.6 million. According to the current UAL Amortization Schedule, the City's UAL payments are expected to increase significantly in future years.

It is important to note that UAL Amortization Schedules are based on experience. Going forward, if CalPERS investment performance falls short of the actuarial assumed return of 7.0% (i.e., we experience a market adjustment) in the future, then the schedule of UAL payments will increase further.

| | | UAL A | MORTIZATI | ON PAYMEN | ITS |
|----|------|--------------|--------------|-----------------|----------------|
| | | Misc. | Safety | Safety 2nd Tier | TOTAL |
| 1 | 2020 | 1,427,155 | 1,874,911 | 236,100 | 3,538,166 |
| 2 | 2021 | 1,552,472 | 2,093,605 | 268,346 | 3,914,423 |
| 3 | 2022 | 1,685,614 | 2,330,166 | 302,330 | 4,318,110 |
| 4 | 2023 | 1,792,082 | 2,509,932 | 328,193 | 4,630,207 |
| 5 | 2024 | 1,842,944 | 2,587,886 | 338,781 | 4,769,610 |
| 6 | 2025 | 1,895,928 | 2,662,287 | 348,521 | 4,906,736 |
| 7 | 2026 | 1,950,436 | 2,738,828 | 358,541 | 5,047,805 |
| 8 | 2027 | 2,006,511 | 2,817,569 | 368,849 | 5,192,930 |
| 9 | 2028 | 2,064,198 | 2,898,574 | 379,453 | 5,342,226 |
| 10 | 2029 | 2,123,544 | 2,981,908 | 390,362 | 5,495,815 |
| 11 | 2030 | 2,184,596 | 3,067,638 | 401,585 | 5,653,819 |
| 12 | 2031 | 2,247,403 | 3,155,833 | 413,131 | 5,816,367 |
| 13 | 2032 | 2,312,016 | 3,246,563 | 425,008 | 5,983,587 |
| 14 | 2033 | 2,301,130 | 3,197,927 | 418,236 | 5,917,293 |
| 15 | 2034 | 2,287,707 | 3,143,812 | 410,724 | 5,842,242 |
| 16 | 2035 | 2,242,504 | 3,032,575 | 394,585 | 5,669,664 |
| 17 | 2036 | 1,384,682 | 2,845,339 | 313,814 | 4,543,835 |
| 18 | 2037 | 582,970 | 2,644,830 | 281,880 | 3,509,680 |
| 19 | 2038 | 533,198 | 1,332,534 | 155,508 | 2,021,241 |
| 20 | 2039 | 480,083 | 1,240,361 | 147,590 | 1,868,034 |
| 21 | 2040 | 457,010 | 1,200,973 | 151,833 | 1,809,816 |
| 22 | 2041 | 470,149 | 1,235,500 | 123,933 | 1,829,583 |
| 23 | 2042 | 365,429 | 990,361 | 119,663 | 1,475,453 |
| 24 | 2043 | 360,264 | 931,010 | 97,173 | 1,388,448 |
| 25 | 2044 | 294,573 | 742,906 | 53,769 | 1,091,248 |
| 26 | 2045 | 154,035 | 411,529 | 20,325 | 585,889 |
| 27 | 2046 | 50,117 | 138,637 | 5,304 | 194,059 |
| 28 | 2047 | 16,874 | 78,696 | | 95,570 |
| , | | \$37,065,627 | \$58,132,691 | \$ 7,253,537 | \$ 102,451,854 |

Source: P. 18 une 30, 2017 Actuarial Report



We will develop your model to take into account multiple variables, including: pension tax rate & assessed valuation, **OPEB** costs, and EPMC. We can include additional constraints such as capital improvement projects (CIP) debt service.

Proposed Scope of Work

To gain an in-depth understanding of your pension liabilities and consequently create custom-tailored solutions that optimize savings, we follow a precise and systematic process to address your pension liabilities. We have summarized our process in the following 8-step methodology:

1. Develop Amortization Schedules & Model

We commence by creating an individual amortization schedule for each amortization base. The individual amortization schedules serve as the foundation of the pension cash flow model. Only UFI delves into this level of detail, which we believe is most critical to understand which cash flows to target.

One of UFI's core competencies is financial modeling. Your pension model will be custom-tailored to this project and your needs, it will be flexible and user-friendly – we do not use canned software or a standard model.

<u>UFI</u> will create the amortization schedule for each amortization base. These schedules serve as the foundation of our analytical methodology, which allow us to perform precise scenario analyses and develop customized solutions (see attached).

The primary focus of the model is be able to precisely determine the cash flow impact of different solutions. In addition to UAL amortization payments, the model can also incorporate additional cash flow/budget constraints such as bond debt service, payroll costs, and/or OPEB payments.

The City's model specifically will incorporate its pension override tax revenues, which will be based on the City's underlying (and projected) assessed value.

Approach to Addressing Pension Liability

- Develop Model + Amortization Schedules
- 2. Review financial resources
- 3. Determine objectives: cash flow restructuring and/or maximize savings
- 4. Assess the financial viability of each alternative
- 5. Determine the optimal solution that works in your environment
- Present Options & Recommendations to Staff, Public and Authorizing Board
- Execute transaction / assist in implementation of recommendations
- 8. Follow-up & monitoring

2. Review Financial Resources

The City of San Fernando is one of 22 other cities, plus the County of Santa Clara, which have an active, voter-approved, pension override tax. Typically, a noverride tax is viewed like a General Obligation credit.

To the extent that the City's pension override tax is not sufficient to cover its pension liabilities, the City Council does not want to raise the tax rates, or for some other reason the pension override tax is not sufficient to meet fully fund your pension liabilities we will examine all potential revenue sources. In such case, addressing unfunded pension costs may require a combination of solutions; therefore, we will examine the following potential funding sources:

- Available Reserves
- One-time revenues sale of surplus property/assets
- Pro-rata allocation to Enterprise Funds & Grant Fund Programs
- Successor Agency Repayment Agreement
- Reallocation of future Bond Debt Service/Savings
- Pension Obligation Bonds

Since pension costs inexorably linked to salaries (payroll), which impacts nearly every facet of the City's operations, we will also evaluate the City's other major financial constraints, including:

- Available Unallocated General Fund Reserves and Annual Budget Revenues
- Major Capital Projects
- Future Funding Commitments
- Unfunded Mandates
- Pending Litigation

The ultimate solution may impact a number of different projects/ funding sources, and consequently, require comprehensive and well-integrated solution.

3. Determine objectives: cash flow restructuring and/or maximize savings

The City's UAL payments are scheduled to steadily increase from \$3.6 million to \$6.0 million or 66% over the next 10 years. Meeting this challenge could be exacerbated by a market downturn or a recession, which would impact both the City's assessed value (and revenues); and, additional Amortization bases to account for CalPERS underperformance, leading to higher UAL payments.

CalPERS has noted that the most effective way to reduce your payments is to make up-front payments or pre-pay a portion of your UAL. Accordingly, there are two primary objectives in applying up-front monies or pre-payments: maximize cash flow impact or minimize total UAL payment.

- Maximize Budget Relief To provide budget relief from anticipated increases in future payments, available monies should be considered as a potential "advanced payment" to reduce the current UAL and to reduce future payments by targeting the Amortization Bases with shorter amortization periods (under 10 years).
- 2) Maximize Savings If the City is seeking to maximize interest savings or reduce its total payments, then it should seek to pre-pay amortization Bases with longer-term amortization schedules (e.g., 20-30 years). For example, a \$1.0 million Amortization Base with a 30 amortization will require the City to make \$2.5 million in total payments.

Although these objectives are not mutually exclusive, ultimately, each decision will seek to maximize one or the other. There is not a better solution between the two—each strategy addresses a different objective. Furthermore, your "solution" may have other key constraints, such as wrapping additional cash flow payments around existing debt service payments.

We generally advise municipalities to apply POBs/Fresh Start monies toward short-term amortization schedules, to minimize total interest costs; and to apply up-front monies toward longer-term amortization bases, to maximize total interest cost savings.

4. Evaluate Financial Viability of Each Alternative Solution

Once all the cash flows, funding sources, and solution parameters have been established, then the creative problem-solving process commences. Your customized pension model will comparatively evaluate various solutions, incorporate financial constraints (e.g., debt service or cash flows), as well as account for changes to key assumptions, variables, and drivers in the model.

We will analyze multiple scenarios/strategies and provide detailed costs projection for each alternative. Finally, we summarize our findings in a high-level presentation, typically an Excel and PowerPoint format.

5. Determine the Optimal Solution that Works in your Environment

UFI's professionals not only have extensive finance experience but also have prior high-level government management experience. We believe that this experience enables our principals to develop creative and practical solutions that work in your environment. Although some financial solutions may appear optimal, they may not work in your policy context. Therefore, our final recommendations will not only solve your financial needs but also be acceptable by your City Council.

6. Present Options & Recommendations to Staff, Public and Authorizing Board

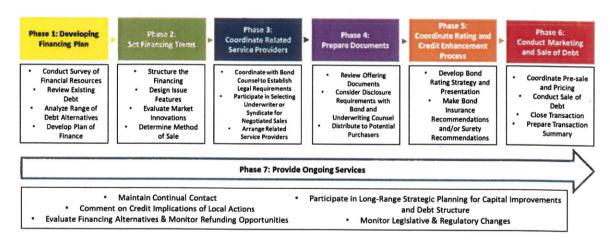
Once final recommendations have been determined, we will assist you in preparing staff reports and present our findings and recommendations to your City Council. We are also available to make presentations to the community or special Ad Hoc committees as well.

7. Execute transaction / assist in implementation of Recommendation

We believe that the critical work commences at the planning and evaluation stages. Our goal, always, is to serve as an extension of staff and provide to provide capacity where needed.

If one of the recommendations is to issue POBs, we will assist you in every step of the transaction execution – until closing. We will help to assemble the financing team, assess financing alternatives, and ensure that the City selects the optimal structure. Our professional staff will ensure that each task/transaction is executed in timely and cost-effective manner every time.

Customary Phases in an Urban Futures Inc. Municipal Advisory Engagement



Every financing undertaken by our firm begins with proper planning and financial due diligence and ends with ongoing monitoring and administration. We believe that our project planning and implementation process incorporates all of the steps for bond issuances outlined in the City's RFP scope of services.

8. Follow-Up & Monitoring

As financial advisors, we are not transaction-oriented, but rather our focus is in providing viable long-term solutions. Giving recent pension plan changes achieved through pension reform, and recent CaIPERS Board policy changes, we believe pension plans can be actively managed by member agencies. The very fact that each year CaIPERS adds a new amortization base to take into account market/value (gains) & losses, necessitates this level of diligence. UFI will provide regular follow-up to review your funding status

and update you on recent market developments.

Pension Liability - Change in Landscape

CalPERS has taken a number of gradual steps to change its policies to ensure that unfunded liabilities are paid sooner and reduce the impact of market volatility and change in assumptions. Due to the advent of pension reform in California (PEPRA), future pension liabilities have also been significantly curtailed.

In the past, CalPERS provided a single contribution rate. Previously, the UAL was amortized on a 30-year "rolling" basis, which effectively extended the impact of investment performance. In 2013, the CalPERS board decided to change its Amortization Policy and divided the required annual payment into 2 components: 1) the Normal Contribution and 2) the UAL Payment.

- Normal Costs remain set based on a fixed percentage of payroll. If the City reduces its payroll and/or decides to allow retirement and attrition to reduce the workforce during the next downturn, the normal contribution will adjust accordingly.
- UAL Amortization is now required fixed payments based on a level percentage of pay.
 Gains and losses are amortized over 30 years with a 5-year ramp-up and ramp-down period, while changes in assumptions are amortized over a 20-year timeframe with a 5-year ramp-up and ramp-down.

New UAL Amortization Policy - The CalPERS Board recently revised the Amortization Policy again, which will be implemented in your upcoming June 30, 2019 valuation. The new policy will reduce the amortization period for gains/losses from 30 to 20 years; and, change the annual payments from a level percentage of payroll (3% increase per annum) to fixed level dollar payments.

Finally, CalPERS no longer permits participants to make partial or reduced payments – failure to pay the required amount will result in either a workout solution, termination of benefits or a reduction in benefits. Therefore, the City will be required to pays its Normal Costs, albeit adjusted for any changes in its payroll. Since the annual UAL payment is now a fixed dollar payment, they effectively serve like a bond payment. As result of these collective changes, the landscape for issuing POBs has also changed.

Strategies for Addressing Pension Liabilities

CalPERS permits you to restructure/combine your Amortization bases into a Fresh Start. In order to implement a Fresh Start you must demonstrate interest cost savings, typically achieved by accelerating your payments. A Fresh Start, however, does not provide cash flow relief. For this reason, CalPERS actively encourages member agencies to "pre-pay" or make additional annual payments. In order to realize greater interest cost savings you should consider one of three solutions:

- 1) Additional Payments;
- 2) POBs; and
- 3) Synthetic Fresh Start.

UFI's will help you strategically evaluate each option, and our model will help you determine the financial impact of any myriad combination of solutions.

Pension Obligation Bonds - Potential Risks

As a result of Pension Reform and changes in methodology that CalPERS has made in recent years (i.e., <u>UAL are fixed annual payments amortized @ 7.25%)</u>, we believe that POBs should now be included as part of your pension toolbox. **Due to recent pension reforms in California, POBs can now address the UAL portion of your pension liability like a "side fund" or refinancing.** POBs can provide cash flow savings and/or restructure cash flows on your UAL; however, some risk still exists regarding the impact of market timing/purchase of assets. Although there is no direct hedge against this risk, except for the savings generated from the POB financing, which can provide a substantial cushion.

Summary of Key Terms in GFOA's POB Advisory POBs are complex instruments that carry risk......

- 1. Issuing POBs increase debt burden/reduce (flexibility)
- Invested POB proceeds may fail to earn more than interest rate on the bonds
- 3. POBs have "make-whole" call features, which no do allow bonds to be economically refunded
- POBs should not be structured in manner that defers the principal payments or extends repayment over a longer period.
- Rating agencies do not view POBs as a rating positive, unless part of comprehensive plan to address pension shortfalls

As municipal advisors, UFI is concerned with the long-term financial health of our clients. We are as equally concerned with the reasons that a municipality decides to issue POBs as we are for how they are priced and structured. The Government Finance Officers Association (GFOA) recommends that state and local governments use caution when issuing POBs. Therefore, POBs should.....

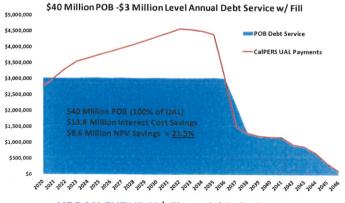
- Not extend the amortization of UAL payments
- Finance Normal Costs
- Structured with par (muni) call provisions

Although the issuance of bonds always involves decision-making regarding the relative direction of interest rates, the issuance of POBs must also take into consideration, timing and expected trends in the equity market (S&P 500) as well. The decision as to whether to issue POBs must take into account three key variables:

- 1. Borrowing rate on the POBs
- 2. Timing of Sale (relative market value of assets)
- 3. Actual /expected return on CalPERS Investment Portfolio

POBs should not be viewed as a cure-all, nor should they be used to delay budget/funding decisions. However, if utilized, they be should be part of a comprehensive plan to address budget/pension issues.

Ideally, POBs are issued when interest rates are low and the market (S&P 500) has just reached its turning point. With that said, market performance and interest rates do not always move in tandem. Accordingly, it is very difficult to precisely gage where interest rates and the market will be heading – almost all mutual fund literature provides the following disclaimer.... "past market performance is not an indicator of future outcome". More important, market returns should meet or exceed actuarial assumptions in the initial years to take advantage of the "head start" given by the POB proceeds.

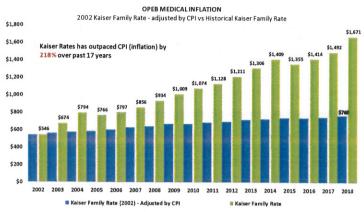


As a general rule, the City should pre-pay longer Amortization Base (20+) years and seek to refinance shorter-term Amortization Bases with POBs to minimize interest costs. Even though the Safety and Miscellaneous plans have nearly equal UALs, we would also recommend the prioritization of the Safety Plan's UAL because it's has a more direct impact on the General Fund - Miscellaneous Employees' salaries can be more readily changed to other grant funds. POB provide a significant opportunity for cash flow savings. UAL liabilities are

amortized @ 7.25%, while the interest rate on POBs are approximately 4.50%, as illustrated on this page.

OPEB

Although the City has taken steps to limit its OPEB liability of new employees (hired after 2015), it still has a significant unfunded OPEB liability due to generous benefits afforded to its legacy employees, who receive lifetime medical (including spouses). The City is currently funding its OPEB liability on a Pay-Go basis (\$870,000) and is not paying the full Annual Required Contribution (ARC) = \$3.2 million. According to Bartel & Associates' 2017 recent actuarial report, the City's Unfunded OPEB liability is equal to \$45.7 million (as opposed to the GASB reporting liability = \$15.4 million reported in 2017 CAFR).



We believe this is a significant liability that the City should also address and incorporate into their scenario analysis. The critical issue with OPEB costs it that medical inflation has outpaced CPI by more than 230% over the past several years. Eventually the "pay-go" costs will exceed the current ARC and will begin to rival your annual CalPERS costs.

recommend that City obtain the "more detailed actuarial study" from Bartel. Specifically, to obtain the pay-go cost projections for the next 30 years. Although UFI could model these cost projections, it would be more cost-effective to obtain them from Bartel.

Assigned Team

We have assigned three (3) senior staff for this assignment, who have 75 years of combined executive-level government and public finance experience. They have extensive experience helping California municipalities solve their most complex problems, having worked on numerous pension obligations bonds, fresh start financings, and pension/labor forecasting models. Below are the biographies and relevant experience of the proposed members of the consulting team for this project based out of our Tustin office. This team will be available to serve the City and meet with your staff as often as requested.

Michael P. Busch, CEO/President (714) 316-6150; michaelb@urbanfuturesinc.com

Michael will have overall responsibility for delivery of all our services to the City, including project oversight and coordination of services to the City. Michael Busch is the firm owner and serves as the Chief Executive Officer managing day-to-day operations. Prior to joining UFI in 2007, Michael served several Southern California public agencies as an Assistant and Deputy City Manager and Chief Financial Officer. He



is a registered financial advisor with over \$2 billion in tax-exempt debt transactions for municipalities and local governments over the last 11-years. Michael utilizes his experience in the areas of municipal finance and management to assist client agencies with the successful development and implementation of fiscal restructuring, forecasting, capital planning and debt management.

Michael earned a Bachelor of Arts Degree from California State Polytechnic University Pomona in Urban

and Regional Planning. In addition, he holds a Master of Arts Degree in Public Administration from California State University Long Beach with an emphasis in public finance and public works.

Julio F. Morales, Director

(714) 283-9334; juliom@urbanfuturesinc.com

Julio will servs as the day-to-day advisor for this assignment. He will be responsible for developing pension cost models with detailed amortization schedules necessary to evaluate various financial alternatives and recommended solutions.

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Julio has over twenty-five years of working in the areas of public and corporate finance, city management, municipal budgeting and financial leadership. He served as the City Manager for the City of Huntington Park; having also served at its Finance Director and Treasurer. In both roles Julio helped implement changes and improvements that led to the elimination of a \$4.0 million (15%) structural deficit. He also served as the Finance Director and Treasurer for the City of El Monte. Most recently, Julio worked for the Department of the Treasury's Office of Technical Assistance (OTA), providing financial advice to the Treasurer of Paraguay and helping to streamline and automate their operations. Julio began his career in public and corporate finance as an investment banker with Bank of America, and derivative/ investment provider for Transamerica, then subsequently served as the debt manager for the City of Oakland and a financial advisor at Fieldman-Rolapp and PFM.

Julio earned his undergraduate degree from the University of Michigan, a Master of Public Policy (MPP) from the Harvard Kennedy School of Government, and an MBA from UCLA, where he was a Dean's Fellowship Recipient.

James P. Morris, *Managing Director* (909) 648-3176; jamesm@urbanfuturesinc.com

Jim will coordinate the resources of our Public Management Group team, ensuring comprehensive data collection, thorough analytics, and actionable recommendations.



Jim has more than twenty years of experience working in the fields of public policy, financial analysis, municipal law and public agency governance. Jim utilizes his diverse

background and expertise in local government to assist cities and special districts in the areas of long-term forecasting, fiscal stabilization and financial sustainability. His recent engagements include preparing fiscal forecasts for Pomona, Beaumont and various municipal utilities, conducting program evaluation services in Pasadena, and developing general fund reimbursement models in Azusa, Needles and Pomona. Jim began his professional career as a public law attorney with the County of San Bernardino and Best Best & Krieger LLP, where for over a decade he helped government agencies successfully navigate legal complexities affecting their organizations and operations.

Jim graduated from Dartmouth College, and received both a Juris Doctorate and Master's in Urban Planning from UCLA.

Use of Subcontractor(s) - UFI anticipates the proposed scope of work will be performed by the above-identified UFI staff. However, should the assignment necessitate actuarial services or expert legal advice, UFI reserves the option to subcontract with an expert in their respective field, upon City approval.

Proposed Fees

Our primary objective is to assist the City in understanding and addressing its pension/OPEB costs. We believe that this assignment has two distinct parts. First, is the assessment, modeling, and approval phase. Second phase is the implementation of proposed recommendations, which may include the issuance of POBs.

As highlighted in the scope of work section of our proposal, the first phase typically involves developing a financial model and the evaluation of different scenarios, for which we typically charge on an hourly basis. We charge a base minimum of \$10,000 to develop a customized pension model.

The total costs for this phase of the assignment can vary, based on complexity of the model (i.e., integration if different cash flows/constraints), number of scenarios, and evaluation of different solutions/alternatives.

UFI is committed to provide the City of San Fernando the highest level of service. The work performed on this assignment will be primarily conducted by the most senior-level personnel at the firm.

Typically, this phase of the assignment will take 3-8 weeks, depending on the breadth of analysis and time constraints of the City. We anticipate that the scope of work for this assignment, will require between \$20,000 to \$35,000, based on the hourly rate schedule below.

| Hourly Rate Sched | lule |
|-------------------|-------|
| Position | Rate |
| President/CEO | \$325 |
| Managing Director | \$300 |
| Director | \$275 |
| Associate | \$200 |
| Analyst | \$175 |

Below is a schedule of our proposed non-contingent, not-to-exceed Municipal Advisory fees for a bond issue, should the City decide to address a portion of its pension liabilities by issuing Pension Obligation Bonds (POBs):

| Fee Schedule: All Bon | d Financing |
|------------------------------|-------------|
| Par Amount | Fee |
| Less than \$5 million | \$35,000 |
| \$5 million to \$15 million | \$40,000 |
| \$15 million to \$30 million | \$45,000 |
| \$30 million to \$50 million | \$50,000 |
| \$50 million to \$70 million | \$75,000 |
| Over \$70 million | \$85,000 |

Please note that the bond fees are exclusive of all expenses such as pre-approved out-of-state travel, meals, data recovery, and internal compliance requirements. Regardless, our expenses are always capped at \$1,500 per bond transaction.

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| Year Reason 6/30/2012 SIDE FUND 6/30/2013 Share of Per-2013 Pool 6/30/2013 Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2015 Asset (gain)/loss 6/30/2015 Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2017 Asset (gain)/loss | NDO - 15 | T TIER | CITY OF SAN FERNANDO - 1ST TIER "CLASSIC" | | | | CITY OF SAN FERNANDO - SAFETY 1ST TIER "CLASSIC" | IDO - SAFE | TY 1ST T | ER "CLASSIC" | |
|--|-------------------|--------|---|---------------------|----------|---------|--|------------|----------|----------------------|---------------------|
| 6/30/2012 SIDE FUND 6/30/2013 Share of Per-2013 Pool 6/30/2013 Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2015 Asset (gain)/loss 6/30/2015 Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2017 Asset (gain)/loss | Ramp Period Up | | Balance 6/30/2019 | Payment FY 19-20 | 1 | Year | Reason | Ramp Up | Period | Balance 6/30/2019 | Payment FY 19-20 |
| 6/30/2013 Share of Per-2013 Pool 6/30/2013 Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2014 Assumption Change 6/30/2015 Asset (gain)/loss 6/30/2015 Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2017 Asset (gain)/loss Miscellaneous 1st Tier Miscellaneous PEPRA TOTAL | NO 1 | 16 | 5,671,521 | 492,561 | 1 6/ | 30/2012 | 6/30/2012 SIDE FUND | ON | 16 | \$ 2,292,483 | \$ 199,098 |
| 6/30/2013 Asset (gain)/loss 6/30/2013 Non-Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2014 Assumption Change 6/30/2015 Asset (gain)/loss 6/30/2015 Non-Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss Miscellaneous 1st Tier Miscellaneous PEPRA TOTAL | NO 1 | 17 | 5,119,932 | 426,296 | 7 6/ | 30/2013 | 6/30/2013 Share of Per-2013 Pool | ON | 17 | 4,833,943 | 387,151 |
| 6/30/2013 Non-Asset (gain)/loss 6/30/2014 Asset (gain)/loss 6/30/2014 Assumption Change 6/30/2015 Asset (gain)/loss 6/30/2015 Asset (gain)/loss 6/30/2016 Non-Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss Miscellaneous 1st Tier Miscellaneous PEPRA TOTAL | 100% 2 | 26 | 5,108,372 | 341,834 | 3 6/ | 30/2013 | 6/30/2013 Asset (gain)/loss | 100% | 56 | 5,403,020 | 361,551 |
| 6/30/2014 Asset (gain)/loss 6/30/2014 Non-Asset (gain)/loss 6/30/2014 Assumption Change 6/30/2015 Asset (gain)/loss 6/30/2016 Non-Asset (gain)/loss 6/30/2016 Non-Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous 2nd Tier Niscellaneous PEPRA | 100% 2 | 26 | (372,767) | (24,944) | 4 6/ | 30/2013 | 6/30/2013 Non-Asset (gain)/loss | 100% | 26 | (65,267) | (4,367) |
| 6/30/2014 Non-Asset (gain)/loss 6/30/2014 Assumption Change 6/30/2015 Asset (gain)/loss 6/30/2015 Non-Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 80% 2 | 27 | (4,175,691) | (221,128) | 2 6/ | 30/2014 | 6/30/2014 Asset (gain)/loss | %08 | 27 | (3,675,646) | (194,647) |
| 6/30/2014 Assumption Change 6/30/2015 Asset (gain)/loss 6/30/2015 Non-Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 80% 2 | 27 | 5,203 | 276 | /9 9 | 30/2014 | 6/30/2014 Non-Asset (gain)/loss | %08 | 27 | 49,199 | 2,605 |
| 6/30/2015 Asset (gain)/loss 6/30/2015 Non-Asset (gain)/loss 6/30/2016 Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss 6/30/2017 Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 80% 1 | 17 | 2,885,013 | 214,057 | /9 / | 30/2014 | 6/30/2014 Assumption Change | %08 | 17 | 2,560,903 | 190,009 |
| | 60% 2 | 28 | 2,522,189 | 100,419 | 8 | 30/2015 | 6/30/2015 Asset (gain)/loss | %09 | 28 | 2,124,073 | 84,568 |
| 6/30/2016 Asset (gain)/loss 6/30/2016 Non-Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss 6/30/2017 Non-Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 60% 2 | 28 | (235,137) | (9,362) | /9 6 | 30/2015 | 6/30/2015 Non-Asset (gain)/loss | %09 | 28 | (8,544) | (340) |
| 6/30/2016 Non-Asset (gain)/loss 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss 6/30/2017 Non-Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 40% 2 | 53 | 3,010,651 | 81,141 | 10 6/ | 30/2016 | 6/30/2016 Asset (gain)/loss | 40% | 59 | 2,418,900 | 65,193 |
| 6/30/2016 Assumption Change 6/30/2017 Asset (gain)/loss 6/30/2017 Non-Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 40% 2 | 29 | (425,023) | (11,455) | 11 6/ | 30/2016 | 6/30/2016 Non-Asset (gain)/loss | 40% | 59 | (444,341) | (11,976) |
| 6/30/2017 Asset (gain)/loss 6/30/2017 Non-Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 40% 1 | 19 | 1,033,287 | 38,050 | 12 6/ | 30/2016 | 6/30/2016 Assumption Change | 40% | 19 | 802,988 | 29,753 |
| 6/30/2017 Non-Asset (gain)/loss 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous 2nd Tier Miscellaneous PEPRA TOTAL | 20% 3 | 30 | (1,465,177) | (20,308) | 13 6/ | 30/2017 | 6/30/2017 Asset (gain)/loss | 70% | 30 | (1,086,629) | (15,062) |
| 6/30/2017 Assumption Change FY 2019-20 Misscelaneous 1st Tier Miscellaneous PEPRA TOTAL | 20% 3 | 30 | (86,636) | (1,201) | 14 6/ | 30/2017 | 6/30/2017 Non-Asset (gain)/loss | 70% | 30 | 31,524 | 437 |
| FY 2019-20 Misscelaneous 1st Tier Miscellaneous 2nd Tier Miscellaneous PEPRA TOTAL | 20% 2 | 20 | 1,109,996 | 20,919 | 15 6/ | 30/2017 | 6/30/2017 Assumption Change | 70% | 20 | 944,164 | 17,793 |
| Miscellaneous 2nd Tier Miscellaneous PEPRA TOTAL | | \$ | \$ 19,705,733 | \$ 1,427,155 | F | 2019-20 | FY 2019-20 Safety 1st Tier | | | \$ 16,185,770 | \$ 1,111,766 |
| Miscellaneous PEPRA TOTAL | | | 593,157 | 33,979 | | •, | Safety 2nd Tier | | | 3,736,177 | 236,101 |
| TOTAL | | | 20,309 | 1,847 | | •, | Safety 3rd Tier | | | 9,779 | 2,198 |
| | | \$ | \$ 20,319,199 | \$ 1,462,981 | | •, | Safety PEPRA | | | 16,753 | 2,498 |
| | | | | | | | TOTAL | | | \$ 19,948,479 | \$ 1,352,563 |

| V) | SAFET | Y UAL A | MORTI | ZATION | SAFETY UAL AMORTIZATION SCHEDULES | LES | ų | , | oc | σ | Ę | = | ţ | ç | 5 | | |
|----|------------|-------------------------------|-----------|-------------------|--|-------------------------|--------------------|-------------------|--------------------------------|--|------------|-----------------|---------------|--|----------------|-------------|-----------|
| | UAL | UAL \$ 2,292,483 \$ 4,833,943 | | \$ 5,403,020 | \$ (65,267) | (65,267) \$ (3,675,646) | \$ 49,199 | \$ 2,560,903 | 4,073 | \$ (8,544) \$ | 006 | \$ (444,341) \$ | 807,988 | (629) | ,524 | \$ 944,164 | |
| J | Date Est. | 6/30/2009 | 6/30/2013 | 6/30/2013 | 6/30/2014 | 6/30/2014 | 6/30/2014 | 6/30/2015 | 6/30/2015 | 6/30/2016 | 6/30/2016 | 6/30/2016 | 6/30/2017 | 6/30/2017 | 6/30/2017 | 6/30/2017 | |
| | Tvne | oT ou | T/ | Zo S-vear Ramn | 20 20 21 21 21 21 21 21 21 21 21 21 21 21 21 | | Z) 5 -vear Ramn | L/ 5-vear Ramn | Zā S-vear Ramn ⁶ | 5 28 2 29 29 5 - September 5 - | -vear Ramn | 2 | SU Suear Bamn | 30 SU Suma Factor Part Part Suma Factor Part Part Part Part Part Part Part Par | Vo Per Pamp | omed reov. | |
| Ē | Final Year | 2035 | 2036 | 2045 | 2045 | | | 2036 | 2047 | 2047 | 2048 | 2038 | | 2049 | 2039 | dulla value | PAYMENTS |
| Ħ | 2020 | 199,098 | 387,151 | 361,551 | (4,367) | (194,647) | 2,605 | 190,009 | 84,568 | (340) | 65,193 | (11,976) | 29,753 | (15,062) | 437 | 17,793 | 1,111,766 |
| 2 | 2021 | 204,822 | 398,282 | 371,946 | (4,493) | (250,304) | 3,350 | 244,340 | 115,999 | (466) | 100,601 | (18,480) | 45,913 | (30,990) | 889 | 36,609 | 1,218,026 |
| 8 | 2022 | 210,711 | 409,732 | 382,639 | (4,622) | (257,500) | 3,446 | 251,364 | 149,168 | (009) | 137,991 | (25,349) | 62,977 | (47,822) | 1,387 | 56,492 | 1,330,016 |
| 4 | 2023 | 216,769 | 421,512 | 393,640 | (4,755) | (264,903) | 3,545 | 258,591 | 153,456 | (617) | 177,448 | (32,597) | 80,984 | (65,595) | 1,903 | 77,489 | 1,416,870 |
| 2 | 2024 | 223,001 | 433,630 | 404,957 | (4,891) | (272,519) | 3,647 | 266,026 | 157,868 | (635) | 182,549 | (33,534) | 83,312 | (84,351) | 2,447 | 99,646 | 1,461,153 |
| 9 | 2025 | 229,412 | 446,097 | 416,600 | (5,032) | (280,354) | 3,752 | 273,674 | 162,407 | (653) | 187,798 | (34,499) | 85,708 | (86,776) | 2,518 | 102,511 | 1,503,161 |
| 7 | 2026 | 236,008 | 458,923 | 428,577 | (5,177) | (288,414) | 3,860 | 281,542 | 167,076 | (672) | 193,197 | (35,490) | 88,172 | (89,271) | 2,590 | 105,458 | 1,546,377 |
| 00 | 2027 | 242,793 | 472,117 | 440,898 | (5,325) | (396,706) | 3,971 | 289,636 | 171,879 | (691) | 198,751 | (36,511) | 707,06 | (91,838) | 2,665 | 108,490 | 1,590,835 |
| 6 | 2028 | 249,773 | 485,690 | 453,574 | (5,479) | (305, 237) | 4,085 | 297,963 | 176,821 | (711) | 204,465 | (37,560) | 93,315 | (94,478) | 2,741 | 111,609 | 1,636,572 |
| 10 | 2029 | 256,954 | 499,654 | 466,614 | (5,636) | (314,012) | 4,202 | 306,530 | 181,905 | (731) | 210,344 | (38,640) | 95,997 | (97, 194) | 2,820 | 114,817 | 1,683,623 |
| 11 | 2030 | 264,342 | 514,019 | 480,030 | (5,798) | (323,040) | 4,323 | 315,343 | 187,134 | (752) | 216,391 | (39,751) | 98,757 | (686'66) | 2,901 | 118,118 | 1,732,028 |
| 12 | 2031 | 271,941 | 528,797 | 493,830 | (2,965) | (332,327) | 4,448 | 324,409 | 192,514 | (774) | 222,612 | (40,894) | 101,597 | (102,863) | 2,984 | 121,514 | 1,781,823 |
| 13 | 2032 | 279,760 | 544,000 | 508,028 | (6,136) | (341,882) | 4,575 | 333,735 | 198,049 | (962) | 229,012 | (42,070) | 104,517 | (105,821) | 3,070 | 125,008 | 1,833,051 |
| 14 | 2033 | 287,803 | 559,640 | 522,634 | (6,313) | (351,711) | 4,707 | 274,664 | 203,743 | (819) | 235,597 | (43,279) | 107,522 | (108,863) | 3,158 | 128,602 | 1,817,085 |
| 12 | 2034 | 296,077 | 575,729 | 537,660 | (6,494) | (361,823) | 4,842 | 211,921 | 209,601 | (843) | 242,370 | (44,524) | 110,614 | (111,993) | 3,249 | 132,299 | 1,798,686 |
| 16 | 2035 | 304,589 | 592,281 | 553,117 | (6,681) | (372,225) | 4,982 | 145,342 | 215,627 | (867) | 249,338 | (45,804) | 91,035 | (115,213) | 3,343 | 136,103 | 1,754,968 |
| 17 | 2036 | • | 609,310 | 569,019 | (6,873) | (382,926) | 5,125 | 74,760 | 221,826 | (892) | 256,507 | (47,120) | 70,239 | (118,525) | 3,439 | 112,013 | 1,365,901 |
| 18 | 2037 | | | 585,379 | (1,071) | (383,936) | 5,272 | 1 | 228,203 | (917) | 263,881 | (48,475) | 48,172 | (121,933) | 3,538 | 86,425 | 648,539 |
| 19 | 2038 | | | 602,208 | (7,274) | (405, 261) | 5,424 | • | 234,764 | (944) | 271,468 | (49,869) | 24,779 | (125,438) | 3,639 | 59,273 | 612,769 |
| 20 | 2039 | | • | 619,522 | (7,483) | (416,912) | 5,580 | | 241,514 | (126) | 279,272 | (51,303) | | (129,045) | 3,744 | 30,489 | 574,407 |
| 21 | 2040 | | • | 637,333 | (2,698) | (428,899) | 5,740 | | 248,457 | (666) | 287,302 | (52,777) | | (132,755) | 3,852 | • | 559,556 |
| 22 | 2041 | • | 1 | 655,657 | (7,919) | (441,229) | 5,905 | T | 255,600 | (1,028) | 295,561 | (54, 295) | ٠ | (136,571) | 3,962 | • | 575,643 |
| 23 | 2042 | | • | 239,605 | (6,518) | (453,915) | 6,075 | • | 262,949 | (1,057) | 304,059 | (55,856) | | (140,498) | 4,076 | • | 458,921 |
| 24 | 2043 | | • | 416,339 | (5,029) | (373,572) | 2,000 | | 270,509 | (1,088) | 312,801 | (57,462) | | (144,537) | 4,194 | • | 427,155 |
| 22 | 2044 | | • | 285,539 | (3,449) | (288,234) | 3,857 | | 222,629 | (882) | 321,794 | (59,114) | | (148,692) | 4,314 | • | 337,749 |
| 56 | 2045 | , | | 146,874 | (1,774) | (197,681) | 2,646 | • | 171,172 | (691) | 264,836 | (48,651) | | (152,967) | 4,438 | • | 188,803 |
| 27 | 2046 | ï | • | | • | (101,682) | 1,361 | • | 117,807 | (474) | 204,338 | (37,537) | | (125,892) | 3,653 | • | 61,573 |
| 28 | 2047 | | 1 | , | | , | | • | 60,597 | (244) | 140,142 | (25,744) | | (97,134) | 2,818 | • | 46,339 |
| 29 | 2048 | • | | , | | , | | | | , | 72,085 | (13,242) | | (66,618) | 1,933 | • | |
| 30 | 2049 | • | | | ı | • | • | , | • | | | , | ı | 1 | | , | |

PAYMENT \$9,831,160 \$ 9,179,475 \$11,604,428 \$ (846,788) \$(9,874,345) \$ 12,305 \$4,889,112 \$ 6,251,183 \$ (582,794) \$ 7,875,632 \$(1,111,835) \$1,936,288 \$ (4,075,879) \$ (241,044) \$ 2,211,181 \$ 37,065,627

| | | | | | | PAYMENTS | 1,427,155 | 1,552,472 | 1,685,614 | 1,792,082 | 1,842,944 | 1,895,928 | 1,950,436 | 2,006,511 | 2,064,198 | 2,123,544 | 2,184,596 | 2,247,403 | 2,312,016 | 2,301,130 | 2,287,707 | 2,242,504 | 1,384,682 | 582,970 | 533,198 | 480,083 | 457,010 | 470,149 | 365,429 | 360,264 | 294,573 | 154,035 | 50,117 | 16,874 | | |
|--|----|---|---------------|-------|--|------------|-----------|-----------|-----------|-----------|------------|-----------|------------|------------|------------|----------------------|-----------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|
| | 15 | ,109,996 | 6/30/2017 | 30 | ar Ramp | 2049 P | 20,919 | 43,041 | 66,417 | 91,103 | 117,152 | 120,520 | 123,985 | 127,550 | 131,217 | 134,989 | 138,870 | 142,863 | 146,970 | 151,196 | 155,542 | 160,014 | 131,692 | 101,608 | 989'69 | 35,845 | • | • | • | • | • | • | • | , | • | • |
| | 14 | (86,636) \$ 1,109,996 | 6/30/2017 6/3 | | 5 -year Ramp 5 -year Ramp | 2039 | (1,201) | (2,471) | (3,813) | (5,230) | (6,726) | (6,919) | (7,118) | (7,323) | (7,533) | (7,750) | (2,973) | (8,202) | (8,438) | (8,680) | (8,930) | (9,187) | (9,451) | (9,723) | (10,002) | (10,290) | (10,585) | (10,890) | (11,203) | (11,525) | (11,856) | (12,197) | (10,038) | (7,745) | (5,312) | (2,732) |
| | 13 | \$ (1,465,177) \$ | 6/30/2017 6/3 | | r Ramp 5-ye | 2049 | (20,308) | (41,784) | (64,477) | (88,442) | (113,730) | (117,000) | (120,364) | (123,824) | (127,384) | (131,047) | (134,814) | (138,690) | (142,677) | (146,779) | (150,999) | (155,341) | (159,807) | (164,401) | | (173,990) | | (184,138) | (189,432) | (194,878) | (200,481) | (206,245) | (169,740) | (130,965) | (89,820) | (46,201) |
| | | | | 6 | 5 -year Ramp 5 -year Ramp 5 -year Ramp | | 38,050 | 58,716 | 80,539 | 103,568 | 106,545 (1 | 109,608 | 112,760 (1 | 116,002 (1 | 119,337 (1 | 122,767 (1 | 126,297 | 129,928 (1 | 133,664 (1 | 137,506 (1 | 141,460 (1 | 116,421 (1 | 89,826 (1 | 61,606 (1 | 31,689 (1 | . (1 | | - (1 | - (1 | - (1 | - (2 | - (2 | - (1 | - (1 | | - |
| | 12 | 123) \$1,03 | 16 6/30/2016 | H | mp 5 -year | 2038 | | | | | | | | | | | | | | | | | | | | 11) | 81) | 33) | 76) | (29 | 42) | 34) | 6 | 24) | (99 | |
| | 11 | \$ (425,0 | 6/30/2016 | 29 | 5-year Ra | 2048 | (11,455) | (17,676) | (24,246) | (31,179) | (32,076) | (32,998) | (33,946) | (34,922) | (32,926) | (36,959) | (38,022) | (39,115) | (40,240) | (41,396) | (42,587) | (43,811) | (45,071) | (46,366) | (47,699) | (49,071) | (50,481) | (51,933) | (53,426) | (54,962) | (56,542) | (46,534) | (32,904) | (24,624) | (12,666) | • |
| | 10 | 3,010,651 | 6/30/2016 | 59 | 5 -year Ramp | 2048 | 81,141 | 125,211 | 171,747 | 220,856 | 227,206 | 233,738 | 240,458 | 247,371 | 254,483 | 261,800 | 269,326 | 277,069 | 285,035 | 293,230 | 301,660 | 310,333 | 319,255 | 328,434 | 337,876 | 347,590 | 357,583 | 367,864 | 378,440 | 389,320 | 400,513 | 329,622 | 254,324 | 174,424 | 89,719 | • |
| | 6 | \$ (235,137) | 6/30/2015 | 28 | -year Ramp | 2047 | (9,362) | (12,842) | (16,513) | (16,988) | (17,477) | (17,979) | (18,496) | (19,028) | (19,575) | (20,138) | (20,716) | (21,312) | (21,925) | (22,555) | (23,204) | (23,871) | (24,557) | (25,263) | (25,989) | (26,736) | (27,505) | (38,296) | (29,109) | (29,946) | (24,646) | (19,016) | (13,042) | (6,708) | | |
| | 8 | 5,203 \$2,885,013 \$ 2,522,189 \$ (235,137) \$ 3,010,651 \$ (425,023) \$1,033,287 | 6/30/2015 | 28 | -year Ramp 5 | 2047 | 100,419 | 137,741 | 177,127 | 182,219 | 187,458 | 192,847 | 198,392 | 204,096 | 209,963 | 216,000 | 222,210 | 228,598 | 235,170 | 241,932 | 248,887 | 256,043 | 263,404 | 270,977 | 278,767 | 286,782 | 295,027 | 303,509 | 312,235 | 321,212 | 264,357 | 203,968 | 139,888 | 71,955 | | i |
| | 7 | 2,885,013 \$ | 6/30/2014 | 17 | year Ramp 5 | 2036 | 214,057 | 275,264 | 283,178 | 291,319 | 299,695 | 308,311 | 317,175 | 326,293 | 335,674 | 345,325 | 355,253 | 365,467 | 375,974 | 309,426 | 238,742 | 163,737 | 84,222 | | | , | | ï | ï | | • | | | | | |
| CHEDULES | 9 | | 6/30/2014 | 72 | -year Ramp5 | 2046 | 276 | 354 | 365 | 375 | 386 | 397 | 408 | 420 | 432 | 445 | 457 | 470 | 484 | 498 | 512 | 527 | 545 | 228 | 574 | 290 | 209 | 625 | 643 | 529 | 408 | 280 | 144 | | | |
| N SCHE | 2 | (4,175,691) | 6/30/2014 | 22 | -year Ramp 5 | 2046 | (221,128) | (284,357) | (292,532) | (300,942) | (309,594) | (318,495) | (327,652) | (337,072) | (346,763) | (356,732) | (396,988) | (377,539) | (388,393) | (399,560) | (411,047) | (422,865) | (435,022) | (447,529) | (460,395) | (473,632) | (487,249) | (501,257) | (515,668) | (424,395) | (327,447) | (224,574) | (115,515) | • | ě | |
| FIZATIO | 4 | \$ (372,767) \$ | 6/30/2013 | 56 | -year Ramp 5 | 2045 | (24,944) | (25,661) | (26,399) | (27,158) | (27,939) | (28,742) | (29,568) | (30,418) | (31,293) | (32, 193) | (33,118) | (34,070) | (32,050) | (36,057) | (37,094) | (38,160) | (39,258) | (40,386) | (41,547) | (42,742) | (43,971) | (45,235) | (37,228) | (28,724) | (19,700) | (10,133) | | | | |
| AMOR. | 9 | \$ 5,108,372 | 6/30/2013 | 56 | 5-year Ramp 5-year Ramp 5-year Ramp 5-year Ramp5-year Ramp 5-year Ramp 5-year Ramp | 2045 | 341,834 | 351,662 | 361,772 | 372,173 | 382,873 | 393,881 | 405,205 | 416,854 | 428,839 | 441,168 | 453,851 | 466,900 | 480,323 | 494,132 | 508,339 | 522,953 | 537,988 | 553,455 | 269,367 | 585,737 | 602,577 | 619,901 | 510,178 | 393,634 | 269,968 | 138,865 | | 1 | | |
| MISCELLANEOUS UAL AMORTIZATION SC | 2 | UAL \$5,671,521 \$ 5,119,932 \$ 5,108,372 \$ (372,767) \$(4,175,691) \$ | 6/30/2013 | 17 | No Ramp 5 | 2036 | 426,296 | 438,552 | 451,160 | 464,131 | 477,475 | 491,202 | 505,324 | 519,853 | 534,798 | 550,174 | 565,991 | 582,264 | 599,004 | 616,225 | 633,941 | 652,167 | 670,917 | ì | í. | ï | , | • | | | 1 | ı | | | | |
| LLANEC | 1 | \$5,671,521 | 6/30/2012 | 16 | No Ramp | 2035 | 492,561 | 506,722 | 521,290 | 536,277 | 551,695 | 567,557 | 583,874 | 600,660 | 617,929 | 635,695 | 653,971 | 672,773 | 692,115 | 712,013 | 732,484 | 753,542 | | , | | ï | , | • | i | | | • | i | | | |
| MISCE | | UAL | Date Est. | Years | Type | Final Year | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 |
| | R | BAN | l Fl | JT | U | - | S | 7 | ۳ ina | 4 | بم cia | o al S | 60 | ∞ lut | ه io | <mark>ន</mark> ns | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 56 | 27 | 28 | 53 | 30 |

Validation Process: 70-90 days

HYPOTHETICAL SCHEDULE

Month 1

Modeling / Scenario Analysis (7-Step Process)

- Assess status of Pension Plan & Financial Objectives
- Develop Model & Amortization Schedules
- Identify Issues & Align Options, Objectives & Resources
- Present Recommendations

Month 2

Select Financing Team & Document Review

- Select & Assemble Financing Team (RFPs)
- Kick-Off Meeting
- Draft Documents & Review
- Commence Validation Proceeding, if necessary

Month 3

Final Review & Approval

- Review of Credit with Rating Agency & Municipal Bond Insurers
- Final Review of Documents & OS
- Determine Final Bond Structure
- City Council Approval

Month 4

Marketing, Sale/Pricing & Closing

- Marketing to Potential Investors
- "Pre-Pricing" Develop Comparables
- Pricing & Closing (Receive Funds)



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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Nick Kimball, City Manager

By: Yazdan T. Emrani, P.E., Director of Public Works/ City Engineer

Date: March 4, 2019

Subject: Consideration to Receive and File Project Feasibility Study for the Glenoaks

Boulevard Bridge Over the Pacoima Creek

RECOMMENDATION:

It is recommended that the City Council:

a. Receive and file the Project Feasibility Study for Pedestrian Fencing at Glenoaks Boulevard Bridge Over Pacoima Creek Final Report (Attachment "A"); and

b. Provide direction to staff regarding preferred Alternative.

BACKGROUND:

- 1. On February 17, 2017, Elias Rodriguez accidentally drowned after falling into the Pacoima wash and being swept away by rushing water. This tragic accident triggered a discussion amongst City Councilmembers regarding the level of safety provided by the fencing separating pedestrians and the wash below, including along the Glenoaks Boulevard Bridge.
- 2. Based on these discussions, it was determined that an analysis should be conducted regarding ways to increase the level of safety for pedestrians walking across the Glenoaks Boulevard Bridge.
- 3. In December 2018, the City submitted a City Service Request to Los Angeles County Public Works (LACPW) to evaluate the feasibility of enhancing the existing barriers on the Glenoaks Boulevard Bridge to improve pedestrian safety. As part of the feasibility study, LACPW was asked to examine site constraints such as right-of-way, existing bridge member capacities, existing utilities, and Americans with Disabilities Act (ADA) requirements.
- 4. On February 19, 2019, LACPW staff presented the initial draft findings during a City Council meeting.

PUBLIC WORKS DEPARTMENT

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1222

WWW.SFCITY.ORG

Consideration to Receive and File Project Feasibility Study for the Glenoaks Boulevard Bridge Over the Pacoima Creek

Page 2 of 4

ANALYSIS:

Based on the feasibility study conducted by LACPW, two alternatives were developed.

Alternative 1—Full Bridge Barrier Replacement.

This alternative entails the removal and replacement of the bridge railings and reconstruction of the sidewalk overhangs. The existing sidewalks would need to be removed to allow new steel reinforcing bars to be doweled into the existing bridge deck. Since the posted speed limit on Glenoaks Boulevard is less than 45 miles per hour, the barrier will have to conform to TL-2 requirements. Therefore, a Caltrans Type 732 standard concrete bridge barrier is proposed.

The proposed barrier will be thicker than the existing, so the sidewalk overhang on each side of the bridge would need to be extended by one foot, nine inches to accommodate the new barrier and comply with ADA requirements for sidewalk widths. The sidewalks at the approaches to the bridge will also need to be widened to provide continuity to the proposed bridge widening. A Los Angeles County Public Works Standard Picket railing or a chain-link railing can be added to the top of the Type 732 concrete barrier to provide additional protection to pedestrians and bicyclists. Per the AASHTO Bridge Design Specifications, the minimum rail height for barriers to protect pedestrians is 42 inches. The minimum rail height for barriers to protect bicyclists is 54 inches.

The estimated cost of Alternative 1 is \$554,000. Alternative 1 requires significant engineering and permits from multiple federal, state, and county agencies that have jurisdiction over various parts of the bridge reconstruction. Consequently, this option could take upwards of twenty-four months to complete. Additionally, sufficient funding has not been identified to cover the cost of implementing this Alternative, which may cause additional delays.

Alternative 2—Fencing as Interim Solution.

The bridge is currently 65 years old and per the latest bridge inspection report, has a Sufficiency Rating of 58.1 on a scale of one to 100, with 100 being the rating for a new bridge. It is also classified as Functionally Obsolete, meaning the bridge width is narrower than recommended by AASHTO guidelines to facilitate efficient movement of traffic demands. If replacing the barrier railing as described in Alternative 1 is cost prohibitive to the City, an interim solution can be implemented until the City decides to replace, rehabilitate, or widen the bridge.

This alternative entails bolting a Caltrans Type 7 Chain link railing to the side of the existing deck without modifying the existing steel barrier. Holes would need to be drilled at regular intervals into the side of the deck. Threaded stainless steel reinforcing rods would be inserted into the holes and bonded with a chemical adhesive. The threaded rods would then be used then be used to secure plates upon which posts for the Caltrans Type 7 Chain link railing would be welded.

Consideration to Receive and File Project Feasibility Study for the Glenoaks Boulevard Bridge Over the Pacoima Creek

Page 3 of 4

The advantage of Alternative 2 is that it meets the City's objective of increasing pedestrian safety in a quick and economical way, without significant impact to traffic during construction. However, this Alternative does not include upgrading the existing bridge barriers to current design standards. The proposed chain link fencing will not provide any additional protection against a vehicle collision. Utility coordination would still be necessary, although the expected impact would not be as great as that of Alternative 1.

The estimated cost of Alternative 2 is \$100,000. The engineering and permitting requirements are much less onerous due to the limited scope of construction. Consequently, this option should take less than twelve months to complete. Staff has determined that Road Maintenance and Repair Act Funds (SB-1) and Measure R Funds may be used to fund this type of public safety improvement.

Recommendation.

With the amount of rain Southern California has seen thus far this year, it is recommended that City Council view "Alternative 2" as the most economically feasible and timely approach to increasing pedestrian safety on the Glenoaks Boulevard Bridge.

BUDGET IMPACT:

There is no budget impact to receiving and filing this report.

Alternative 1: The estimated cost for this Alternative is \$554,000. Staff has not identified a sufficient source to fund the full cost of this Alternative. If directed to move forward, staff will work to identify Special funds and grant sources to fund this alternative. Implementation of this Alternative will be delayed until funding is identified.

Alternative 2: The estimated cost for this Alternative is \$100,000. Staff has identified Road Maintenance and Rehabilitation Act (SB-1) and Measure R funds to fund this Alternative. These funds are currently not programmed, however, using these funds for the Glenoaks Bridge Improvements will reduce the amount of funding available from these sources for future residential resurfacing projects. If City Council directs staff to move forward with Alternative 2, a budget amendment appropriating these funds will be brought back at a future meeting for City Council approval.

CONCLUSION:

Receive and file Project Feasibility Study for Pedestrian Fencing at Glenoaks Boulevard Bridge Over Pacoima Creek and provide direction to staff as appropriate.

Consideration to Receive and File Project Feasibility Study for the Glenoaks Boulevard Bridge Over the Pacoima Creek

Page 4 of 4

ATTACHMENT:

A. Feasibility Study

County of Los Angeles Department of Public Works

PROJECT FEASIBILITY STUDY

PEDESTRIAN FENCING AT GLENOAKS BOULEVARD BRIDGE OVER PACOIMA CREEK



February 2019



February 2019

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| SCOPE OF WORK | 1 |
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| BACKGROUND | |
| EXISTING CONDITION | |
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| Alternative 1—Full Bridge Barrier Replacement | |
| Alternative 2—Fencing as Interim Solution | |
| RIGHT OF WAY | |
| ENVIRONMENTAL DOCUMENTATION AND PERMITS | |
| TRAFFIC | |
| UTILITIES | |
| ROUGH ORDER MAGNITUDE OF COSTS | |
| ROUGH ONDER MAGNITUDE OF COSTS | 14 |

ATTACHMENTS:

Latest Available Bridge Inspection Report



SCOPE OF WORK

The intent of this report is to explore the feasibility of enhancing pedestrian protection on the Glenoaks Boulevard Bridge over Pacoima Wash (State Bridge No. 53C0920, County Bridge No. 2728) by enhancing the existing barriers or adding new barriers. The project location is within the City of San Fernando.

BACKGROUND

In December 2018, the City of San Fernando submitted a City Service Request to Los Angeles County Public Works (PW) to evaluate the feasibility of enhancing the existing barriers on the Glenoaks Boulevard Bridge to improve pedestrian safety. As part of the feasibility study, PW was asked to examine site constraints such as right-of-way, existing bridge member capacities, existing utilities, and Americans with Disabilities Act (ADA) requirements.

PW was able to locate as-built plans for the original bridge construction and seismic retrofit plans. A site visit to the bridge was conducted by PW on January 3, 2019 to verify that field conditions matched the plans.

EXISTING CONDITION

The Glenoaks Boulevard bridge is owned and maintained by the City of San Fernando. The bridge was built in 1953 and is a single-span bridge approximately 72 feet long with an out-to-out width of about 60 feet. It is supported by seven steel built-up plate girders and topped with a concrete slab 6.75 inches thick. The roadway is about 50 feet wide, and the sidewalks are about 4 feet, 4 inches wide between the railing and the top of curb. The overhangs on each side of the bridge are about 4 feet, 3.375 inches wide. The tubular steel bridge railings are about 3 feet tall and are consistent with those shown on the as-built plans.

The bridge underwent a seismic retrofit in 2000. Concrete catcher blocks and concrete shear keys were added at the abutments, and steel brackets were added to the bottom of the plate girders.

Several utilities were found at the bridge, including a couple of water lines belonging to the City of San Fernando, a communications duct, and a 30-inch high pressure gas line belonging to the Southern California Gas Company underneath the sidewalk along the south edge of the bridge.

A search of PW's land information database revealed that the right-of-way of Glenoaks Boulevard at the bridge location is 80 feet wide.

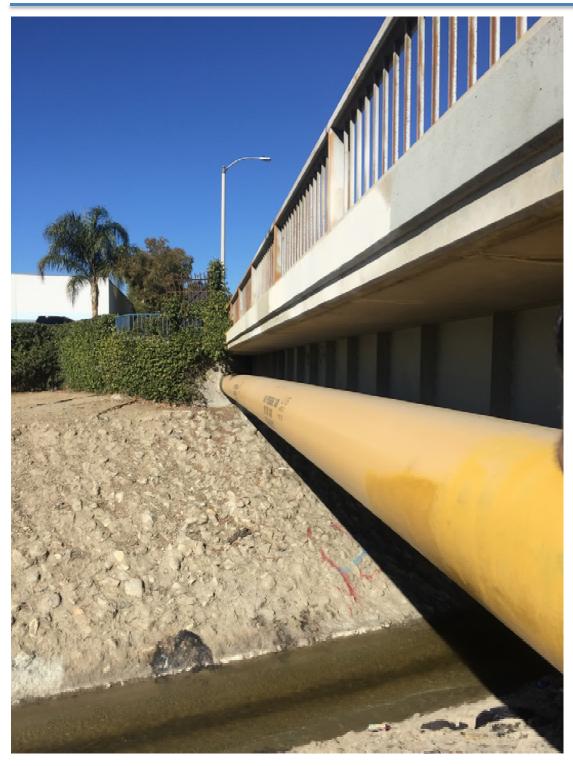


The property on the northwest corner of the bridge has wrought iron fencing adjacent to the existing back of sidewalk. The other three corners of the bridge are abutted with chain link fencing.



Northeast elevation view of the Glenoaks Boulevard Bridge over Pacoima Wash





Southwest elevation view of the Glenoaks Boulevard Bridge showing 30"-DIA high pressure gas line.



DISCUSSION

The existing metal bridge railings were designed per the standards applicable when the bridge was built in 1953. Increasing the height of the railings to protect pedestrians would not be permitted without upgrading them to current design standards by either strengthening or replacing the barriers.

A preliminary analysis was performed to determine if a new barrier designed to current standards could be supported by the bridge. The results indicate that the existing steel girders have sufficient capacity for the increased load criteria, but the sidewalk overhangs are insufficient.

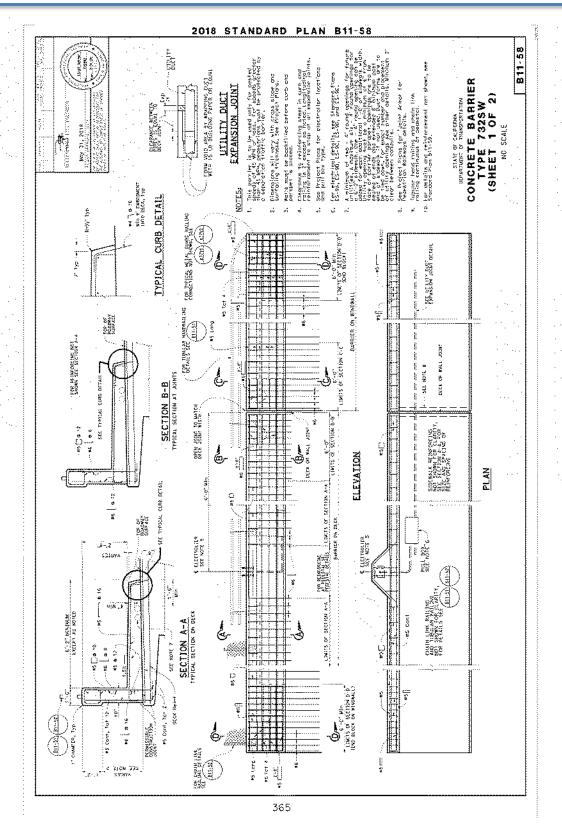
The following two alternatives have been developed to address the City's desire to enhance pedestrian safety on the bridge.

Alternative 1—Full Bridge Barrier Replacement

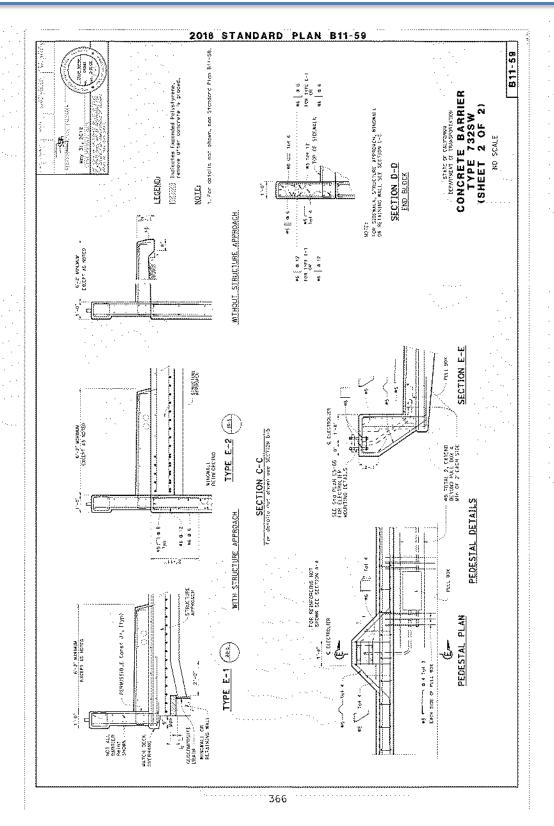
This alternative entails the removal and replacement of the bridge railings and reconstruction of the sidewalk overhangs. The existing sidewalks would need to be removed to allow new steel reinforcing bars to be doweled into the existing bridge deck. Since the posted speed limit on Glenoaks Boulevard is under 45 miles per hour, the barrier will have to conform to TL-2 requirements. Therefore, a Caltrans Type 732 standard concrete bridge barrier is proposed. The proposed barrier will be thicker than the existing, so the sidewalk overhang on each side of the bridge would need to be extended by 1 foot, 9 inches to accommodate the new barrier and comply with ADA requirements for sidewalk widths. The sidewalks at the approaches to the bridge will also need to be widened to provide continuity to the proposed bridge widening.

A Los Angeles County Public Works Standard Picket railing or a chain-link railing can be added to the top of the Type 732 concrete barrier to provide additional protection to pedestrians and bicyclists. Per the AASHTO Bridge Design Specifications, the minimum rail height for barriers to protect pedestrians is 42 inches. The minimum rail height for barriers to protect bicyclists is 54 inches.



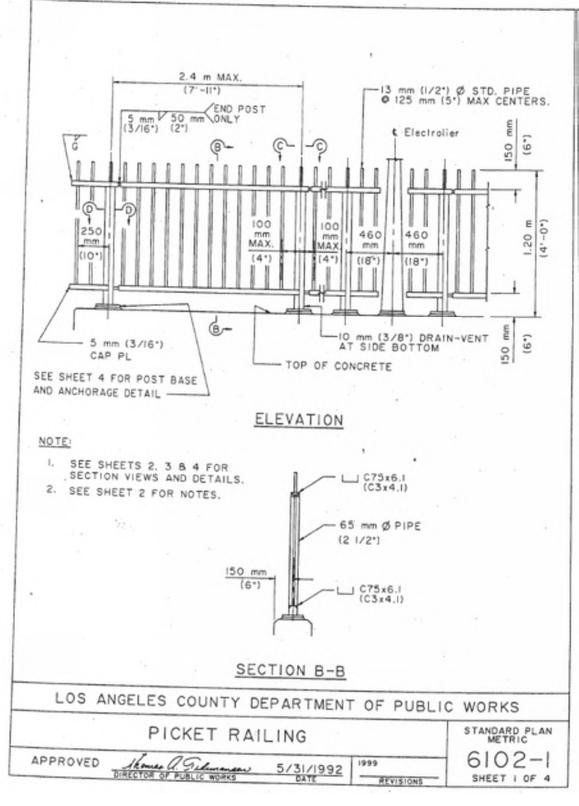






Caltrans Type 732 Barrier





Los Angeles County Public Works Standard Picket Railing



The advantages of this Alternative are:

- (1) it provides the increased pedestrian protection desired by the City
- (2) it upgrades the bridge barriers to current design standards,
- (3) it increases the sidewalk width to meet ADA requirements

However, the drawbacks of this Alternative are:

- (1) it is expected to be the costlier alternative
- (2) it will require coordination and approvals from the owners of the utilities on the bridge
- (3) it will impact traffic during construction
- (4) it will require coordination with neighboring property owners on how to accommodate the new construction.

The rough order magnitude of cost for this alternative is about \$554,000.





Alternative 2—Fencing as Interim Solution

The bridge is currently 65 years old and per the latest bridge inspection report, has a Sufficiency Rating of 58.1 on a scale of 1 to 100, with 100 being the rating for a new bridge. It is also classified as Functionally Obsolete, meaning the bridge width is narrower than recommended by AASHTO guidelines to facilitate efficient movement of traffic demands. If replacing the barrier railing as described in Alternative 1 is cost prohibitive to the City, an interim solution can be implemented until the City decides to replace, rehabilitate, or widen the bridge.

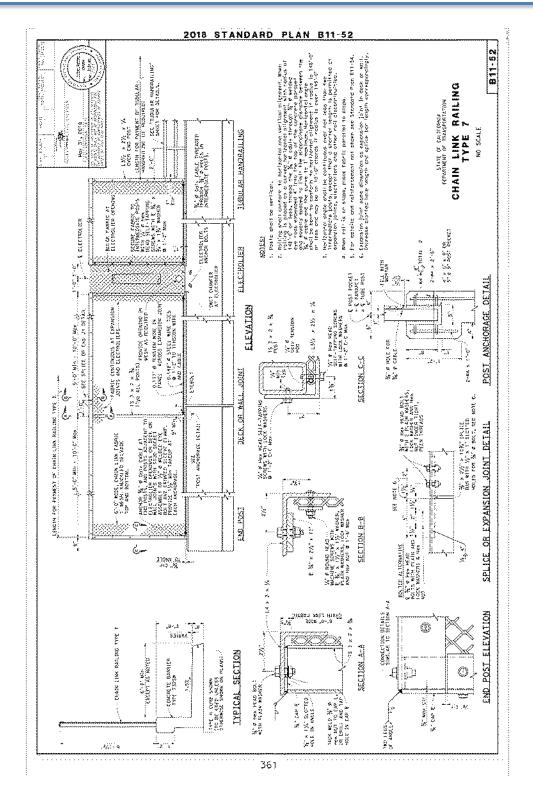
This alternative entails bolting a Caltrans Type 7 Chain link railing to the side of the existing deck without modifying the existing steel barrier. Holes would need to be drilled at regular intervals into the side of the deck. Threaded stainless steel reinforcing rods would be inserted into the holes and bonded with a chemical adhesive. The threaded rods would then be used to secure plates upon which posts for the Type 7 Chain Link railing would be welded.

The advantage of this Alternative is that it meets the City's objective of increasing pedestrian safety in a quick and economical way, without significant impact to traffic during construction. However, this Alternative does not include upgrading the existing bridge barriers to current design standards. The proposed chain link fencing will not provide any additional protection against a vehicle collision. Utility coordination would still be necessary, although the expected impact would not be as great as that of Alternative 1.

The rough order magnitude of cost for this alternative is about \$100,000.



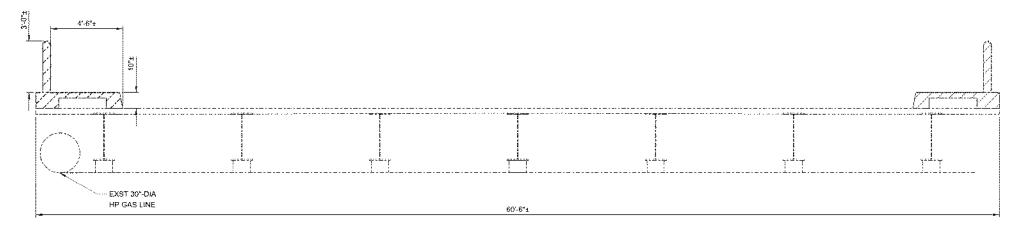




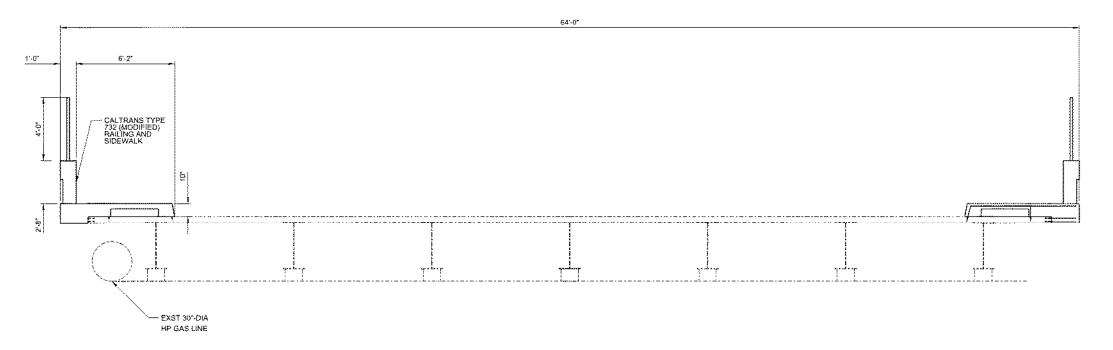
Caltrans Type 7 Chain Link Railing



GLENOAKS BOULEVARD OVER PACOIMA WASH BARRIER REPLACEMENT ALTERNATIVE 1



SIDEWALK AND BARRIER REMOVAL

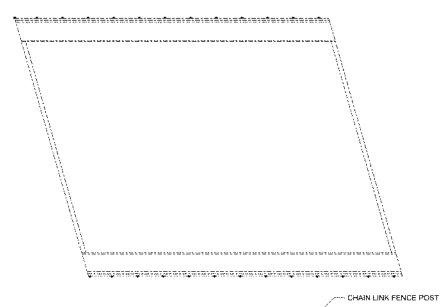


BARRIER REPLACEMENT



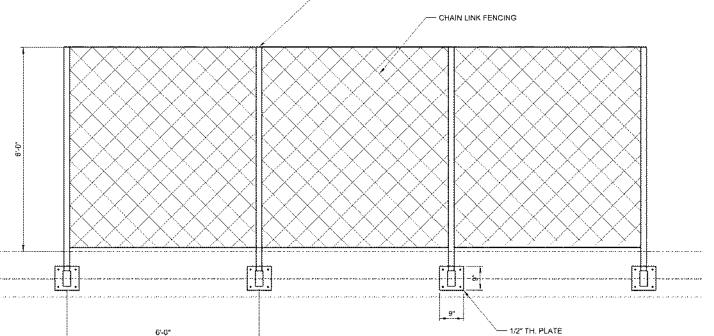
03/04/2019

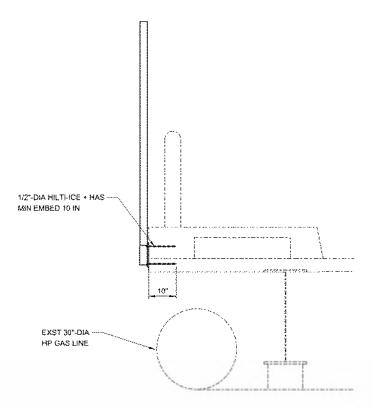
GLENOAKS BOULEVARD OVER PACOIMA WASH BOLTED CHAIN LINK FENCING (ALTERNATIVE 2)





Page 396 of 462







RIGHT OF WAY

Since the road right-of-way width at the bridge is 80 feet and the existing width of the bridge is 60 feet, no additional right-of-way is expected to be acquired for either alternative.

Regardless of which alternative is selected, the project will require an encroachment permit from the Los Angeles County Flood Control District.

ENVIRONMENTAL DOCUMENTATION AND PERMITS

Pacoima Wash was built by the U.S. Army Corps of Engineers in 1954. Since neither alternative will affect the flow in the wash, a permit from the Army Corps of Engineers will not be needed.

Best Management Practices (BMPs) should be employed to preserve water quality in the wash during construction.

TRAFFIC

Constructing the improvements under Alternative 1 will require closure of the sidewalk and the adjacent vehicle travel lane during construction. Temporary concrete safety barriers will be needed to safeguard the traveling public along the construction site. As a result, traffic control will be needed during the construction period. Details for traffic control are beyond the scope of this report but can be developed upon further request.

Constructing the improvements under Alternative 2 will require closure of the sidewalk. Daytime lane closures may be needed for this Alternative.

The improvements under both alternatives are not expected to impact any bus stops or street lights. No bus stops were observed on the bridge during the field review. One street light was found near the south east corner of the bridge.

<u>UTILITIES</u>

The presence of a communications duct, two water lines, and a 30-inch diameter high pressure gas line from the Southern California Gas Company were noted during the field visit. Prior to construction, 811 should be contacted to ensure no additional utilities will be impacted. Both Alternatives are not expected to permanently impact any of the utilities observed. However, construction of either Alternative should be coordinated with the



utility companies. In addition, it is expected that the construction of Alternative 1 will need extensive coordination with the Southern California Gas Company.

ROUGH ORDER MAGNITUDE OF COSTS

Preliminary Engineering for Alternative 1

| Prepare Design Plans | \$70,000 |
|--|----------|
| Utility Coordination, Construction Package | \$73,000 |
| Obtain Flood Control Permit/Coordination | \$ 5,000 |
| Construction Surveying | \$ 5,000 |
| Prepare Traffic Control Plans | \$20,000 |

Total Preliminary Engineering: \$173,000

Construction Cost for Alternative 1

| Total Construction Cost: | \$381,000 |
|--|-----------|
| Construction Engineering: | \$ 63,500 |
| Contingency: | \$ 63,500 |
| Modifying Sidewalk Approaches | \$ 54,000 |
| Construct widening with Caltrans Type 732 modified bridge railing: | \$200,000 |

Total Project Cost for Alternative 1 \$554,000



| Preliminary Engineering for Alternative 2 | |
|--|---|
| Prepare Design Plans | \$ 10,000 |
| Obtain Flood Control Permit | \$ 5,000 |
| Total Preliminary Engineering for Alternative 2: | \$ 15,000 |
| Construction Cost for Alternative 2 Construct Caltrans Type 7 Chain Link Rail Contingency Project Coordination Total Construction Cost Total Project Cost for Alternative 2 PREPARED BY: Albert Wong REVIEWED BY: | \$ 66,000 \$ 18,500 \$ 85,000 \$ 100,000 Date |
| David Chan | Date |



Bridge Inspection Report

SI Frequency 92C

Element Frequency

Bridge Key: 53C0920 LA County Br. No.: 2728 **Functionally Obsolete** SD/FO Status: SR: 58.1

IDENTIFICATION

State 1 06 California

GLENOAKS BLVD Facility Carried 7 Route On Structure

Rie.(Or/Under) 5A. Level of Service 5C. 0 None of the below

Directional Suffix 5E: 0 N/A (NBI) SHD District 2 District 7

Place Code 4: 66140 Kilometer Post 11 NA

PACOIMA WASH Feature Intersected 6: Latitude 16 34" 17" 13 88"

Not Applicable (P) Border Bridge Code 98:

Border Bridge Number 99

Rte. Signing Prefix 58: Route Number 5D: OL583

Struc Num B

% Responsibility 0.00

Location 9: 0.4MI E/O MAGLAY

County Code 3: (53) Los Angeles

53C0920

5 City Street

Longitude 17: 118" 25" 33.01"

No. of Spans Main Unit 45:

Thomas Guide Page. 482 C7

STRUCTURE TYPE AND MATERIALS

No. of Approach Spans 46

Main Span Material Design 43 A/B

3 Steel 02 Stringer/Girder

Deck Type 107.

1 Concrete-Cast-in-Place

Wearing Surface 108A.

1 Monolithic Concrete

Membrane 108B: Deck protection 108C 0 None 0 None

AGE AND SERVICE

Year Built 27 1953

Year Reconstructed 106:

Type of Service on 42A.

5 Highway-pedestrian

Type of Service under 42B

Length Max Span 48.

Crb/Sdwik Wdth L 50A

Lanes on 28A: 4

5 Waterway

ADT 29 21,632

Lanes under 28B Truck ADT 109

Detour Length 19: Year of ADT 30

2%

3 0 km

2012

22.00 m

1.30 m

18 40 m

0 No median

GEOMETRIC DATA

Structure Length 49:

Crb/Sdwlk Wdth R 50B Width Out to Out 52:

Width Curb to Curb 51 15 20 m

Appr. Roway Width 32: 18.30 m 404 80m⁴ Dock Area

Skew 34: 16.00* Vertical Clearance 10: 99.99 m

1.30 m

Structure Flared 35.

Median 33

0 No flare Horiz, Clearance 47 15 20 m

Minimum Vertical Clearance Over Bridge 53

99 99 m

Minimum Vert. Underclearance Reference 54A

N Feature not hwy or RR

Minimum Vertical Underclearance 54B

Minimum Lat. Underclearance Reference R 55A: N Feature not hwy or RR

Minimum Lateral Underclearance R 55: Minimum Lateral Undercleerance L 56

0 00 m

0.00 m

0 00 m

INSPECTION

24 months Frequency 91 FC Frequency 92A. UW Frequency 926:

FC Insp. Date 93A. UW Insp. Date 93B

SI Date 93C Element Insp. Date 24 months

Inspection Date 90.

NA

1/7/2017

1/7/2017

NA

NA

Parallel Structure 101

Temp. Structure 103:

Functional Class 26:

Hist Significance 37

NBIS Length 112:

Next St Next Elem Insp

Next Inspection:

Next FC Inso.

Next UW Insp

NA 1/7/2019

No [] bridge exists

Not Applicable (P)

16 Urban Minor Arteriel

5 Not eligible for NRHP

Long Enough

1/7/2019

NA

NA

CLASSIFICATION

O Not a STRAHNET Rie Defense Highway 100. Direction of Treffic 102 2.2-way traffic

Highway System 104: D Not on NHS Tolf Facility 20.

3 On free road Nat'l Truck Netwik 110

Owner 22: Custodian 21

Design Load 31:

Str Evaluation 67

0 Not part of nati netwk

4 City/Muncpl Hwy Agey 4 City/Munop! Hwy Agey

CONDITION

Deck 58: 5 Fair Super 59: 7 Good Culvert 62: N N/A (NBI)

Channel/Channel Protection 61

Sub 60: 7 Good 7 Minor Damage

LOAD RATING AND POSTING

inv. Rating Method 65 1 LF Load Factor Inventory Rating 66:

20 80 Metric Tons Operating Rating 64 5 MS 16 (HS 20)

Posting 70:

Op. Rating Method 63:

34 80 Metric Tons 5 AUAbove Legal Loads

1 LF Load Factor

Posting Status 41 A Open, no restriction

APPRAISAL

Bridge Rail 36A 0 Substandard Transition 369: D Substandard

Approach Rail 36C Appr. Rail Ends 36D: 5 Above Min Toterable

Deck Gagmatry 68: N Not applicable (NBI)

3 intolerable - Correct 8 Equal Desirable Crit

34 Widen w/ Deck Rehab

O Substandard

Underclearance, Vertical and Horizontal 69:

Waterwy Adequacy 71 7 Above Minimum Appr. Alignment 72:

Scour Critical 113: 8 Stable Above Footing

PROPOSED IMPROVEMENTS

Bridge Cost 94: \$ 945,592 Type of Work 75: Roadway Cost 95 \$ 94,559 Ength of Impremnt 76:

Total Cost 96 \$ 1,418,388 Year of Cost Est. 97 2012

Future ADT 114 Yr. of Future ADT 115. 25,958 2036

00m

NAVIGATION DATA

Navigation Control 39

0 Permit Not Required

Vertical Clearance 39 00m Pier Protection 111 Unknown (NBI) Horiz, Clearance 40.

Lift Brog. Vert. Cir., 116

INSP KEY: CA County BIR, v2

Bridge Key:53C0920

Tua 03/28/2017 7:55:14 Page 1 of 3

Bridge Inspection Report

| ELEN | MENT | COND | П | ON | STATE DATA | | | Qua | ntity in each (| Condition State | • |
|----------|------|---|---|-----|-------------------------------|-------|-----------|-------|-----------------|-----------------|---|
| Str Unst | Eler | ment No. | 8 | nvt | Description | Units | Total Gty | St. 1 | Şt. 2 | St. 3 | St. 4 |
| 2 | 12 | | | ż | Re Concrete Deck | nt.pe | 405 | 82 | 323 | ol | |
| | | 1120 | | 2 | Efflorescence/Rust Staining | sq.m | 1 | o | 1 | o | |
| | | 1130 | | 2 | Cracking (RC and Other) | sq m | 403 | 81 | 322 | 0 | |
| 2 | 107 | | | 2 | Steel Opn GirdenBeam | m | 156 | 156 | o | cl | ~~~~~ |
| | į | 515 | | 2 | Steel Protective Coating | m pa | 156 | 155 | ol | 0 | |
| 2 | 215 | | Ī | 2 | Re Conc Abutment | III | 43 | 43 | lo | o | |
| 2 | 304 | | | 2 | Open Expansion Joint | m | 18 | 19 | ø | 0 | *************************************** |
| 2 | 308 | | [| 2 | Steel Sliding Plates | m, | 19 | 19 | ø | 0 | |
| 2 | 311 | *************************************** | 1 | 2 | Moveable Bearing | each | 7 | 7 | g | p | |
| 2 | 313 | *************************************** | 1 | 2 | Fixed Searing | each | 7 | 7 | g] | þ | |
| 2 | 330 | | 1 | 2 | Metal Bridge Ralling | m l | 45 | o | 45 | o) | |
| | 5 | 515 | | 2 | Steel Protective Coating | sq.m | 45 | ol | 45 | ol | |
| | | 3410 | 1 | 2 | Chalk(Steel Protect Coatings) | sq m | 45 | o. | 45] | øl | |
| | 1 | 1000 | | 2 | Corresion | m | 44 | ol | 44 | o | |
| | 1 | 1020 | 1 | 2 | Connection | m | 1 | ol | 1 | ol | |

BRIDGE NOTES

| The bridge is assumed to run from Bridge jurisdiction is 100% City of SLA County Bridge #2728. | | |
|--|--|--|
| | | |

| INSPECTION DETAILS | | | | | |
|---|------------------|--------------------|-------|---------------|--|
| Inspection Date: | 01/07/2017 | | Туре: | 1 Regular NBI | |
| Inspector: | Richard Derga | azarian | | | |
| Scope: | | | | | |
| NBI | Ø | Other: | O | Element: Ø | |
| Underwate | er: 🗆 | Fracture Critical: | | | |
| INSPECTION NO | INSPECTION NOTES | | | | |
| SEE ADDENDUM TO BRIDGE INSPECTION REPORT. | | | | | |

NOTICE

The bridge inspection condition assessment used for this inspection is based on the American Association of State Highway and Transportation Officials (AASHTO) Bridge Element Inspection Manual 2013 as defined in Moving Ahead for Progress in the 21st Century (MAP-21) federal law. The new element inspection methodology may result in changes to related condition and appraisal ratings on the bridge without significant physical changes at the bridge.

The element condition information contained in this report represents the current condition of the bridge based on the most recent routine inspections. Some of the notes presented below may be from an inspection that occurred prior to the date noted in this report. Refer to the Scope and Access section of this inspection report for a description of which portions of the bridge were inspected on this date.

INSPIKEY: VAJP LA County BIR, 92

Bridge Key:53C0920

Tun 03/28/2017 7:56:54

Bridge Inspection Report

REPORT CERTIFICATION

Team Leader:

Richard Dergazarian

Report Author;

Shaoli Xu

Inspected By:

Richard Dergazarian

Shaoli Xu (Registered Civil Engineer)



St. Br. No.: 53C0920 LA County Br. No. #2728

Date of Inspection: 01/07/2017

SCOPE AND ACCESS

There was a minimal amount of water in the waterway on the date of inspection. A complete visual inspection was performed.

HISTORY

Previously mentioned statements have been field verified.

REVISIONS

Item #58, Deck, has been updated from 5 to 6 in accordance with Caltrans guidelines.

Item #115, Year of Future ADT, has been updated from 2032 to 2036.

MISCELLANEOUS

The utility line that enters into abutment #2 at bay #1 has evidence of a previous fire. Several conduit lines have fire damages at that location, (1/15/15) (Verified 01/7/17)

DECK AND ROADWAY

The metal handrails have freckled rust and minor corrosion throughout the entire rail system. (1/15/15) (Verified 01/7/17)

The handrail at the northwest corner has a spall with rebar exposed. Also near the same sidewalk location there is a concrete spall measuring approximately 18 inches by 12 inches in width. (1/15/15) (Verified 01/7/17)

There are many transverse cracks throughout the deck surface. Some are up to 3mm wide. There is minor visible evidence of these cracks on the soffit. (2/12/13) (Verified 01/7/17)

There are transverse cracks on the soffit of each sidewalk. The cracks are proportioned along the lengths of the sidewalks at 1.22mm and 1.52m apart and radiate from the facia girder flange up to 1mm wide at the deck edge. There is little evidence of cracking on the sidewalk surfaces. (2/12/13) (Verified 01/7/17)

SUPERSTRUCTURE

No notable distress was observed. (01/07/17)

SUBSTRUCTURE

No significant issues were observed. (01/07/17)

St. Br. No.: 53C0920

LA County Br. No. #2728 Date of Inspection: 01/07/2017

SAFE LOAD CAPACITY

A Load Rating Summary Sheet dated 04/08/2013 is on file for this structure. While this report does not include a check of that analysis, it does verify that the structural conditions observed during this inspection are consistent with those assumed in that analysis.

RECOMMENDATIONS

Repair the concrete spall on the north sidewalk.

Seal the cracks in the deck surface.

Repair the handrail spall at the northwest corner.

Repaint both handrails.

St. Br. No.: 53C0920 LA County Br. No. #2728

Date of Inspection: 01/07/2017



Photo 1 - Roadway



Photo 2 - Elevation

St. Br. No.: 53C0920 LA County Br. No. #2728

Date of Inspection: 01/07/2017



Photo 3 - Deck Cracking Example



Photo 4 - Fire at Utility Bay

St. Br. No.: 53C0920 LA County Br. No. #2728

Date of Inspection: 01/07/2017



Photo 5 - Spalling Rail End



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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Vice Mayor Sylvia Ballin

Date: March 4, 2019

Subject: Discussion Regarding Overview of Legal Authority and Other Considerations

Relevant to the Implementation of a Local Minimum Wage Ordinance

RECOMMENDATION:

I have placed this item on the agenda for 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. February 19, 2019 Conformed Agenda Report re. Minimum Wage Ordinance

CITY COUNCIL

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1201

WWW.SFCITY.ORG

REVIEW:

Finance Department

☐ Deputy City Manager

☐ City Manager



APPROVED OTHER ACTION BY CITY COUNCIL AGENDA REPORT

ATTACHMENT "A"

Item was postponed to a later date

To: Mayor Joel Fajardo and Council nembers

From: Vice Mayor Sylvia Ballin

Date: February 19, 2019

Subject: Discussion Regarding Overview of Legal Authority and Other Considerations

Relevant to the Implementation of a Local Minimum Wage Ordinance

RECOMMENDATION:

I have placed this item on the agenda for 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. Agenda Report re Overview of Legal Authority and Other Considerations Relevant to the Implementation of a Local Minimum Wage Ordinance (8/6/2018)

CITY COUNCIL

REVIEW:

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1201

WWW.SFCITY.ORG



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.

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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

Page 4 of 6

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

Page 5 of 6

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.

Page 6 of 6

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);
- 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.

-

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:

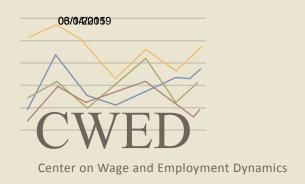
1. Do not pursue increasing the minimum wage at this time (no budget impact);

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- 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



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POLICY BRIEF
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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

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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

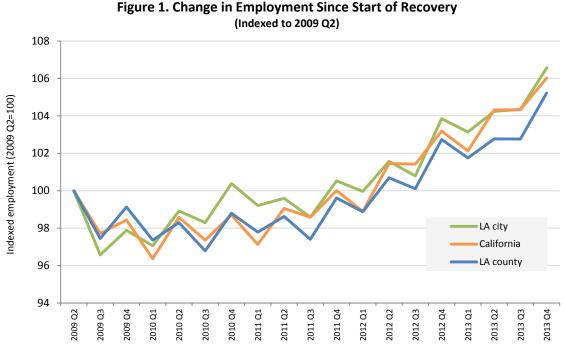
Notes: Constant dollar values are calculated using the average annual change for the past ten years of the Los Angeles-Anaheim-Riverside Consumer Price Index for All Urban Consumers (CPI-U).

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.¹ 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.² 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 Es | stimate | High Es | stimate |
| 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.

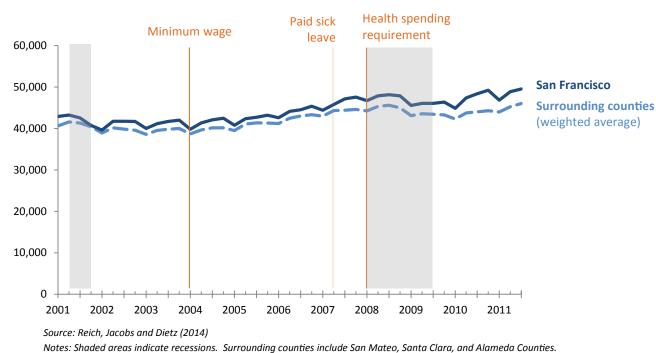


Figure 2. Bay Area Restaurant Employment

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 Joel Fajardo and Councilmembers

From: Councilmember Hector A. Pacheco

Date: March 4, 2019

Subject: Consideration to Appoint a Planning and Preservation Commissioner

RECOMMENDATION:

I recommend that Hector Pacheco Sr. be appointed as my representative to the Planning and Preservation Commission.

BUDGET IMPACT:

The City pays each Commissioner \$75.00 for attendance at up to one (1) meeting per month. A total of \$900 per commissioner is appropriated in each responsible Department's budget. Sufficient funds are appropriated in the Fiscal Year 2018-2019 Budget.

ATTACHMENT:

A. Commission Application

CITY COUNCIL

REVIEW:

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1201

WWW.SFCITY.ORG

03/04/2019 CC Meeting Agenda PageT45CH146ENT "A"



APPLICATION TO SERVE ON A CITY COMMISSION

Recommended by City Councilmember:

Hector A. Pacheco

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.

| Name: Hector Pacheco Sr. | P | hone Number: | |
|--|--|--|--|
| Residence Address: 642 N Workman St. Sa | ın Fernando, C | A 91340 | |
| Street | City | State | Zip Code |
| Mailing Address: (if different than above) | troot / D.O. Boy | City State | Zip Code |
| Email: | | City State | Zip Code |
| business or personal to be used for comm | ission activity | | |
| Employer: Self-Employed | Po | sition: | _ |
| Business Address: 1036 N Maclay San Fern | nando CA 9134 | 10 | |
| Street City | State | Zip Code | |
| Business Phone: | | | |
| Are you a registered voter of the City of Sa | | | |
| Do you own property in the City? Yes $\frac{X}{X}$ | No If | yes, please lis | st the address(es): |
| 642 N Workman St. 91340; 1036 N. Maclay | 91340 ; 919 8th | St. 91340 | |
| | | | |
| Do you own or operate a business in San I | Fernando? | Yes ^X No | |
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| If yes, please state the name and nature of | | | |
| Pacheco & Aragon Properties LLC - Commer | ciai Property La | andiord | |
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| Member | Commitment | | |
| I am willing to fulfill all requirements of a City As Planning and Preservation Commissioner, a public record, as required by the State and the I understand that absence from three consecurations. | I am willing to file f e City's Conflict of | financial disclosure Interest Code. | statements (Form 700), |
| I am willing to attend/complete the required two years. | hours of State ma | andated AB1234 E | thics Training every two |
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Commission Application Choice(s)

Please indicate which Commission you are interested in:

| What is | your understanding of the duties as a member of the Education Commission? |
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Please attach and submit a brief bio statement to this application.

Hector Pacheco Sr., father of Veronica Pacheco and Councilmember Hector A. Pacheco, has been an active member of the San Fernando Community for the better part of his life. After emigrating with family to settle in San Fernando, Hector attended local schools and began his life's work as an entrepreneur and small business owner. Classically trained as an electrician and general contractor, Hector currently works on various projects throughout the Southern California area. Hector lives on Workman St. with his wife Lizzette and looks forward to advocating for the best projects in San Fernando.



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AGENDA REPORT

To: Mayor Joel Fajardo and Councilmembers

From: Councilmember Hector A. Pacheco

Date: March 4, 2019

Subject: Consideration to Appoint a Parks, Wellness, and Recreation Commissioner

RECOMMENDATION:

I recommend that Sandra Richards be appointed as my representative to the Parks, Wellness, and Recreation Commission.

BUDGET IMPACT:

The City pays each Commissioner \$75.00 for attendance at up to one (1) meeting per month. A total of \$900 per commissioner is appropriated in each responsible Department's budget. Sufficient funds are appropriated in the Fiscal Year 2018-2019 Budget.

ATTACHMENT:

A. Commission Application

CITY COUNCIL

REVIEW:

117 MACNEIL STREET, SAN FERNANDO, CA 91340

(818) 898-1201

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□ City Manager

Page 460 of 462 ATTACHMENT "A"

Recommended by City Councilmember:

Hector Pacheco



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.

| Name: Sandra Richards | Ph | none Number: | |
|---|---|--|---------------------|
| Residence Address: 900 N Workm | an St, San Fernand | do, CA 91340 State | Zip Code |
| Street | Oity | State | Zip Code |
| Mailing Address: (if different than above) | same as abovd Street / P.O.Box | City State | Zip Code |
| Email:business or personal to be used for | or commission activity | | |
| Employer: First United Methodist Church of | | sition: Minister | |
| Business Address: 1525 Glenoaks | Blvd., San Fernar | ndo, CA 91340 Zip Code | |
| Business Phone: 818.365.3156 | | | |
| Are you a registered voter of the Ci | ty of San Fernando? | Yes XX No _ | |
| Do you own property in the City? | res No XX If | yes, please list t | he address(es) : |
| | | | |
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| Do you own or operate a business i | n San Fernando? | Yes No XX | < |
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| If yes, please state the name and na | ature of the business | , | |
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| | | | |
| | Member Commitment | | |
| I am willing to fulfill all requirements o As Planning and Preservation Comma public record, as required by the State of Landerstand that absence from three retirement. I am willing to attend/complete the record | issioner, I am willing to file ate and the City's Conflict of consecutive regular meeti | of Interest Code. ngs shall be deemed | to constitute my |
| years. Please also attach and | l submit a brief bio stater | ment to this applicati | on. |
| I agree to all requirements mention in this application. | oned above and have | e provided all co | orrect and truthful |
| Sandra M. Ruh | and | February 26, 2 | 019 |
| Applicant's Signature | | Date | |

Commission Application Choice(s)

Please indicate which Commission you are interested in:

| What is | your understanding of the duties as a member of the Education Commission? |
|--------------------|--|
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| Parks, | Wellness, and Recreation Commission (Must be at least 18 years old and a registered voter |
| | s your understanding of the duties as a member of the Parks, Wellness, and Recreation |
| Commi I believe | ssion? e the duties of a Parks, Wellness, and Recreation Commission is to work to provide a public place for |
| the resid | ents of the city to enjoy the outdoors, get fit and/or play sports, have gatherings such as birthday parties, |
| and other s | uch gatherings as can enhance our communal life. I am excited to see if we can secure a Farmer's Market for our city as well as more open streets even |
| Plannii | and Preservation Commission (Must be at least 18 years old and a registered voter of the Ci |
| | ng and Preservation Commission (Must be at least 18 years old and a registered voter of the Cit s your understanding of the duties as a member of the Planning and Preservation ssion? |
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| What is Commi | tation and Safety 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 Transportation and Safety |
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Please attach and submit a brief bio statement to this application.

Brief Bio Statement for Rev. Sandie Richards:

A longtime minister in the United Methodist Church, Rev. Sandie Richards moved to San Fernando in the summer of 2015 to serve as Minister for First United Methodist Church of San Fernando. An active community member, she lives in San Fernando with her husband Bill, her son William, and their mini-schnauzer Cocoa.

She is currently involved in Neighborhood Watch and the San Fernando Clergy Council.