

CITY OF ARCADIA

City Council Regular Meeting Agenda



Tuesday, October 20, 2020, 7:00 p.m.

Location: City Council Chambers, 240 W. Huntington Drive, Arcadia

COVID-19 NOTICE

As part of the City of Arcadia's COVID-19 transmission mitigation efforts, Arcadia City Council Meetings are closed to the public. Pursuant to Executive Order N-25-20 and the Brown Act, the Arcadia City Council will meet virtually. The public is welcome to view City Council Meetings as they take place on the City's website at ArcadiaCA.gov/livegov or on ACTV (check your local listings).

How to Submit Public Comment:

Citizens who wish to submit public comment may do so using one of the following methods. Public comment is limited to the time and words allotted.

1. **Website:** Use our online public comment form at ArcadiaCA.gov/comment at least 30 minutes prior to the posted meeting time. Your comments should be 300 words or less.
2. **Email:** Please submit your comments via email to cityclerk@ArcadiaCA.gov so that it is received at least 30 minutes prior to the posted meeting time. Your email must be 300 words or less.
3. **Phone:** A conference line has been established for public comment. Your call will be recognized in the order it was received. Please keep your phone on MUTE until you are recognized for public comment.

Conference Line: (669) 224-3412

Access Code: 604-838-893#

Please contact the City Clerk's Office at cityclerk@ArcadiaCA.gov or at (626) 574-5455 for more information.

2019 年新型冠状病毒（COVID-19）通知

作为阿凯迪亚市减轻 COVID-19 传播工作的一部分，阿凯迪亚市议会会议不对公众开放。根据第 N-25-20 号行政命令和《布朗法案》的规定，阿凯迪亚市议会将以虚拟方式召开。欢迎公众在市政府网站 ArcadiaCA.gov/livegov 或 ACTV 上查看市议会会议（请查看地方频道列表）。

如何提交公众评论意见：

希望提交公众评论意见的公民可使用下列方法之一。公众评论意见受时间和字数限制。

- 1. 网站：**请在公布的会议时间前至少提前 30 分钟填写 ArcadiaCA.gov/comment 网站上的在线公众评论意见表。您的评论意见不得超过 300 个字。
- 2. 电子邮件：**请通过向 cityclerk@ArcadiaCA.gov 发电子邮件的方式提交您的评论意见，我们必须在公布的会议时间前至少提前 30 分钟收到提交的评论意见。您的电子邮件不得超过 300 个字。
- 3. 电话：**已经为公众提交评论意见设立一条会议专线。将按先后顺序接听您打来的电话。您应当将您的电话设为“静音”，直至轮到您提出评论意见。

会议专线：(669) 224-3412

接入代码：604-838-893#

详情请洽市书记官办公室，电子邮件 cityclerk@ArcadiaCA.gov，电话号码 (626) 574-5455。

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the City Clerk at (626) 574-5455. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting.

根据《美国残障人法案》，需要调整或提供便利设施才能参加会议的残障人士（包括辅助器材或服务）可与市书记官办公室联系（电话：626-574-5455）。请在会前 48 小时通知市书记官办公室，以便作出合理安排，确保顺利参加会议。

Pursuant to the City of Arcadia's Language Access Services Policy, limited-English proficient speakers who require translation services in order to participate in a meeting may request the use of a volunteer or professional translator by contacting the City Clerk's Office at (626) 574-5455 at least 72 hours prior to the meeting.

根据阿凯迪亚市的语言便利服务政策，英语能力有限并需要翻译服务才能参加会议的人可与市书记官办公室联系（电话：626-574-5455），请求提供志愿或专业翻译服务，请至少在会前 72 小时提出请求。

1. CALL TO ORDER

2. INVOCATION

Secretary Riaz Khan, Mosque of San Gabriel

3. PLEDGE OF ALLEGIANCE

4. ROLL CALL OF CITY COUNCIL MEMBERS

Roger Chandler, Mayor
Sho Tay, Mayor Pro Tem
Tom Beck, Council Member
Paul P. Cheng, Council Member
April A. Verlato, Council Member

5. **SUPPLEMENTAL INFORMATION FROM CITY MANAGER REGARDING AGENDA ITEMS**
6. **MOTION TO READ ALL ORDINANCES AND RESOLUTIONS BY TITLE ONLY AND WAIVE THE READING IN FULL**
7. **PUBLIC COMMENTS** (5 minute time limit each speaker)

In accordance with Executive Order N-29-20 all public participation will be conducted virtually. Public comments can be submitted via the methods described in the COVID-19 Notice posted on this agenda. Under the Brown Act, the City Council is prohibited from discussing or taking action on any item not listed on the posted agenda.

8. **REPORTS FROM MAYOR, CITY COUNCIL AND CITY CLERK** (*including reports from the City Council related to meetings attended at City expense [AB 1234]*).
9. **CONSENT CALENDAR**

All matters listed under the Consent Calendar are considered to be routine and can be acted on by one roll call vote. There will be no separate discussion of these items unless a member of the City Council, staff, or the public requests that a specific item be removed from the Consent Calendar for separate discussion and action.

- a. Special and Regular Meeting Minutes of October 6, 2020.
Recommended Action: Approve
- b. Cancellation of the November 3, 2020, Regular City Council Meeting.
Recommended Action: Approve
- c. Resolution No. 7341 terminating the Proclamation of a local emergency regarding the Bobcat Fire.
Recommended Action: Adopt
- d. Professional Services Agreement with Stetson Engineers Inc. for the preparation of the 2020 Urban Water Management Plan Update in the amount of \$27,800.
Recommended Action: Approve
- e. Extension to the Professional Services Agreement with ABM Industry Groups, LLC. for Janitorial and Porter Services at various City facilities in an amount not to exceed \$360,029.08.
Recommended Action: Approve
- f. Contract with SoCal Mailing Services for Outgoing Mail Services in an amount not to exceed \$112,000 annually with the option of three one-year extensions.
Recommended Action: Approve
- g. Software Service Agreement with TruePoint Solutions for implementation of the TrueBill utility billing software in the amount of \$144,950.
Recommended Action: Approve

- h. Accept all work performed by Onyx Paving Company, Inc. for the Fiscal Year 2019-20 Pavement Rehabilitation Project as complete and adopt Resolution No. 7339 amending the Fiscal Year 2020-21 budget for the Capital Improvement Program, and in particular, the Fiscal Year 2019-20 Pavement Rehabilitation Capital Improvement Project by authorizing a supplemental appropriation of \$68,480 from the Water Reserve Fund.

Recommended Action: Approve and Adopt

- i. Accept all work performed by Belco Elecnor Group for traffic signal improvements, including traffic signalization of mid-block crosswalks on Huntington Drive between Santa Anita Avenue and Second Avenue, and miscellaneous traffic signal improvements at multiple locations on Huntington Drive from Santa Clara Street to Gateway Drive, in the amount of \$704,918.41, as complete.

Recommended Action: Approve

10. CITY MANAGER

- a. Accept the Water and Sewer Rate Cost of Service Study Update, direct the Public Works Services Department to follow Proposition 218 balloting procedures to establish water and sewer rates, and conduct a public hearing at the December 15, 2020, City Council meeting.

Recommended Action: Approve

- b. Presentation of the General Fund Fiscal Year 2019-20 year ending result and initial review of the Fiscal Year 2020-21 Budget.

Recommended Action: Receive and File

- c. Request for commemorative naming of a City facility in honor of Carol Libby.

Recommended Action: Provide Direction

- d. Professional Services Agreement with Trovao and Associates, Inc. DBA The Christmas Light Guy Company to provide holiday decorations for the 2020 Holiday Season in the amount of \$39,700.

Recommended Action: Approve

- e. Memorandum of Agreement with San Gabriel Valley Council of Governments to receive grants for various Homeless Assistance Programs; Memorandum of Understanding with the City of La Cañada Flintridge for a joint Prevention and Diversion Program; and contract with Union Station Homeless Services for Prevention and Diversion Program.

Recommended Action: Accept and Approve

- f. Report, discussion, and direction regarding COVID-19.

11. ADJOURNMENT

The City Council will adjourn this meeting in memory of longtime Arcadia resident Mildred Shaw to Tuesday, November 3, 2020, 6:00 p.m. in the City Council Conference room.

Welcome to the Arcadia City Council Meeting!

The City Council encourages public participation, and invites you to share your views on City business.

MEETINGS: Regular Meetings of the City Council are held on the first and third Tuesday of each month at 7:00 p.m. in City Council Chambers. A full City Council agenda packet with all backup information is available at City Hall, the Arcadia Library, and on the City's website at www.ArcadiaCA.gov. Copies of individual Agenda Reports are available via email upon request (CityClerk@ArcadiaCa.gov). Documents distributed to a majority of the City Council after the posting of this agenda will be available for review at the Office of the City Clerk, 240 W. Huntington Drive, Arcadia, California. Live broadcasts and replays of the City Council Meetings are on cable television. Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice as previously described.

CITIZEN PARTICIPATION: Your participation is welcomed and invited at all City Council meetings. Time is reserved at each regular meeting for those in the audience who wish to address the City Council. The City requests that persons addressing the City Council refrain from making personal, slanderous, profane, or disruptive remarks. Where possible, please submit a **Speaker Card** to the City Clerk prior to your comments, or simply come to the podium when the Mayor asks for those who wish to speak, and state your name and address (optional) for the record. Please provide the City Clerk with a copy of any written materials used in your address to the City Council as well as 10 copies of any printed materials you would like distributed to the City Council. The use of City equipment for presentations is not permitted.

MATTERS NOT ON THE AGENDA should be presented during the time designated as "PUBLIC COMMENTS." In general, each speaker will be given five (5) minutes to address the City Council; however, the Mayor, at his/her discretion, may shorten the speaking time limit to allow all speakers time to address the City Council. **By State law, the City Council may not discuss or vote on items not on the agenda. The matter will automatically be referred to staff for appropriate action or response or will be placed on the agenda of a future meeting.**

MATTERS ON THE AGENDA should be addressed when the City Council considers that item. Please indicate the Agenda Item Numbers(s) on the **Speaker Card**. Your name will be called at the appropriate time and you may proceed with your presentation within the five (5) minute time frame. The Mayor, at his/her discretion, may shorten the speaking time limit to allow all speakers to address the City Council.

PUBLIC HEARINGS AND APPEALS are items scheduled for which public input is either required or desired. Separate and apart from the applicant (who may speak longer in the discretion of the City Council), speakers shall be limited to five (5) minutes per person. The Mayor, at his/her discretion, may shorten the speaking time limit to allow all speakers to address the City Council. The applicant may additionally submit rebuttal comments.

AGENDA ITEMS: The Agenda contains the regular order of business of the City Council. Items on the Agenda have generally been reviewed and investigated by the City Staff in advance of the meeting so that the City Council can be fully informed about a matter before making its decision.

CONSENT CALENDAR: Items listed on the Consent Calendar are considered to be routine by the City Council and will be acted upon by one motion. There will be no separate discussion on these items unless a member of the City Council, Staff, or the public so requests. In this event, the item will be removed from the Consent Calendar and considered and acted on separately.

DECORUM: While members of the public are free to level criticism of City policies and the action(s) or proposed action(s) of the City Council or its members, members of the public may not engage in behavior that is disruptive to the orderly conduct of the proceedings, including but not limited to, conduct that prevents other members of the audience from being heard when it is their opportunity to speak or which prevents members of the audience from hearing or seeing the proceedings. Members of the public may not threaten any person with physical harm or act in a manner that may reasonably be interpreted as an imminent threat of physical harm. All persons attending the meeting are expected to adhere to the City's policy barring harassment based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, sexual orientation, or age. The Chief of Police, or such member or members of the Police Department, shall serve as the Sergeant-at-Arms of the City Council meeting. The Sergeant-at-Arms shall carry out all orders and instructions given by the presiding official for the purpose of maintaining order and decorum at the meeting. Any person who violates the order and decorum of the meeting may be placed under arrest and such person may be prosecuted under the provisions of Penal Code Section 403 or applicable Arcadia Municipal Code section.

欢迎参加阿凯迪亚市议会会议!

市议会鼓励公众参与，并邀请您分享对城市管理的看法。

会议：市议会定期会议于每个月第一个和第三个星期二下午七时在市议会会议厅举行。在市政厅、阿凯迪亚图书馆和市政府网站 (www.ArcadiaCa.gov) 可以找到包含所有相关信息的完整市议会议程。单独的议程报告可应请求通过电子邮件索取 (CityClerkGeneralMailbox@ArcadiaCa.gov)。至于在发布该议程后向市议会多数成员分发的文件，公众可在阿凯迪亚市书记官办公室查阅，地址：240 W. Huntington Drive, Arcadia, California。市议会会议实况将通过有线电视进行现场直播和回放。如在以往的通知中所提示，如果您参加这次公开会议，您的图像和/或声音可能被录下并播出。

公民参与：市议会欢迎并邀请您参加市议会的所有会议。在每次定期会议上都为那些希望在会上发言的市民留出时间。市政府要求在市议会发言的人杜绝个人攻击、诽谤、亵渎或破坏性言论。如有可能，请在发表意见之前向市书记官提交一张**发言卡**，亦可在市长宣布自由发言时直接上台发言，并说出您的姓名和地址（如果您愿意），以便制作会议记录。请向市书记官提供一份您在发言中使用的任何书面材料，以及 **10** 份您希望分发给市议会的任何印刷材料。不允许把市政府设备用于准备发言内容。

议程之外的事项应当在指定的“公众评议”时间提出。在一般情况下，每位发言者将有五（5）分钟时间向市议会陈述意见，但市长可酌情缩短发言时限，以便让所有希望发言的人都有机会发言。**根据州法，市议会不得讨论或表决未列入议程的事项。此类事项将自动转给工作人员采取适当行动或作出回应，或将其列入未来会议的议程。**

列入议程的事项应当在市议会审议该事项时讨论。请在**发言卡**上标明事项的议程编号。在适当的时间会叫到您的名字，您可以在五（5）分钟时限内发言。市长可酌情缩短发言时限，以便让所有希望发言的人都有机会发言。

公开听证和上诉是为需要或希望征求公众意见的事项安排的日程。除申请人外（市议会可酌情决定延长申请人的发言时间），每位发言人的发言不得超过五（5）分钟。市长可酌情缩短发言时限，以便让所有希望发言的人都有机会发言。申请人还可以另外提交反驳意见。

议程事项：议程包含市议会的例行议题。一般而言，由市政府工作人员在会议前对议程中的事项进行审查和调查，以便市议会在作出决定之前能够充分了解情况。

同意日历：在同意日历上列出的事项被市议会视为例行公事，并将通过一项动议采取行动。除非市议员、工作人员或公众提出请求，否则不会对这些事项进行单独讨论。如果有人提出请求，该事项将从同意日历中删除，单独进行审议和采取行动。

行为规范：尽管市民可对市政府的政策和市议会或其成员的行动或拟议行动自由地提出批评，但不得出现干扰会议正常秩序的行为，包括但不限于在别人的发言时间内阻止别人发言，或妨碍公众听到发言内容或看到议程进展状况。市民亦不得威胁进行身体伤害或以可能被合理理解为作出身体伤害紧迫威胁的方式行事。所有出席会议的人都必须遵守市政府的反骚扰政策，禁止基于个人种族、宗教信仰、肤色、原国籍、祖籍、身体残障、疾病、婚姻状况、性别、性取向或年龄骚扰他人。警察局长或警察局其他成员将担任维持市议会会议秩序的保安官。保安官将执行会议主持人的一切命令和指示，以维持会议秩序和行为规范。对任何违反会议秩序和行为规范的人可执行拘捕，并可能根据《刑法典》第 403 条或《阿凯迪亚市政法典》相关条款提出起诉。

**ARCADIA CITY COUNCIL
SPECIAL MEETING MINUTES
TUESDAY, OCTOBER 6, 2020**

CALL TO ORDER - Mayor Pro Tem Tay called the Special Meeting to order at 6:00 p.m.

ROLL CALL OF CITY COUNCIL MEMBERS

PRESENT: Beck, Cheng, Verlato, and, Tay
ABSENT: Chandler

A motion was made by Council Member Beck and seconded by Council Member Verlato to excuse Mayor Chandler from this meeting.

PUBLIC COMMENTS – No public comments were received.

CLOSED SESSION

- a. Pursuant to Government Code Section 54956.9 (d)(1) to confer with legal counsel regarding the matter of Arcadians for Environmental Preservation v. City of Arcadia, Los Angeles County Superior Court (Case No. 20STCP02902).
- b. Pursuant to Government Code Section 54956.9 (d)(1) to confer with legal counsel regarding the matter of Gabriela Cabrera v. City of Arcadia, Los Angeles County Superior Court (Case No. 20BBCV00597).

No reportable action was taken on the Closed Session Items.

The Closed Session ended at 6:56 p.m.



Linda Rodriguez
Assistant City Clerk

**ARCADIA CITY COUNCIL
REGULAR MEETING MINUTES
TUESDAY, OCTOBER 6, 2020**

1. **CALL TO ORDER** – Mayor Pro Tem Tay called the regular meeting to order at 7:01 p.m.
2. **INVOCATION** – Pastor Terrence Shay, First Chinese Baptist Church of Walnut/Arcadia Resident
3. **PLEDGE OF ALLEGIANCE** – Girl Scout Troop 2881
4. **ROLL CALL OF CITY COUNCIL MEMBERS**

PRESENT: Beck, Cheng, Verlato, and Tay
ABSENT: Chandler

A motion was made by Council Member Beck and seconded by Council Member Verlato to excuse Mayor Chandler from this meeting.

5. **REPORT FROM CITY ATTORNEY REGARDING CLOSED/STUDY SESSION ITEMS**

City Attorney Deitsch announced that prior to the regular meeting the City Council met in a Closed Session to discuss the items listed on the posted agenda; and no reportable action was taken.

6. **SUPPLEMENTAL INFORMATION FROM CITY MANAGER REGARDING AGENDA ITEMS**

City Manager Lazzaretto reminded everyone on the conference line to use the mute feature during the meeting in order to prevent feedback in the background.

7. **MOTION TO READ ALL ORDINANCES AND RESOLUTIONS BY TITLE ONLY AND WAIVE THE READING IN FULL**

A motion was made by Council Member Beck and seconded by Council Member Verlato to read all ordinances and resolutions by title only and waive the reading in full.

8. **PUBLIC COMMENTS**

City Manager Lazzaretto read into the record emails submitted for Public Comment from the following:

Matthew Estioco: Opposed to Proposition 16.

Kimberly Bruce: Opposed to Proposition 16.

9. **REPORTS FROM MAYOR, CITY COUNCIL AND CITY CLERK (*including reports from the City Council related to meetings attended at City expense [AB 1234]*).**

Council Member Verlato announced that on Wednesday, October 7 she is attending the San Gabriel Valley Council of Governments Homelessness Committee meeting; that Saturday,

October 10 the Arcadia Public Library is hosting a Virtual Book Talk Program and encouraged everyone to participate; she reported that LA County is clearing out the Santa Anita Debris Basins; that the Goki Café was featured on Yelp as one of the top Latinx Coffee Shops in the U.S.; she thanked the Dextra Baldwin McGonagle Foundation for their donation to fund the Anita Baldwin statue; she thanked the Arcadia Fire Department for their quick response to a fire at one of her mother's properties; she noted that Boy Scout Troop 104 treated the Arcadia firefighters to lunch; she thanked Mayor Pro Tem Tay and Council Member Cheng for coordinating lunch donations for the firefighters; and wished Mayor Chandler a speedy recovery.

Council Member Cheng shared some of the negative experiences he has encountered since being elected to the City Council; he thanked the City Council for their support and encouragement; he reminded those that wish to donate to first responders to contact the City Council; and he thanked Pastor Terrance Shay and those that continue to support the community.

Council Member Beck commended City staff for all their efforts in the handling of the Bobcat Fire; he welcomed back City Clerk Glasco; he stated that his thoughts and prayers are with Mayor Chandler; he announced that on October 1 he attended the Senior Commission meeting; that the next Senior Commission meeting is on January 7, 2021; he stated that the Westfield Santa Anita Mall is opening at 25% capacity on October 7; he also stated that the "Denny's Windmill" building, the property located at 7 E. Huntington Drive, recently sold; he noted that the Water and Sewer Rate Cost of Service update was moved to the October 20 City Council meeting; and spoke about the rising cost of water.

City Clerk Glasco reminded everyone that the General Election is on November 3 and provided voter information.

In response to Mayor Pro Tem Tay's request, City Manager Lazzaretto recognized all those who donated to the Arcadia Fire Department, Arcadia Police Department, and City staff during the Bobcat Fire; he noted that Mayor Chandler was excited to recognize the community for their donations; however, he was unable to attend tonight's meeting; on behalf of Mayor Chandler, he thanked the community for their continued support and stated that his thoughts and prayers are with Mayor Chandler.

Mayor Pro Tem Tay commented on the 2020 Census; he noted that the General Election is less than four weeks away; he encouraged everyone to respect each other's views; and announced that on October 7 the Arcadia Public Library, Economic Development Team, and the Arcadia Chamber of Commerce is presenting a Business Learning Lab Power Hour – one hour sessions featuring information and resources to help businesses navigate the challenges of COVID-19.

10. CONSENT CALENDAR

- a. Special and Regular Meeting Minutes of September 15, 2020.
Recommended Action: Approve
- b. Resolution No. 7336 approving participation in the Los Angeles Urban County Permanent Local Housing Allocation Program and authorizing the Mayor, or Designee, to sign a contract for funding for this program from the County of Los Angeles.
Recommended Action: Adopt

- c. Resolution No. 7337 approving and adopting an amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.
Recommended Action: Adopt
- d. Contract for the purchase of Citywide office supplies with Office Depot in an amount no to exceed \$110,000 annually for two years, with the option of renewing the Contract for three (3) additional one-year periods through June 30,2025.
Recommended Action: Approve
- e. Agreement for Special Legal Services with Collins Collins Muir & Stewart, LLP.
Recommended Action: Approve
- f. Renewal of Microsoft Enterprise License Agreement through SoftwareOne, Inc. for Microsoft Office 365 in the amount of \$111,282.
Recommended Action: Approve
- g. Professional Services Agreement with Infrastructure Management Services for the Pavement Management Program in the amount of \$51,495, in addition to a 10% contingency; and Resolution No. 7334 amending the Fiscal Year 2020-21 Capital Improvement Program budget authorizing a supplemental appropriation in the amount of \$10,000 from the Proposition C Fund.
Recommended Action: Approve and Adopt
- h. Amendment to the Professional Services Agreement with Best Best & Krieger, LLP for Professional Lobbying and Consulting Services to secure grant funding for water and stormwater related projects in the amount of \$25,323.08.
Recommended Action: Approve
- i. Purchase Order with Merrimac Petroleum, Inc. dba Merrimac Energy Group for the purchase and delivery of fuel for the City's fleet in an amount not to exceed \$350,000.
Recommended Action: Approve

It was moved by Council Member Verlato, seconded by Council Member Cheng, and carried on a roll call vote to approve Consent Calendar Items 10.a through 10.i.

AYES: Verlato, Cheng, Beck, and Tay
 NOES: None
 ABSENT: Chandler

11. CITY MANAGER

- a. Setting the issuance amount of Pension Obligation Bonds at \$90 million for the purpose of addressing the City's unfunded accrued actuarial liability and the related Preliminary Official Statement.

Resolution No. 7338 approving the form of a Preliminary Official Statement and a Continuing Disclosure Certificate in connection with the issuance of bonds to refund certain pension obligations of the City and approving additional actions related thereto.
 Recommended Action: Adopt

City Manager Lazzaretto presented the Staff Report.

Julio Morales of Urban Futures, Inc. provided the PowerPoint Presentation.

City Manager Lazzaretto noted for the record that the Citizens' Financial Advisory Committee recommended a \$90 million pension obligation bond issuance and recommended that the bonds be issued prior to the November 3, General Election.

Citizens' Financial Advisory Committee Chair Segal explained the reasons why the committee recommended the issuance of \$90 million in pension obligation bonds.

After City Council discussion, it was moved by Council Member Verlato, seconded by Council Member Beck, and carried on a roll call vote to direct staff to issue \$90 million in pension obligation bonds and adopt Resolution No. 7338 approving the form of a Preliminary Official Statement and a Continuing Disclosure Certificate in connection with the issuance of bonds to refund certain pension obligations of the City and approving additional actions related thereto.

AYES: Verlato, Beck, Cheng, and Tay
NOES: None
ABSENT: Chandler

a. Report, discussion, and direction regarding COVID-19.

City Manager Lazzaretto provided an update on COVID-19. No action was requested or taken.

12. ADJOURNMENT

The City Council meeting adjourned at 8:46 p.m. to Tuesday, October 20, 2020, 7:00 p.m. in the City Council Chambers.



Linda Rodriguez
Assistant City Clerk



STAFF REPORT

Office of the City Manager

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Dominic Lazzaretto, City Manager
By: Linda Rodriguez, Assistant City Clerk

SUBJECT: CANCELLATION OF THE NOVEMBER 3, 2020, REGULAR CITY COUNCIL MEETING
Recommendation: Approve

SUMMARY

Due to the November 3, 2020, General Election falling on a regular City Council meeting day and a very light agenda, it is recommended that the Regular Meeting of that date be cancelled.

DISCUSSION

Due to the November 3, 2020, U.S. Presidential Election falling on a regular City Council meeting day, it is recommended that the November 3 City Council meeting be cancelled. There are currently no time-sensitive items that have been scheduled for the November 3 meeting. If the City Council cancels the meeting, staff will plan ahead, ensuring there are no delays in a time-sensitive item that would otherwise be addressed at that meeting. Should a necessity arise, a special meeting could be conducted to expedite any item which might require immediate City Council action.

FISCAL IMPACT

There will be very minor savings in printing costs and staff overtime by not conducting this meeting.

RECOMMENDATION

It is recommended that the City Council approve the cancellation of the November 3, 2020, regular City Council meeting; and direct the City Clerk's office to post the required notices.



STAFF REPORT

Office of the City Manager

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Dominic Lazzaretto, City Manager
By: Laena Shakarian, Management Analyst

SUBJECT: RESOLUTION NO. 7341 TERMINATING THE PROCLAMATION OF A LOCAL EMERGENCY REGARDING THE BOBCAT FIRE
Recommendation: Adopt

SUMMARY

On September 15, 2020, the City Council adopted Resolution No. 7335 ratifying the Proclamation of Local Emergency issued by the City Manager, acting as the Director of Emergency Services, on September 8, 2020, to allocate City resources in response to the Bobcat Fire. Since then, the Bobcat Fire containment has grown to 92% and efforts by fire crews and the progression of the fire continues to move further away from Arcadia. Therefore, it is recommended that the City Council adopt Resolution No. 7341 terminating the Proclamation of a local emergency regarding the Bobcat Fire.

DISCUSSION

On September 6, 2020, the Bobcat Fire started in the Cogswell Dam and West Fork Day Use area in the Angeles National Forest. On September 8, 2020, the forecast called for hot and dry conditions across the region along with a Santa Ana wind event that threatened to force flames into Arcadia neighborhoods along the City's urban-wildland interface. In response, the City Manager activated the City's Emergency Operations Center and, in his capacity as Director of Emergency Services, issued a Proclamation of Local Emergency. On September 15, 2020, the City Council adopted Resolution No. 7335 ratifying the Proclamation issued by the City Manager.

California Government Code Section 8630, et seq., and City of Arcadia Municipal Code Section 2211.2 empower the City Council to proclaim the existence of a local emergency to protect and preserve public welfare when the City is affected or likely to be affected by an emergency. Under Government Code Section 8630(c), the City Council is required to review the need for continuing the local emergency at least once every 60 days until the City Council terminates the local emergency. Additionally, Government Code Section

8630(d) requires the City Council to review the need for continuing the local emergency at the earliest possible date that conditions warrant.

On September 19, 2020, the City of Arcadia, in coordination with the Bobcat Fire Unified Command, lifted the evacuation warning for all affected residents. As of October 13, 2020, the Bobcat Fire is now 92% contained. Fire lines due to natural burns and backfires set by fire personnel have been established at the edge of the northern City limits to protect the community should the fire change directions. The weather conditions which caused the issuance of the Proclamation were determined to no longer constitute a threat concerning expansion of the Bobcat Fire into neighborhoods along the City's urban-wildland interface. The hard work and efforts of the multi-agency firefighting crews and cooperating partners resulted in significant containment. At this time, there is no perceived threat to the City of Arcadia's residents and their property due to the Bobcat Fire. Therefore, it is recommended that the City Council terminate the local emergency order.

ENVIRONMENTAL ANALYSIS

The proposed action does not constitute a project under the California Environmental Quality Act ("CEQA"), per section 15269(c) of the CEQA Guidelines, Specific actions necessary to prevent or mitigate an emergency. Thus, this matter is exempt under CEQA.

FISCAL IMPACT

The City of Arcadia, during the declaration of local emergency, submitted estimated damages, which may qualify for state or federal reimbursement of certain expenditures associated with disaster response related to the Bobcat Fire. There is no additional fiscal impact related to ending the emergency declaration.

RECOMMENDATION

It is recommended that the City Council determine that this action does not constitute a project and is therefore, exempt under, the California Environmental Quality Act ("CEQA"); and adopt Resolution No. 7341 terminating the Proclamation of a local emergency regarding the Bobcat Fire.

Attachment: Resolution No. 7341

RESOLUTION NO. 7341

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ARCADIA TERMINATING THE PROCLAMATION OF A
LOCAL EMERGENCY REGARDING THE BOBCAT FIRE

WHEREAS, California Government Code Section 8630, et seq., and City of Arcadia Municipal Code Section 2211.2 empower the City Council to proclaim the existence of a local emergency to protect and preserve public welfare when the City is affected or likely to be affected by a public calamity; and

WHEREAS, on September 6, 2020, a fire started in the Cogswell Dam and West Fork Day Use area in the Angeles National Forest. Now known as the Bobcat Fire, over 115,000 acres have burned in heavy vegetation in steep, remote terrain; and

WHEREAS, on September 8, 2020, the City Manager, as Director of Emergency Services, issued a Proclamation (the "Proclamation") declaring a local emergency pertaining to the Bobcat Fire; and

WHEREAS, under Government Code Section 8630(b), the Proclamation must be ratified by the City Council within seven (7) days to remain in effect; and

WHEREAS, the City Council ratified the Proclamation by Resolution No. 7335 on September 15, 2020 (the "Resolution"); and

WHEREAS, the declaration of a local emergency assisted in a coordinated public safety response to this fire emergency in order to protect lives and property of the citizens of the City; and

WHEREAS, California Government Code Section 8630, et seq., requires that the City Council of the City of Arcadia review, at least every 60 days until such local emergency is terminated, the need for continuing the local emergency; and

WHEREAS, California Government Code Section 8630, et seq. requires that the City Council of the City of Arcadia proclaim the termination of the local emergency at the earliest possible date that conditions warrant; and

WHEREAS, hot and dry conditions and strong winds caused the issuance of the Proclamation, and such conditions no longer constitute a threat concerning expansion of the Bobcat fire into neighborhoods along the City's urban-wildland interface; and

WHEREAS, on September 19, 2020, the City of Arcadia, in coordination with the Bobcat Fire Unified Command, lifted the evacuation warning for all affected residents; and

WHEREAS, the City Council does hereby find that due to the significant containment efforts by fire crews and progression of the fire away from Arcadia, there is no longer a need to continue the Declaration of Local Emergency;

NOW, THEREFORE, IT IS HEREBY PROCLAIMED by the City Council that the local emergency in the City of Arcadia, as set forth in the Resolution, is hereby terminated.

[SIGNATURES ON NEXT PAGE]

Passed, approved and adopted this 20th of October, 2020.

Mayor of the City of Arcadia

ATTEST:

City Clerk

APPROVED AS TO FORM:

Stephen P. Deitsch

Stephen P. Deitsch
City Attorney



STAFF REPORT

Public Works Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Tom Tait, Public Works Services Director
By: Mandy Jiang, Management Analyst

SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH STETSON ENGINEERS INC. FOR THE PREPARATION OF THE 2020 URBAN WATER MANAGEMENT PLAN UPDATE IN THE AMOUNT OF \$27,800
Recommendation: Approve

SUMMARY

Urban Water Management Plans (“UWMP”) are prepared by urban water suppliers every five years. These plans support the suppliers’ long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. The Fiscal Year 2020-21 Capital Improvement Program included an update to the City’s 2015 Urban Water Management Plan.

It is recommended that the City Council approve, authorize, and direct the City Manager to execute a Professional Services Agreement with Stetson Engineers Inc., to prepare the 2020 UWMP update in the amount of \$27,800.

BACKGROUND

The requirements for UWMPs are found in two sections of California Water Code, §10610-10656 and §10608. Every urban water supplier that either provides over 3,000 acre-feet of water annually or serves more than 3,000 urban connections is required to submit a UWMP.

The 2020 UWMP will be prepared in accordance with the Urban Water Management Planning Act of 1983 and subsequent amendments, including the Water Conservation Act of 2009, SB X7-7 (20% reduction by 2020), SB 606, and AB 1668. Per SB 606, the deadline to submit the 2020 UWMP has been revised from December 30, 2020, to July 1, 2021, in order to allow suppliers enough time to incorporate all 2020 reporting data.

Within UWMPs, urban water suppliers must:

- Assess the reliability of water sources over a 20-year planning time frame
- Describe demand management measures and water shortage contingency plans
- Report progress toward meeting a targeted 20% reduction in per-capita urban water consumption by the year 2020
- Discuss the use and planned use of recycled water as applicable

A current UWMP must be on file for a supplier to be eligible for any water grant or loan administered by Department of Water Resources. As with the 2015 UWMP update, the 2020 update will also require a public notification period of 60 days prior to a public hearing to adopt the proposed UWMP as is or as amended.

DISCUSSION

A Notice Inviting Proposals was published in the City's local adjudicated newspaper, on the City's website, and proposal packages were provided to qualified firms. Three proposals were received and evaluated based on experience, personnel qualifications, references, approach, and cost proposal. The results of the evaluation with each company's ranking and proposed cost are as follows:

Rank	Company	Location	Cost
1	Stetson Engineers Inc.	Covina, CA	\$27,800*
2	SA Associates	Arcadia, CA	\$23,000
3	Civiltec Engineering, Inc.	Monrovia, CA	\$38,820

*\$27,800 is the final proposed cost after further negotiation;
\$29,900 was the original proposed cost

After careful review and consideration, it was determined that Stetson Engineers Inc. is the most qualified firm to perform this service. While Stetson's cost is not the lowest bid, and because the agreement is of professional services in nature, the City is not required to select a firm based solely on price and can instead include a variety of qualitative factors when considering a proposal. Stetson Engineers is uniquely familiar with the City's main sources of water supply, serving as the Engineer for the Main San Gabriel Basin Watermaster ("Main Basin"), the Raymond Basin Management Board, and the Upper San Gabriel Valley Municipal Water District. All three agencies play significant roles in managing and administering water supplies in the San Gabriel Valley.

Stetson has in-depth knowledge of production trends from the Main Basin, the management structure of the groundwater basin, and supplemental water demands. As Engineer of the Raymond Basin Management Board, Stetson is knowledgeable of its groundwater basin hydrogeology, historical production, projected production trends, and

the existing management activities of the Basin. The firm also services the Upper San Gabriel Valley Municipal Water District, which is responsible for the delivery of untreated imported water, satisfying the City's supplemental water needs.

The City has received engineering services from Stetson for many years, including the City's 2010 and 2015 UWMP updates, preparation of the City's Bioterrorism Vulnerability Assessment Report, and the City's 2006 Recycled Water Feasibility Study, as well as Water Supply Assessments for the City's General Plan Update. Collectively, Stetson has significant knowledge of the City's existing facilities, and sources of supplies, which will be instrumental when preparing the 2020 UWMP.

Aside from preparing the 2015 UWMP update for the City, Stetson has also prepared UWMP updates for the following agencies: Upper San Gabriel Valley Municipal Water District, the Cities of Covina, Glendora, Monrovia, Monterey Park, South Pasadena, Whittier, and more.

ENVIRONMENTAL IMPACT

The update to the Urban Water Management Plan is exempt from the California Environmental Quality Act ("CEQA"), under Section 15061(b)(3) of CEQA Guidelines, as it can be seen with certainty that there is no possibility the project may have a significant effect on the environment. Updates to the Urban Water Management Plan will not approve any development Project. Rather, updates will ensure consistency with recently adopted requirements under Urban Water Management Plans in the California Water Code. Future development under the proposed changes would be subject to CEQA review at that time, as those actions would be classified as "projects" under CEQA.

FISCAL IMPACT

The 2020 UWMP update is budgeted in the Fiscal Year 2020-21 Capital Improvement Plan for \$35,000. Sufficient funds are available for the proposed PSA with Stetson Engineers Inc. in the total amount of \$27,800.

RECOMMENDATION

It is recommended that the City Council determine that this action does not constitute a project and is, therefore, exempt under the California Environmental Quality Act ("CEQA"); and approve, authorize, and direct the City Manager to execute a Professional Services Agreement with Stetson Engineers Inc. in for the preparation of the 2020 Urban Water Management Plan update in the amount of \$27,800.

Award PSA with Stetson Engineers
October 20, 2020
Page 4 of 4

Approved:



Dominic Lazzaretto
City Manager

Attachment: Proposed Professional Services Agreement

**CITY OF ARCADIA
PROFESSIONAL SERVICES AGREEMENT
2020 URBAN WATER MANAGEMENT PLAN UPDATE**

This Agreement is made and entered into as of _____, 2020 by and between the City of Arcadia, a municipal corporation organized and operating under the laws of the State of California with its principal place of business at 240 West Huntington Drive, Arcadia, California 91066 ("City"), and **Stetson Engineers, Inc.**, a California Corporation, with its principal place of business at 861 Village Oaks Drive, Suite 100, Covina, CA 91724 (hereinafter referred to as "Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

RECITALS

A. City is a public agency of the State of California and is in need of professional services for the following project: **2020 Urban Water Management Plan Update** (hereinafter referred to as "the Project").

B. Consultant is duly licensed and has the necessary qualifications to provide such services.

C. The Parties desire by this Agreement to establish the terms for City to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide the City with the services described in the Scope of Services attached hereto as Exhibit "A."

2. Compensation.

a. Subject to paragraph 2(b) below, the City shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit "B."

b. In no event shall the total amount paid for services rendered by Consultant under this Agreement exceed the sum of **Twenty-Seven Thousand, Eight Hundred Dollars and No Cents (\$27,800.00)**. This amount is to cover all printing and related costs, and the City will not pay any additional fees for printing expenses. Periodic payments shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly billing basis.

3. Additional Work.

If changes in the work seem merited by Consultant or the City, and informal consultations with the other party indicate that a change is warranted, it shall be processed in the following manner: a letter outlining the changes shall be forwarded to the City by Consultant with a statement of estimated changes in fee or time schedule. An amendment to this Agreement shall be prepared by the City and executed by both Parties before performance of such services, or

the City will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under the contract for inspection by City.

5. Term.

The term of this Agreement shall be for **one year from the date of execution**, unless earlier terminated as provided herein. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Project. Consultant shall perform its services in a prompt and timely manner within the term of this Agreement and shall commence performance upon receipt of written notice from the City to proceed ("Notice to Proceed"). The Notice to Proceed shall set forth the date of commencement of work.

6. Delays in Performance.

a. Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

b. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government, including Cal/OSHA requirements.

b. If required, Consultant shall assist the City, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies.

c. If applicable, Consultant is responsible for all costs of clean up and/ or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

8. Standard of Care

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the City, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Nothing contained herein shall prevent Consultant from employing independent associates, and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor

Consultant is retained as an independent contractor and is not an employee of City. No employee or agent of Consultant shall become an employee of City. The work to be performed shall be in accordance with the work described in this Agreement, subject to such directions and amendments from City as herein provided.

11. Insurance. Consultant shall not commence work for the City until it has provided evidence satisfactory to the City it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

a. Commercial General Liability

(i) The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the City.

(ii) Coverage for Commercial General Liability insurance shall be at least as broad as the following:

(1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

(iii) Commercial General Liability Insurance must include coverage for the following:

- (1) Bodily Injury and Property Damage
- (2) Personal Injury/Advertising Injury
- (3) Premises/Operations Liability
- (4) Products/Completed Operations Liability
- (5) Aggregate Limits that Apply per Project
- (6) Explosion, Collapse and Underground (UCX) exclusion deleted
- (7) Contractual Liability with respect to this Agreement
- (8) Property Damage
- (9) Independent Consultants Coverage

(iv) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.

(v) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(vi) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the City, and provided that such deductibles shall not apply to the City as an additional insured.

b. Automobile Liability

(i) At all times during the performance of the work under this Agreement, the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the City.

(ii) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

(iii) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status.

(iv) Subject to written approval by the City, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the City as an additional insured, but not a self-insured retention.

c. Workers' Compensation/Employer's Liability

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) To the extent Consultant has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement, the Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period required by this Agreement, workers' compensation coverage of the same type and limits as specified in this section.

d. Professional Liability (Errors and Omissions)

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the City and in an amount indicated herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must

specifically include work performed under this Agreement. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer's duty to defend.

e. Minimum Policy Limits Required

(i) The following insurance limits are required for the Agreement:

	<u>Combined Single Limit</u>
Commercial General Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate for bodily injury, personal injury, and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim and aggregate (errors and omissions)

(ii) Defense costs shall be payable in addition to the limits.

(iii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with the City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

g. Policy Provisions Required

(i) Consultant shall provide the City at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the City at least ten (10) days prior to the effective date of cancellation or expiration.

(ii) The Commercial General Liability Policy and Automobile Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any

insurance, self-insurance or other coverage maintained by the City or any named insureds shall not be called upon to contribute to any loss.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to waiver of subrogation in favor of the City, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(v) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant's indemnification obligations to the City and shall not preclude the City from taking such other actions available to the City under other provisions of the Agreement or law.

h. Qualifying Insurers

(i) All policies required shall be issued by acceptable insurance companies, as determined by the City, which satisfy the following minimum requirements:

(1) Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

i. Additional Insurance Provisions

(i) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the City, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(ii) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

(iii) The City may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(iv) Neither the City nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

j. Subconsultant Insurance Requirements. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the City that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the City as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, City may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the City, its officials, officers, employees, agents, or volunteers.

b. To the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's obligations under the above indemnity shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, but shall not otherwise be reduced. If Consultant's obligations to defend, indemnify, and/or hold harmless arise out of Consultant's performance of "design professional services" (as that term is defined under Civil Code section 2782.8), then upon Consultant obtaining a final adjudication that liability under a claim is caused by the comparative active negligence or willful misconduct of the City, Consultant's obligations shall be reduced in proportion to the established comparative liability of the City and shall not exceed the Consultant's proportionate percentage of fault.

13. California Labor Code Requirements.

a. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects ("Prevailing Wage Laws"). If the services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$15,000 or more for maintenance or \$25,000 or more for construction, alteration, demolition, installation, or repair, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any

failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1).

b. If the services are being performed as part of an applicable “public works” or “maintenance” project and if the total compensation is \$15,000 or more for maintenance or \$25,000 or more for construction, alteration, demolition, installation, or repair, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

c. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant’s performance of services, including any delay, shall be Consultant’s sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the City. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

14. Verification of Employment Eligibility.

By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subconsultants and sub-subconsultants to comply with the same.

15. City Material Requirements.

Consultant is hereby made aware of the City’s requirements regarding materials, as set forth in **Request for Proposal**, which are deemed to be a part of this Agreement.

16. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Los Angeles, State of California.

17. Termination or Abandonment

a. City has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, City shall be immediately given title and possession to all original field notes, drawings and

specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. City shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by City and Consultant of the portion of such task completed but not paid prior to said termination. City shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to City only in the event of substantial failure by City to perform in accordance with the terms of this Agreement through no fault of Consultant.

18 Documents. Except as otherwise provided in "Termination or Abandonment," above, all original field notes, written reports, Drawings and Specifications and other documents, produced or developed for the Project shall, upon payment in full for the services described in this Agreement, be furnished to and become the property of the City.

19. Organization

Consultant shall assign Stephen B. Johnson, P.E., as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of the City.

20. Limitation of Agreement.

This Agreement is limited to and includes only the work included in the Project described above.

21. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

CITY:

City of Arcadia
240 West Huntington Drive
Arcadia, CA 91066
Attn: Paul Cranmer
Deputy Public Works Services Director

CONSULTANT:

Stetson Engineers, Inc.
861 Village Oaks Drive, Suite 100
Covina, CA 91724
Attn: Stephen Johnson, P.E.

and shall be effective upon receipt thereof.

22. Third Party Rights

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the City and the Consultant.

23. Equal Opportunity Employment.

Consultant represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

24. Entire Agreement

This Agreement, with its exhibits, represents the entire understanding of City and Consultant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both Parties hereto. This is an integrated Agreement.

25. Severability

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the provisions unenforceable, invalid or illegal.

26. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each party to this Agreement. However, Consultant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of City. Any attempted assignment without such consent shall be invalid and void.

27. Non-Waiver

None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is specifically specified in writing.

28. Time of Essence

Time is of the essence for each and every provision of this Agreement.

29. City's Right to Employ Other Consultants

City reserves its right to employ other consultants, including engineers, in connection with this Project or other projects.

30. Prohibited Interests

Consultant maintains and warrants 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 that it has not paid nor has it agreed to pay any 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 director, official, 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.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF ARCADIA
AND STETSON ENGINEERS, INC.**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY OF ARCADIA

STETSON ENGINEERS, INC.

By: _____
Dominic Lazzaretto
City Manager

By: _____
Title: _____

Printed Name: _____

ATTEST:

By: _____

By: _____
City Clerk

Title: _____

Printed Name: _____

APPROVED AS TO FORM:

By: _____
Stephen P. Deitsch
City Attorney

EXHIBIT A

Scope of Services

Scope of Services for the 2020 Urban Water Management Plan Update shall include, but are not limited, to the following:

Task 1: Kick Off Meeting

- The Consultant shall attend a project kick-off meeting with agency staff to discuss project parameters, scheduling constraints, and other relevant information regarding services required to complete the UWMP update. An overall project workplan and schedule shall be developed, reviewed, revised and updated by the Consultant.

Task 2: Data Collection and Review

- Research, identify, and review existing available data. This includes:
 - The City's General Plan
 - 2015 Urban Water Management Plan
 - Maps, land use plans, reports and any other records necessary
 - Coordinate with other city departments and agencies as needed
 - Main San Gabriel Basin and Raymond Basin reports as needed

Task 3: Preparation of 2020 UWMP

- Follow and meet requirements established in DWR's 2020 UWMP Guidebook and include, but not limited to the following:
 - Water Demand Projections
 - Demographic data: population, housing density, development
 - Historical and current water production data and consumption by customer class
 - Water loss and other uses
 - Climate data
 - Water Sources and Supply Reliability
 - Current and projected water supplies
 - Supply reliability impacted by changing demographics, land use planning, climate change and other factors
 - System description where necessary
 - Calculate energy intensity of water service
 - Drought risk assessment
 - Water quality impacts on reliability
 - Water service reliability
 - Demand Management Measures and SB X7-7 Baseline/Targets
 - Evaluation of Demand Management Measures and water savings

- Planned water supply projects and programs
- Water shortage contingency plan

Task 4: Meetings and Presentations

- Firm/Consultant will agree and prepare to attend up to two (2) meetings to discuss data and internal review comments, and plan on attending one City Council meeting. City staff will make presentation and the Consultant will answer technical questions as necessary.
- Telephone calls and e-mail as normal course of business and will not be counted against the meeting schedule.

Task 5: Submittals

- A Word/PDF copy of the draft report shall be provided along with four (4) hard copies for review.
- Final report shall be provided to the City in both PDF and Word format.

EXHIBIT B

Schedule of Charges/Payments

Consultant will invoice City on a monthly cycle. Consultant will include with each invoice a detailed progress report that indicates the amount of budget spent on each task. Consultant will inform City regarding any out-of-scope work being performed by Consultant. This is a time-and-materials contract.

Compensation shall be based on time and materials spent in accordance with the following tasks, not to exceed the total compensation listed below.

The schedule of prices is attached as attachment "A" to this Exhibit "B".

2020 Urban Water Management Plan - \$27,800.00

Total Compensation - \$27,800.00

The total compensation shall not exceed the total listed without written authorization in accordance with Section 2 (b) of this agreement.

EXHIBIT C
Activity Schedule

All work shall be completed in accordance with the following schedule:

The term of this Agreement shall be for one year from the date of execution. All task under Exhibit A shall be adhered to and executed accordingly.



STAFF REPORT

Public Works Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Tom Tait, Public Works Services Director
By: Tyler Polidori, General Services Superintendent

SUBJECT: EXTENSION TO THE PROFESSIONAL SERVICES AGREEMENT WITH ABM INDUSTRY GROUPS, LLC. FOR JANITORIAL AND PORTER SERVICES AT VARIOUS CITY FACILITIES IN AN AMOUNT NOT TO EXCEED \$360,029.08

Recommendation: Approve

SUMMARY

On October 15, 2019, the City Council approved a one-year extension to the Professional Services Agreement with ABM Industry Groups, LLC. ("ABM") in the amount of \$336,983.83 to perform janitorial and porter services at various City facilities. ABM has reached the end of their current contract extension term and has submitted a written offer to extend for an additional year. The contractor's offer reflects a 6.84%, or \$23,045.25, cost of living adjustment to offset an increase in the state minimum wage effective January 1, 2021. This will be ABM's third and final contract extension. All other terms and conditions will remain in effect.

It is recommended that the City Council approve, authorize, and direct the City Manager to execute a one-year extension to the Professional Services Agreement with ABM Industry Groups, LLC. for Janitorial and Porter Services at various City facilities in an amount not to exceed \$360,029.08.

DISCUSSION

The Public Works Services Department is responsible for the maintenance of all City facilities and utilizes contract services to provide janitorial and porter services. Janitorial services include nightly cleaning of all common areas, restrooms, and offices at various City facilities. Daily porter services include cleaning and replacement of the light fixtures, helping office staff with routine services such as setting up for special events, and cleaning and stocking public restrooms. Janitorial and porter services are performed at City Hall, the Community Center, Gilb Museum, Lauber Museum Education Center, Library, Public Works Services, Police Department, Fire Station 105, Civic Center Soccer Field, Dana Gym, and restrooms at Bonita and Eisenhower parks.

The proposed 6.84% contract increase in the amount of \$23,045.25 will offset costs incurred due to an anticipated increase in the State's minimum wage. Effective January 1, 2021, California minimum wage will increase from \$13.00/hr. to \$14.00/hr. The State's minimum wage increase represents a 7.69% increase over the previous year, while the proposed contract increase submitted by ABM is 0.85% less than the State's minimum wage rate increase. An analysis of the proposed contract increase indicates that the impact to Departments' budgets will be minimal. All other terms and conditions of the contract will remain the same.

ABM has provided quality janitorial and porter services to the City and is a stable corporation with a long-standing history in the cleaning industry, including extensive experience in serving government agencies. Some of their current municipal contracts include the Cities of Long Beach, Los Angeles, Newport Beach, and Cerritos.

ENVIRONMENTAL IMPACT

The proposed action does not constitute a project under the California Environmental Quality Act ("CEQA"), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

FISCAL IMPACT

Funds are budgeted in each Department's Contract Services accounts in the Fiscal Year 2020-21 Operating Budget. The Public Works Services Department will conduct a mid-year budget review of the janitorial and porter services agreement and recommend budget adjustments, if needed, at that time. Otherwise, each Department's Fiscal Year 2021-22 budget for janitorial and porter services will be adjusted to reflect the actual cost of providing these services.

RECOMMENDATIONS

It is recommended that the City Council determine that this action does not constitute a project and is therefore, exempt under, the California Environmental Quality Act ("CEQA"); and approve, authorize, and direct the City Manager to execute a one year extension to the Professional Services Agreement with ABM Industry Groups, LLC. for Janitorial and Porter Services at various City facilities in an amount not to exceed \$360,029.08.

Extension to the Professional Services Agreement
for Janitorial and Porter Services
October 20,2020
Page 3 of 3

Approved:



Dominic Lazzaretto
City Manager

Attachment: Proposed Amendment No. 4 to the Professional Services Agreement



**AMENDMENT NO. 4 TO THE PROFESSIONAL SERVICES AGREEMENT
FOR JANITORIAL & PORTER SERVICES AT VARIOUS CITY FACILITIES
BY AND BETWEEN THE CITY OF ARCADIA AND ABM INDUSTRY GROUPS,
LLC.**

This Amendment No. 4 (“Amendment No. 4”) is hereby entered into this _____ day of _____, 2020 by and between the City of Arcadia, a municipal corporation of the State of California, and ABM Industry Groups, LLC., a Limited Liability Company, with respect to that certain Professional Services Agreement between the parties dated November 1, 2017 (“Agreement”), amended by Amendment No. 1 dated November 21, 2018, amended by Amendment No. 2 dated November 27, 2019, and further amended by Amendment No. 3 dated August 31, 2020.

The Parties agree as follows:

1. Section 3.1.2 of the Agreement, the Term is hereby extended from November 1, 2020 through November 1, 2021 (“Extended Term”).
2. Section 3.3.1 of the Agreement is amended to provide that the total compensation for the extended term shall not exceed Three Hundred Sixty Thousand, Twenty-Nine Dollars and Eight Cents (\$360,029.08).
3. All terms and provisions of the Agreement not amended by this Amendment No. 4 are hereby reaffirmed.

In witness whereof the Parties have executed this Amendment No. 4 on the date set forth below.

CITY OF ARCADIA

ABM INDUSTRY GROUPS, LLC.

By: _____
Dominic Lazzaretto
City Manager

By: _____
Title: _____

Dated: _____

Dated: _____

ATTEST:

By: _____

Title: _____

Dated: _____

City Clerk

APPROVED AS TO FORM

CONCUR:

Stephen P. Deitsch
City Attorney

Tom Tait
Public Works Services Director



STAFF REPORT

Administrative Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Hue C. Quach, Administrative Services Director
By: Henry Chen, Financial Services Manager/Treasurer

SUBJECT: CONTRACT WITH SOCAL MAILING SERVICES FOR OUTGOING MAIL SERVICES IN AN AMOUNT NOT TO EXCEED \$112,000 ANNUALLY WITH THE OPTION OF THREE ONE-YEAR EXTENSIONS
Recommendation: Approve

SUMMARY

A Request for Proposal (“RFP”) for outgoing mail services was sent to nine firms, published on the City’s website, and in the local newspaper during August 2020. SoCal Mailing Services, who is the City’s current mailing services provider, was the only vendor to submit a proposal. It is recommended that the City award the outgoing mail services contract to SoCal Mailing Services in the amount not to exceed \$112,000 annually, which consists of \$19,000 for labor and \$93,000 for postage, with the option to renew the contract for three one-year extensions.

DISCUSSION

The City currently has outgoing mail volume average of 300 pieces daily that requires folding, stuffing of inserts, and sealing. The mail service vendor picks up, meters, and delivers the mail to the Post Office. Additionally, on a monthly basis, the mail service vendor also folds, inserts, and meters approximately 8,000 water bills.

The City has contracted with SoCal Mailing Services since October 2018, when they assumed the contract from Target Mailing Services, the previous vendor. The City has not had any issues with their services since they assumed the contract. A bid request was sent to nine firms that provide similar mailing services. The bid request was also published on the City’s website and in the local newspaper for two days during the month of August. SoCal Mailing Services was the only provider who submitted a proposal in response to the bid

request. The low response rate may be attributable to the required pickup services at the City Hall; it seems to be cost effective and profitable only for vendors that are near Arcadia's City Hall.

The volume of mail has continued to decrease over the past few years because of the growing usage of electronic mail and online platforms. When this contract was last awarded, the City's average daily volume was about 400 pieces of mail. The trend is expected to continue. Therefore, the total contracted amount for this service is expected to not exceed \$112,000 annually, which was calculated based on the current average volume of 300 daily pieces of mail and 8,000 monthly water bills. Out of the total contracted amount, only \$19,000 is for labor services and the balance of \$93,000 is for postage.

ENVIRONMENTAL ANALYSIS

The proposed action does not constitute a project under the California Environmental Quality Act ("CEQA"), under Section 15061(b)(3) of the CEQA Guidelines, as it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

FISCAL IMPACT

The total outgoing mail services contract, including postage, shall not exceed \$112,000 annually. Funds have been included in the Fiscal Year 2020-21 Operating Budget for this purpose.

RECOMMENDATION

It is recommended that the City Council determine that this action does not constitute a project and is therefore, exempt under, the California Environmental Quality Act ("CEQA"); and authorize and direct the City Manager to execute a contract with SoCal Mailing Services for outgoing mail services, in an amount not to exceed \$112,000 annually, with the option of three one-year extensions.

Approved:



Dominic Lazzaretto
City Manager

Attachment: Cost Calculations

300 Pieces of Daily Mail & 8000 of Monthly Water bills					
	Daily Mail			Monthly Water Bills	
Service Costs					
Pick up costs	\$	45.00	Each time	\$	50.00 Each time
Processing costs				\$	0.080 Each piece
Annual Service Costs					\$19,000
Postage					
		Each	Per day costs	Each	Per month costs
250 pieces of 0-2 ounces	\$	0.575	\$ 143.75	\$ 0.477	3,816.00
50 pieces of 2-3 ounces	\$	0.800	\$ 40.00		
Annual Postage Costs					\$93,000
ESTIMATED TOTAL COSTS FOR ONE YEAR					\$112,000
ESTIMATED TOTAL COSTS REMAINDER OF FY20-21 (7 MONTHS)					\$65,000



STAFF REPORT

Administrative Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Hue C. Quach, Administrative Services Director
By: Henry Chen, Financial Services Manager/Treasurer

SUBJECT: SOFTWARE SERVICE AGREEMENT WITH TRUEPOINT SOLUTIONS FOR IMPLEMENTATION OF THE TRUEBILL UTILITY BILLING SOFTWARE IN THE AMOUNT OF \$144,950

Recommendation: Approve

SUMMARY

The Administrative Services and Public Works Services Departments currently utilize a utility billing software system that was implemented in 1994 and does not have advanced billing or customer service functionality that most current utility billing software programs are able to offer. The City's current utility billing software is hosted on the City's internal server network infrastructure, with the current software company providing minimal support and configuration as needed. To ensure the City is receiving the highest quality of service and most competitive pricing for this type of software, the Administrative Services Department solicited a formal Request for Proposals ("RFP"). TruePoint Solutions has proposed a cloud-based system with the best combination of features and usability, without the worry of aging technology, security, infrastructure maintenance, and additional hardware costs.

Based on the evaluated proposals, it is recommended that the City Council approve, authorize, and direct the City Manager to execute a Software Service Agreement with TruePoint Solutions for implementation of the TrueBill utility billing software system in the amount of \$144,950.

BACKGROUND

The City's public water and sewer utility serves approximately 15,000 connections, a majority of which are based on a tiered rate structure, billed on a bi-monthly basis, generating approximately \$15.5 million in revenue per year. The current utility billing and customer information system, DataNow, was implemented in 1994 and provides billing services for water, sewer, backflow devices, paramedic ambulance insurance, and a host

of other miscellaneous charges. Due to the aging technology of the City’s current software system, customers have repeatedly requested updated functionality, such as a customer-billing portal with real time account information, which the City’s current software cannot provide.

The DataNow software is hosted internally on an antiquated Microsoft SQL Windows Server 2008. There are inherent issues with running this type of software on an older operating platform. When the program experiences technical issues, the City must solely rely on DataNow to troubleshoot and resolve the issue. Currently, there is only one database administrator who handles the DataNow system and this is the only individual who has full knowledge of the inner workings of the system and the database. It is risky for the City to rely on such a system without adequate backup maintenance and support.

DISCUSSION

The RFP requested a modern cloud solution for the new system so that there would be adequate redundancies with state-of-the-art security and support. Having the software on the cloud would allow regular updates to the software as well as robust technical support. The City would not be relying on a single individual for support. The RFP also called for a robust customer self-service portal so that customers would have a convenient way of viewing their bills, processing payment, and opening tickets for service.

A Notice Inviting Proposals was published in the City’s adjudicated newspaper and proposal packages were distributed to vendors that provide utility billing software programs. Eleven proposals were received and evaluated based on their experience and qualifications, understanding of the utility billing software needs of the City, proposed implementation process, and cost. The Administrative Services (“ASD”) and Public Works Services (“PWSD”) Departments established an interdepartmental committee to review and rank all received proposals.

Most of the proposals were informative and gave a good overview of their product. The exceptions were two of the lowest cost proposals. DataGain did not appear to have a product but offered instead to custom write a new program for the City. SEW did not propose a utility billing software package but instead was offering only a customer portal.

The results of the evaluation with each company’s ranking and associated cost are listed below:

Rank	Company	Implementation Cost	Subsequent Annual Fees
1	Tyler Technologies	\$129,450	\$53,447
2	TruePoint Solutions	\$144,950	\$50,000
3	Harris City Suite	\$115,940	\$16,000
4	Harris InHANCE	\$166,020	\$16,000
5	Central Square	\$92,519	\$7,921

6	Harris North Star	\$499,500	\$109,875
7	Daffron	\$143,500	\$20,600
8	DataGain	\$95,950	\$11,400
9	Cogsdale	\$721,650	\$84,433
10	Vertex One	\$254,048	\$357,372
11	SEW	\$47,000	\$59,000

Based on the ranking, the City invited the top five firms to present a demonstration of their software and to answer questions from Staff. After reviewing the five demonstrations, the top two firms were determined to be Tyler Technologies and TruePoint Solutions (“TruePoint”). Site visits were arranged to local customers of each vendor, which were provided as references.

For the firms ranked from three to five, their products were lacking in certain features that Staff felt were important to have in the new system. Harris City Suite did not have a backflow program and their customer portal was not available for review. Harris InHANCE did not have a customer portal and would need a 3rd party provider to integrate into their software. Central Square’s product was limited in its ability to be customized to meet City requirements along with also not having a backflow program.

The PWSD visited the City of Chino Hills Utility Services Department to view Tyler Technologies’ Munis Utility Billing Software. The functionality of the software was elaborately involved and not user friendly for resolving billing issues or addressing credits. Reporting functions were minimal, and customization or reporting would cost extra. Feedback on the implementation process was that the City of Chino Hills had to additionally hire an outside consultant to complete the initial implementation on the City’s behalf due to the complexity during the configuration and data migration process. The feedback on the software maintenance was that technological issues were slow to be addressed and software support was lacking.

Both the ASD and PWSD visited Palmdale Water District to view TruePoint’s TrueBill utility billing system. The functionality of the system was optimal, with centrally connected billing and reporting processes, streamlined workflow, and communication with other third-party software systems seamlessly. Feedback on the implementation process was positive and TruePoint came highly recommended.

After an extensive evaluation period, it was determined that TruePoint had the best combination of features and functionality for what the City requires in a new utility billing program. TruePoint’s TrueBill utility billing software will replace the City’s current DataNow software, and will provide the following features:

- Utility billing solution with efficient access to account information, service orders, and service-based assets
- Customer Payment/Inquiry Portal

- Central Cash Management and Accounts Receivable
- Full Meter Management
- Conservation Management
- Backflow Prevention with Field Inspection Portal
- Financials Integration

The new software system will provide a more streamlined process with the City's workflow configured into the software for consistent management of all applications. Financial controls, bill processing, customer account administration, and water meter and backflow management, take place within the system, so all users can coordinate their responsibilities with each other.

The cost for TruePoint's TrueBill software system was originally \$212,000, which was higher than what was budgeted. Having determined TruePoint as the best software program, the City negotiated with the firm to reduce the cost while ensuring that the software program will still meet the City's utility billing software needs. TruePoint understood the City's financial constraints and was able to provide a revised proposal for \$144,950 that met the City's budget for implementing the recommended TrueBill utility billing program.

TruePoint Solutions is a proven software and technology services company based in Loomis, California. In business since 2004, they specialize in providing technical solutions to government agencies, water companies, and special districts. With offices in three states, they have done over 200 municipal implementations in the United States and Canada with annual revenues in excess of \$7 million.

TruePoint Solution's background and competency were researched, and it was concluded that they could satisfactorily provide the services that were specified in the RFP. Some local California public sector entities currently utilizing TruePoint Solutions' TrueBill utility billing system include Palmdale Water District, Sacramento Suburban Water District, and City of Redwood City. A copy of the License and Services Agreement with TruePoint Solutions is attached.

ENVIRONMENTAL ANALYSIS

The proposed action does not constitute a project under the California Environmental Quality Act ("CEQA"), under Section 15061(b)(3) of the CEQA Guidelines, as it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

FISCAL IMPACT

The Capital Improvement Program provides for \$156,840 for the purchase and implementation of a utility billing software system. The total cost for the implementation of TruePoint Solutions' TrueBill utility billing software is \$144,950. Successive year's subscription and hosting fees will be \$50,000 annually, which will be included in the City's Water and Sewer Enterprise Funds' Annual Operating Budget.

RECOMMENDATION

It is recommended that the City Council determine that this action does not constitute a project and is therefore, exempt under, the California Environmental Quality Act ("CEQA"); and authorize and direct the City Manager to execute a Software Service Agreement with TruePoint Solutions for implementation of the TrueBill utility billing software system in the amount of \$144,950.

Approved:



Dominic Lazzaretto
City Manager

Attachment: TruePoint Solutions License and Services Agreement

AGREEMENT NUMBER: _____

THIS SUBSCRIPTION LICENSE AND SERVICES AGREEMENT (the “Agreement”) is between **TruePoint Solutions, LLC.** (“TruePoint”) and _____ (“Licensee”) as of the Effective Date. The parties agree as follows:

1. Definitions.

- (a) “**Affiliate**” means any entity, directly or indirectly, controlling, controlled by, or under common control with, TruePoint.
- (b) “**Authorized Users**” means: (i) Licensee’s employees; and (ii) contractors authorized by Licensee to access the Subscription Software who, prior to obtaining access to the Subscription Software, have executed a non-disclosure agreement that protects TruePoint’s Confidential Information to the same extent as this Agreement.
- (c) “**AWS**” means: Amazon Web Services. AWS is the cloud hosting service TruePoint uses to manage the Hosted Environment.
- (d) “**Confidential Information**” means non-public information that is identified as or would be reasonably understood to be confidential and/or proprietary. Confidential Information of TruePoint includes, without limitation, the Documentation and the Subscription Software, including any software code and all algorithms, methods, techniques, and processes revealed or utilized therein. Confidential Information of Licensee includes Licensee Data. Confidential Information does not include information that: (i) is or becomes known to the public without fault or breach of the Recipient; (ii) the Discloser regularly discloses to third parties without restriction on disclosure; (iii) the Recipient obtains from a third party without restriction on disclosure and without breach of a non-disclosure obligation known to Recipient; or (iv) is independently developed by the Recipient without use of Confidential Information.
- (e) “**Customizations**” means any components deployed in the hosted environment for the Subscription Software other than the generally available Subscription Software or components that Licensee may deploy via the standard user interface or tools included in the generally available Subscription Software. Customizations may include, without limitation, code, databases or third-party extensions that are not included in the generally available Subscription Software.
- (f) “**Discloser**” means the party providing Confidential Information to the Recipient.
- (g) “**Documentation**” means the then-current TruePoint-provided documentation relating to the features, functions, and use of the Subscription Software.
- (h) “**Documented Defect**” means a material deviation between the then-current, general release version of the Subscription Software and its Documentation.
- (i) “**Effective Date**” means the date identified on the signature page of this Agreement as the Effective Date.
- (j) “**Initial Subscription Term**” means the initial subscription period set forth on the applicable contract.
- (k) “**Intellectual Property Rights**” means any and all rights in patents, copyrights, trademarks and service marks.
- (l) “**Licensee Data**” means information provided, entered or

uploaded for use by or with the Subscription Software by the Licensee or its Authorized Users.

- (m) “**License Restriction**” means any limitation on the use of the Subscription Software identified in the contract.
- (n) “**Contract**” means the signed contract between the parties incorporating the terms of this Agreement which shall contain, without limitation, a list of the Subscription Software and associated quantity and License Restriction, a description of the Subscription Services, Subscription Fees, and payment terms.
- (o) “**Personal Information**” means information provided to TruePoint by or at the direction of Licensee, or to which access was provided to TruePoint in the course of TruePoint’s performance under this Agreement that: (i) identifies or can be used to identify an individual (including, without limitation, names, signatures, addresses, telephone numbers, e-mail addresses and other unique identifiers); or (ii) can be used to authenticate an individual (including, without limitation, employee identification numbers, government-issued identification numbers, passwords or PINs, financial account numbers, credit report information, biometric or health data, answers to security questions and other personal identifiers). Personal Information shall include any non-public personal information regarding any individual that is subject to applicable national, state, regional, and/or local laws and regulations governing the privacy, security, confidentiality and protection of non-public personal information.
- (p) “**Recipient**” means the party receiving Confidential Information of the Discloser.
- (q) “**Renewal Term**” means any renewal or extension of Licensee’s license to use the Subscription Software following the expiration of the Initial Subscription Term.
- (r) “**Residual Knowledge**” shall mean ideas, concepts, know-how or techniques related to the Discloser’s technology and Confidential Information that are retained in the unaided memories of the Recipient who had rightful access to Confidential Information.
- (s) “**Service Level Description**” means the Service Level Description document applicable to the Subscription Services and attached as an exhibit to the contract.
- (t) “**Subscription Fees**” means the fees for the Subscription Services set forth on the applicable contract.
- (u) “**Subscription Services**” means the Subscription Software-related application hosting services and Support (as defined in Section 3(b)) that TruePoint provides Licensee under this Agreement.
- (v) “**Subscription Software**” means collectively or individually the computer software programs identified in the applicable Contract for which TruePoint is providing the Subscription Services. “**Subscription Term**” means the Initial Subscription Term or any Renewal Term, as applicable.
- (w) “**Third Party Licensor**” means a third party whose software

products (“**Third Party Products**”) have been made available to TruePoint for distribution and licensing under the terms of its agreement with TruePoint (a “**Third Party Agreement**”).

(x) “**Updates**” means generally available updates, enhancements or modifications to the then-current, general release version of the Subscription Software that are not separately priced or licensed as new products.

(y) “**UserID**” means a unique user identification credential used in combination with a unique password to access the Subscription Services.

2. License

Subject to the terms and conditions of this Agreement and the applicable Contract, TruePoint hereby grants to Licensee a non-exclusive, non-transferable, limited license (without the right to sublease or sublicense) to access and use the Subscription Software and the Subscription Services, during the Subscription Term, in an operating environment hosted by TruePoint, for Licensee’s own internal use. Any rights not expressly granted in this Agreement are expressly reserved.

(a) **Documentation.** Licensee may make a reasonable number of copies of the Documentation for the Subscription Software for its internal use in accordance with the terms of this Agreement.

(b) **License Restriction.** Licensee’s use of the Subscription Software and Subscription Services is subject to any License Restriction specified in the applicable Contract.

(c) **Additional Restrictions on Use of the Subscription Software and Subscription Services.** In no event shall Licensee access the Subscription Software on any environment outside the hosted environment selected by TruePoint as part of the Subscription Services. In no event shall Licensee or its Authorized Users possess or control the Subscription Software or any related software code. Licensee is prohibited from causing or permitting the reverse engineering, disassembly or de-compilation of the Subscription Software. Except as expressly provided by this Agreement, Licensee is prohibited from using the Subscription Software to provide service bureau services to third parties. Licensee will not allow the Subscription Software to be used by or disclose all or any part of the Subscription Software to, any person except Authorized Users. Licensee acknowledges and agrees that U.S. export control laws and other applicable export and import laws govern its use of the Subscription Software and Licensee will neither export or re-export, directly or indirectly, the Subscription Software, nor any direct product thereof in violation of such laws, or use the Subscription Software for any purpose prohibited by such laws.

(d) **Intellectual Property Rights Notices.** Licensee is prohibited from removing or altering any of the Intellectual Property Rights notice(s) embedded in the Subscription Software or that TruePoint otherwise provides with the Subscription Services. Licensee must reproduce the unaltered Intellectual Property Rights notice(s) in any full or partial copies that Licensee makes of the Documentation.

(e) **Ownership.** Use of the Subscription Software and Subscription Services does not grant any ownership rights in or to the Subscription Software, the Subscription Services, or the Documentation. Licensee Data shall be the sole property of Licensee. TruePoint may collect anonymous data related to Licensee Data or use of the Subscription Software and Subscription Services (collectively “Anonymous Data”), and such Anonymous Data (which in no event will include Personal Information) shall be the sole property of TruePoint and not considered Licensee Data.

3. Subscription Services.

(a) **Hosted Environment.** TruePoint will provide the application hosting environment, including the hardware, equipment, and systems software configuration via Amazon Web Services (AWS) or similar environment on which TruePoint supports use of the Subscription Software and Subscription Services.

(b) **Support.** TruePoint shall (a) provide Licensee with access (via the internet, telephone or other means established by TruePoint) to TruePoint’s support helpline, (b) install, when and if generally available, Updates; (c) maintain database backups and (d) use reasonable efforts to correct or circumvent any material deviation between the then-current, general release version of the Subscription Software and its Documentation (the foregoing referred to collectively as “Support”). Support is included in the Subscription Fee.

Exclusions

The following Support Exclusions are not covered by this Support Policy: (a) Support required due to Customer’s or any End User’s or third party’s misuse of the Services; (b) Support during times outside of TruePoint’s regular business hours; (c) Support necessitated by external factors outside of TruePoint’s reasonable control, including any force majeure event or Internet access or related problems beyond the Service demarcation point; (d) Support of or caused by customizations (if outside of TRUEPOINT Software’s best practice recommendations), configuration changes, scripting, or data loss caused by or on behalf of Customer or any End User; (e) Support of or caused by Customer’s or any End User’s or third party’s equipment, software or other technology (other than third party equipment within TruePoint’s direct control); (f) Support to resolve or work-around conditions which cannot be reproduced in TruePoint’s support environment and (g) Support of any software add-ons supplied together with the Service (except where specified in the Agreement). Any support services falling within these Support Exclusions may be provided by TruePoint at its discretion and, if so provided, may be subject to additional pricing and support terms as specified by TruePoint.

(c) **User Accounts.** Licensee is responsible for maintaining its own Authorized User UserIDs and passwords which can be managed by contacting TruePoint’s Product Support. Licensee is responsible for maintaining the confidentiality of Licensee’s UserIDs and passwords and shall cause its Authorized Users to maintain the confidentiality of their UserIDs and Passwords. Licensee is responsible for all uses of and activities undertaken with UserIDs registered on Licensee’s account. Licensee agrees to immediately notify TruePoint of any unauthorized use of Licensee’s UserIDs of which Licensee becomes aware.

(d) **Connectivity.** TruePoint’s provider (AWS) will be responsible for maintaining connectivity from its network to the Internet which is capable of servicing the relevant Internet traffic to and from the hosted environment. Licensee is responsible for providing connectivity to the Internet for itself and its Authorized Users. Licensee shall also be responsible for ensuring that latency and available bandwidth from the user’s desktop to TruePoint’s hosted routers is adequate to meet Licensee’s desired level of performance. If Licensee requires a VPN or private network connection to the Subscription Services, Licensee is responsible for all costs associated with any specialized network connectivity required by Licensee.

(e) **Restrictions.** TruePoint shall have no obligation to correct a problem caused by Licensee’s negligence, Licensee’s equipment

malfunction or other causes beyond the control of TruePoint.

(f) Customizations. Customizations are not permitted absent TruePoint's prior written consent. If permitted, Customizations may only be created and deployed by TruePoint, and shall be documented in a separate agreement between TruePoint and Licensee. Support or other services for Customizations are not available under this Agreement or included as part of the Subscription Fees and may only be purchased pursuant to a separate agreement between TruePoint and Licensee.

4. Payment and Taxes.

(a) Payment. Licensee shall pay TruePoint the Subscription Fees set forth on the Contract. Subscription Fees are payable in advance and TruePoint will invoice Licensee for Subscription Fees prior to the commencement of the portion of the Subscription Term to which such fees apply. After the Initial Subscription Term, the Subscription Fees shall be subject to annual adjustment. Except as otherwise set forth in this Agreement, Subscription Fees are non-refundable. Licensee will pay each TruePoint invoice in accordance with the payment terms set forth on the Contract. Late payments are subject to a late charge equal to the lesser of: (i) one and one-half percent (1½%) per month; and (ii) the highest rate permitted by applicable law. Notwithstanding anything to the contrary in this Agreement, TruePoint reserves the right to suspend access to the Subscription Services in the event of any past due Subscription Fees.

(b) Taxes. Licensee is responsible for paying all taxes relating to this Agreement (except for taxes based on TruePoint's net income). Applicable tax amounts (if any) are not included in the Subscription Fees set forth on any Contract. TruePoint will invoice Licensee for applicable tax amounts and such invoices are payable in accordance with Section 4(a) and the Contract.

5. Limited Warranties, Disclaimer of Warranties, Remedies

(a) Right to Grant License. TruePoint warrants that that it owns all right, title and interest in and to the Subscription Software or has obtained rights in such Subscription Software sufficient to grant the licenses granted to Licensee under this Agreement. Licensee's exclusive remedy, and TruePoint's exclusive obligation, for a breach of this warranty is set forth in Section 7 (Indemnity).

(b) Limited Subscription Software Warranty by TruePoint and Remedy For Breach. TruePoint warrants that the Subscription Software will operate without a Documented Defect for a period of twelve (12) months from the Contract Date defined in the applicable Contract. TruePoint's sole obligation with respect to a breach of the foregoing warranty shall be to repair or replace the Subscription Software giving rise to the breach of warranty. If TruePoint is unable to repair or replace such Subscription Software within a reasonable period of time, then, subject to the limitations set forth in Section 14 of this Agreement, Licensee may pursue its remedies at law to recover direct damages resulting from the breach of this warranty. The remedies in this Section 5(b) are exclusive and in lieu of all other remedies, and represent TruePoint's sole obligations, for a breach of the foregoing warranty. Licensee must provide notice to TruePoint of any warranty claim within the warranty period. For clarity, Licensee's entitlement to Support (as defined in Section 3(b)) in connection with any Documented Defect shall continue throughout the Subscription Term.

(c) Malicious Code. TruePoint represents that it has used commercially reasonable best efforts utilizing generally accepted industry tools and practices to provide Subscription Software that does not contain any "time bombs," "worms," "viruses," "Trojan

horses," "protect codes," "data destruct keys," or other programming devices that are intended to access, modify, delete, damage, deactivate or disable the Subscription Services ("Malicious Code"). As Licensee's sole remedy for breach of this representation, TruePoint shall take action immediately to investigate, identify and remove such Malicious Code from the Subscription Software.

(d) Limited Services Warranty and Remedy For Breach. TruePoint warrants to Licensee that, TruePoint will render the Subscription Services with commercially reasonable care and skill. TruePoint further warrants that the hosted environment will be available at all times throughout the Subscription Term, subject to the exceptions and allowances described in the Availability section of the applicable Service Level Description. The level of unavailability shall not exceed one half of one percent (0.5%) per month, excluding Scheduled Maintenance as described in the applicable Service Level Description (the "Down Time Warranty"). In the event of a breach of the foregoing warranty TruePoint shall apply service level credits based on the actual availability measure for the applicable period as follows:

Service level credits for Subscription Fees paid on an annual basis shall be based on a monthly equivalent fee. For example, a 5% service level credit on an annual subscription fee shall be 5% of 1/12 of the annual fee. Service level credits shall be applied to Licensee's next invoice or, if Licensee has paid the final invoice under this Agreement, service level credits shall be paid to Licensee within thirty (30) calendar days following the determination that the credit is due. The service level credit is the exclusive remedy and is in lieu of all other remedies for breach of the Down Time Warranty.

(e) Disclaimer of Warranties. The limited warranties in this Section 5 are made to Licensee exclusively and are in lieu of all other warranties. **TRUEPOINT MAKES NO OTHER WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH REGARD TO THE SUBSCRIPTION SOFTWARE AND SUBSCRIPTION SERVICES PROVIDED UNDER THIS AGREEMENT AND/OR ANY CONTRACT, IN WHOLE OR IN PART. TRUEPOINT EXPLICITLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE. TRUEPOINT EXPRESSLY DOES NOT WARRANT THAT THE SUBSCRIPTION SOFTWARE OR SUBSCRIPTION SERVICES, IN WHOLE OR IN PART, WILL BE ERROR FREE, OPERATE WITHOUT INTERRUPTION OR MEET LICENSEE'S REQUIREMENTS.**

(f) Abrogation of Limited Warranty. TruePoint will have no obligation under this Section 5 to the extent that any alleged breach of warranty is caused by any modification of the Subscription Software not performed by or on behalf of TruePoint. To the extent that an alleged breach of warranty concerns a Third Party Product that is subject to a more limited warranty under a Third Party Agreement than specified in Section 5 above, TruePoint's obligations hereunder will be further limited accordingly.

(g) FAILURE OF ESSENTIAL PURPOSE. THE PARTIES HAVE AGREED THAT THE LIMITATIONS SPECIFIED IN SECTIONS 5 AND 14 WILL SURVIVE AND APPLY EVEN IF ANY REMEDY SPECIFIED IN THIS AGREEMENT IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE, AND REGARDLESS OF WHETHER LICENSEE HAS ACCEPTED ANY SUBSCRIPTION SOFTWARE OR SUBSCRIPTION SERVICE UNDER THIS AGREEMENT.

(h) HIGH RISK ACTIVITIES. THE SUBSCRIPTION SOFTWARE IS NOT FAULT-TOLERANT AND IS NOT DESIGNED, MANUFACTURED OR INTENDED FOR USE AS ON-LINE CONTROL EQUIPMENT IN HAZARDOUS

ENVIRONMENTS REQUIRING FAIL-SAFE PERFORMANCE, SUCH AS IN THE OPERATION OF NUCLEAR FACILITIES, AIRCRAFT NAVIGATION OR AIRCRAFT COMMUNICATION SYSTEMS, MASS TRANSIT, AIR TRAFFIC CONTROL, DIRECT LIFE SUPPORT MACHINES, OR WEAPONS SYSTEMS, IN WHICH THE FAILURE OF THE SUBSCRIPTION SOFTWARE COULD LEAD DIRECTLY TO DEATH, PERSONAL INJURY, OR SEVERE PHYSICAL OR ENVIRONMENTAL DAMAGE ("HIGH RISK ACTIVITIES"). ACCORDINGLY, TRUEPOINT DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY OF FITNESS FOR HIGH RISK ACTIVITIES. LICENSEE AGREES THAT TRUEPOINT SHALL NOT BE LIABLE FOR ANY CLAIMS OR DAMAGES ARISING FROM OR RELATED TO THE USE OF THE SUBSCRIPTION SOFTWARE IN SUCH APPLICATIONS.

6. Confidential Information.

(a) Confidentiality. The Confidential Information disclosed under this Agreement may be used, disclosed or reproduced only to the extent necessary to further and fulfill the purposes of this Agreement. Except as otherwise permitted under this Agreement, the Recipient will not knowingly disclose to any third party or make any use of the Discloser's Confidential Information. The Recipient will use at least the same standard of care to maintain the confidentiality of the Discloser's Confidential Information that it uses to maintain the confidentiality of its own Confidential Information, but in no event less than reasonable care. The non-disclosure and non-use obligations of this Agreement will remain in full force with respect to each item of Confidential Information for a period of ten (10) years after Recipient's receipt of that item; provided, however, that Licensee's obligations to maintain the Subscription Software and Documentation as confidential will survive in perpetuity. Each of Licensee and TruePoint shall be responsible for the breach of the confidentiality terms contained in this Section 6 by any of its directors, officers, employees, Authorized Users, agents, accountants and advisors. Notwithstanding the foregoing, this Section is not intended to prevent (a) a Recipient from using Residual Knowledge, subject to any Intellectual Property Rights of the Discloser, or (b) TruePoint from using Anonymous Data. If the Recipient should receive any legal request or process in any form seeking disclosure of Discloser's Confidential Information, or if the Recipient should be advised by counsel of any obligation to disclose such Confidential Information, the Recipient shall (if allowed by law) provide the Discloser with prompt notice of such request or advice so that the Discloser may seek a protective order or pursue other appropriate assurance of the confidential treatment of the Confidential Information. Regardless of whether or not a protective order or other assurance is obtained, the Recipient shall furnish only that portion of the Discloser's Confidential Information which is legally required to be furnished and to use reasonable efforts to assure that the information is maintained in confidence by the party to whom it is furnished.

(b) Security Policies and Safeguards. TruePoint shall establish and maintain administrative, technical, and physical safeguards designed to protect against the destruction, loss, unauthorized access or alteration of Licensee Data and Personal Information in the possession or under the control of TruePoint or to which TruePoint has access, which are: (i) no less rigorous than those maintained by TruePoint for its own information of a similar nature; (ii) no less rigorous than generally accepted industry standards; and (iii) required by applicable laws. The security procedures and safeguards implemented and maintained by TruePoint pursuant to this Section 6(b) shall include, without limitation:

- (i) User identification and access controls designed to limit access to Licensee's Data to authorized users;
- (ii) the use of appropriate procedures and technical controls regulating data entering TruePoint's network from any external source;
- (iii) the use of encryption techniques when Licensee's Data is transmitted or transferred into or out of the hosted environment;

(c) Security Incident Response. In the event that TruePoint becomes aware that the security of any Licensee Data or Personal Information has been compromised, or that such Licensee Data or Personal Information has been or is reasonably expected to be subject to a use or disclosure not authorized by this Agreement (an "Information Security Incident"), TruePoint shall: (i) promptly (and in any event within 24 hours of becoming aware of such Information Security Incident), notify Licensee, in writing, of the occurrence of such Information Security Incident; (ii) investigate such Information Security Incident and conduct a reasonable analysis of the cause(s) of such Information Security Incident; (iii) provide periodic updates of any ongoing investigation to Licensee; (iv) develop and implement an appropriate plan to remediate the cause of such Information Security Incident to the extent such cause is within TruePoint's control; and (v) cooperate with Licensee's reasonable investigation or Licensee's efforts to comply with any notification or other regulatory requirements applicable to such Information Security Incident.

7. Indemnity by TruePoint.

TruePoint will defend, indemnify and hold Licensee harmless from and against any loss, cost and expense to the extent arising from a third-party claim against Licensee that the Subscription Software infringes any Intellectual Property Rights of others. TruePoint's obligations under this indemnification are expressly conditioned on the following: (i) Licensee must promptly notify TruePoint of any such claim; (ii) Licensee must, in writing, grant TruePoint sole control of the defense of any such claim and of all negotiations for its settlement or compromise so long as such settlement or compromise does not result in payment of money by Licensee or an admission of guilt by Licensee (if Licensee chooses to represent its own interests in any such action, Licensee may do so at its own expense, but such representation must not prejudice TruePoint's right to control the defense of the claim and negotiate its settlement or compromise); (iii) Licensee must reasonably cooperate with TruePoint to facilitate the settlement or defense of the claim. TruePoint will not have any liability hereunder to the extent the claim arises from (a) any modification of the Subscription Software by, on behalf of, or at the request of Licensee; or (b) the use or combination of the Subscription Software with any computer, computer platform, operating system and/or data base management system other than provided by TruePoint. If any Subscription Software is, or in TruePoint's opinion is likely to become, the subject of an Intellectual Property Rights infringement claim, then TruePoint, at its sole option and expense, will either: (A) obtain for Licensee the right to continue using the Subscription Software under the terms of this Agreement; (B) replace the Subscription Software with products that are substantially equivalent in function, or modify the Subscription Software so that it becomes non-infringing and substantially equivalent in function; or (C) refund to Licensee the unused portion of the Subscription Services fee, if any, paid to TruePoint for the Subscription Software giving rise to the infringement claim, and discontinue Licensee's use of such Subscription Software. **THE FOREGOING SETS FORTH TRUEPOINT'S EXCLUSIVE OBLIGATION AND LIABILITY WITH RESPECT TO INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS.**

8. Term and Termination.

(a) Term. With respect to the Subscription Software, the Initial Subscription Term shall be as set forth on the applicable Contract. After the Initial Subscription Term, the Subscription Term shall renew for successive one-year Renewal Terms, unless either party provides written notice of non-renewal to the other party at least ninety (90) days prior to expiration of the Initial Subscription Term or then current Renewal Term, as the case may be. Except as set forth in Section 8(b), the Subscription Term cannot be terminated prior to its expiration date.

(b) Right of Termination. If either party breaches any material obligation in this Agreement or Contract (including, without limitation, any obligation to pay Subscription Fees), and fails to remedy such breach (if such breach can be remedied) within thirty (30) days of receipt of written notice of such breach, the other party may terminate this Agreement (including all Contracts hereunder). Notwithstanding the foregoing, to the extent such material breach cannot be remedied through efforts of the breaching party, the other party has the right to terminate this Agreement (including all Contracts hereunder) on less than thirty days' written notice.

(c) Effect of Termination. Upon termination of this Agreement by either party, Licensee's license to access and use the Subscription Software and Subscription Services shall immediately terminate as of the effective date of such termination. Termination of this Agreement will not release either party from making payments which may be owing to the other party under the terms of this Agreement through the effective date of such termination. Termination of this Agreement will be without prejudice to the terminating party's other rights and remedies pursuant to this Agreement, unless otherwise expressly stated herein.

(d) Return of Licensee Data. Upon termination or expiration of this Agreement, TruePoint shall promptly make all Licensee Data available to Licensee as a native database export provided through TruePoint's FTP server. In the event that Licensee requires the return of Licensee Data in an alternate format or requires any other termination assistance services, TruePoint and Licensee shall mutually agree upon the scope of such termination assistance services and the fees and expenses payable for such termination assistance services.

(e) Survival of Obligations. All obligations relating to non-use and non-disclosure of Confidential Information, limitation of liability, and such other terms which by their nature survive termination, will survive termination or expiration of this Agreement.

9. Notices. All notices and other communications required or permitted under this Agreement must be in writing and will be deemed given when: delivered personally; sent by registered or certified mail, return receipt requested; transmitted by facsimile confirmed by first class mail; or sent by overnight courier. Notices must be sent to a party at its address shown on the signature page of this Agreement, or to such other place as the party may subsequently designate for its receipt of notices in accordance with this Section. Licensee must promptly send copies of any notice of material breach and/or termination of the Agreement to TruePoint, Attention: TruePoint Solutions, 3262 Penryn Rd #100B, Loomis CA 95650, or to such other place as TruePoint may subsequently designate for its receipt of notices.

10. Force Majeure. Except with respect to the payment of fees hereunder, neither party will be liable to the other for any failure or delay in performance under this Agreement due to circumstances beyond its reasonable control, including, without

limitation, Acts of God, war, terrorist acts, accident, labor disruption, acts, omissions and defaults of third parties and official, governmental and judicial action not the fault of the party failing or delaying in performance, or the threat of any of the foregoing.

11. Assignment. Licensee may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of TruePoint, whether by operation of law or otherwise, including in connection with a change in control, merger, acquisition, consolidation, asset sale or other reorganization, and any attempt at such assignment or transfer will be void.

12. No Waiver. A party's failure to enforce its rights with respect to any single or continuing breach of this Agreement will not act as a waiver of the right of that party to later enforce any such rights or to enforce any other or any subsequent breach.

13. Choice of Law; Severability. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without application of any conflict of laws provisions thereof, and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort or otherwise, shall likewise be governed by the laws of the State of California, without application of any conflict of laws provisions thereof. If any provision of this Agreement is illegal or unenforceable, it will be deemed stricken from the Agreement and the remaining provisions of the Agreement will remain in full force and effect.

14. LIMITATIONS OF LIABILITY.

(a) LIMITED LIABILITY OF TRUEPOINT, EXCEPT WITH RESPECT TO INTELLECTUAL PROPERTY INDEMNIFICATION OBLIGATIONS UNDER SECTION 7, THE TOTAL LIABILITY OF TRUEPOINT, ITS AFFILIATES AND THIRD PARTY LICENSORS IN CONNECTION WITH OR RELATED TO THE SUBSCRIPTION SOFTWARE, THE SUBSCRIPTION SERVICES, OR ANY OTHER MATTER RELATING TO THIS AGREEMENT (WHATEVER THE BASIS FOR THE CAUSE OF ACTION) WILL NOT EXCEED THE SUBSCRIPTION FEES PAID OR PAYABLE TO TRUEPOINT HEREUNDER FOR THE TWELVE-MONTH PERIOD IN WHICH SUCH LIABILITY FIRST AROSE.

(b) EXCLUSION OF DAMAGES. IN NO EVENT WILL TRUEPOINT, ITS AFFILIATES OR THIRD PARTY LICENSORS BE LIABLE FOR ANY SPECIAL, PUNITIVE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR DAMAGES FOR LOST PROFITS, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, OR OTHERWISE, AND REGARDLESS OF WHETHER TRUEPOINT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR WHETHER ANY REMEDY SET FORTH HEREIN FAILS OF ITS ESSENTIAL PURPOSE.

15. Compliance with Laws. Licensee will comply with all laws, rules and regulations applicable to the use of the Subscription Software and the Subscription Services including, without limitation,

by not submitting any Licensee Data that is illegal, defamatory, or that infringes any third-party proprietary rights.

16. Miscellaneous. Licensee grants TruePoint permission to use its name and logo in marketing materials referencing Licensee as a customer. TruePoint and Licensee are independent

contractors under this Agreement, and nothing herein will be construed to create a partnership, joint venture or agency relationship between them. This Agreement shall be construed as if drafted by both parties and shall not be strictly construed against either party.

17. **Entire Agreement.** This Agreement contains the entire understanding of the parties with respect to its subject matter and supersedes and extinguishes all prior oral and written communications between the parties about its subject matter. Any purchase order or similar document, which may be issued by Licensee in connection with this Agreement, does not modify, supplement or add terms to this Agreement. No modification of

this Agreement will be effective unless it is in writing, is signed by each party, and expressly provides that it amends this Agreement. This Agreement and any signed agreement or instrument entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of digital imaging, electronic mail or a facsimile machine, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. This Agreement and all Contracts may be signed in counterparts.

THE PARTIES have executed this Subscription License and Services Agreement through the signatures of their respective authorized representatives.

Effective Date: _____

TruePoint Solutions, LLC

Licensee: _____

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Address: _____

Address: _____

Signature Date: _____

Signature Date: _____



STAFF REPORT

Public Works Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Tom Tait, Public Works Services Director
By: Eddie Chan, P.E., Principal Civil Engineer

SUBJECT: ACCEPT ALL WORK PERFORMED BY ONYX PAVING COMPANY, INC. FOR THE FISCAL YEAR 2019-20 PAVEMENT REHABILITATION PROJECT AS COMPLETE AND ADOPT RESOLUTION NO. 7339 AMENDING THE FISCAL YEAR 2020-21 BUDGET FOR THE CAPITAL IMPROVEMENT PROGRAM, AND IN PARTICULAR, THE FISCAL YEAR 2019-20 PAVEMENT REHABILITATION CAPITAL IMPROVEMENT PROJECT BY AUTHORIZING A SUPPLEMENTAL APPROPRIATION OF \$68,480 FROM THE WATER RESERVE FUND

Recommendation: Approve

SUMMARY

On April 7, 2020, the City Council approved a contract with Onyx Paving Company, Inc. in the amount of \$2,128,000 for the Fiscal Year 2019-20 Pavement Rehabilitation Project. The terms and conditions of this project have been complied with and the work has been performed to the satisfaction of the Project Manager for a total project cost of \$1,980,917.64. This amount reflects the original contract amount of \$2,128,000, minus quantity changes totaling \$147,082.36, or 6.9% less than the original contract amount.

During the course of this work, a significant water main break occurred on Rodeo Rd. Work to rehabilitate the street due to this emergency was added to this contract to complete the repairs in a timely manner. While the overall project remains well below the originally budgeted amount even with this unexpected work, the portion attributable to the Water Fund needs to be increased so that the appropriate fund is charged for the work.

It is recommended that the City Council accept all work performed by Onyx Paving Company, Inc. for the Fiscal Year 2019-20 Pavement Rehabilitation Project as complete, and authorize the final payment to be made in accordance with the contract documents, subject to retention of \$99,045.88; and adopt Resolution 7339 amending the Fiscal Year 2020-21 budget for the Capital Improvement Program, and in particular,

the Fiscal Year 2019-20 Pavement Rehabilitation Capital Improvement Project by authorizing a supplemental appropriation of \$68,480 from the Water Reserve Fund.

BACKGROUND

The Public Works Services Department (“PWSD”) is responsible for the maintenance and repair of approximately 147 miles of paved streets within the City. As part of the City’s Pavement Management Program, the conditions of all City streets were inspected and rated on a scale of 0-100, with scores below 40 generally being considered a street which has failed. Scores between 40 and 60 are poor/fair in nature. This rating is called the Pavement Condition Index (“PCI”) and is used to help determine which streets require asphalt pavement rehabilitation.

According to the Pavement Management Program and City staff inspections, the following street segments were included in this year’s project:

- Lyndon Way from Duarte Rd to Magna Vista Avenue – PCI of 36
- Magna Vista Avenue from West End of Ewell Lane – PCI of 37
- Ewell Lane from Magna Vista Avenue to Le Roy Avenue – PCI of 42
- Camino Real Avenue from Sixth Avenue to Eighth Avenue – PCI of 36
- Leda Lane from Third Avenue to Sixth Avenue – PCI of 33
- San Simeon Road from Murietta Drive to Old Ranch Road – PCI of 33
- San Vicente Road from Old Ranch Road to Murietta Drive – PCI of 31
- Sierra Madre Boulevard from Oakwood Avenue to Elevado Avenue – PCI of 29
- Tenth Avenue from City Limits to Camino Real Avenue – PCI of 32

It should be noted that PCIs alone do not determine which streets should be rehabilitated; for instance, the City also takes into consideration the streets that have high traffic volume. Furthermore, it is more cost efficient to rehabilitate streets prior to the PCI lowering to poor or very poor condition. Once a street falls into these lower scoring ranges, it is more cost effective to wait longer and fully reconstruct the street segment.

DISCUSSION

On April 7, 2020, the City Council approved a contract with Onyx Paving Company, Inc. for the Fiscal Year 2019-20 Pavement Rehabilitation Project. The work performed included repairing localized potholes and failed pavement, grinding the edges of the pavement adjacent to the gutters to transition the new pavement to the existing gutter, replacing broken curb and gutter as necessary, and installing new ADA-compliant curb ramps at the intersections. The new pavement surface utilized recycled rubber in the pavement mix to help reduce future cracking and to add strength to the asphalt pavement. The rubber in the pavement mixture also reduces road noise. Following the repairs, the condition of all relevant street sections was raised to a PCI of 100.

During the course of work, various quantities of items of work were deducted or added to the Project. Camino Real Avenue had to be removed from the scope of work due to COVID-19 scheduling conflict with the Fiscal Year 2019-20 Water Main Replacement Project on Camino Real Avenue from Sixth Avenue to Eighth Avenue. This segment of Camino Real Avenue has been rescheduled to be rehabilitated in Fiscal Year 2020-21. On July 17, 2020, a water main break occurred on Rodeo Road from Orange Grove Avenue to Hacienda Drive. Emergency repairs of this street segment was included as part of this project. Permanent repairs from the water main break on Rodeo Road included removing all damaged asphalt material, scarifying and compacting the native soil, and backfilling with crushed aggregate base material; furnishing and paving 4-inches of Hot Mix Asphalt (“HMA”); repairing concrete curb and gutter; adjustment of a manhole frame and cover; striping, and placement of pavement markers.

Below is a full list of change orders that show the deductions or additions to the Project.

CCO	Description	Amount
1.	Additional (0.83 LS) – Mobilization	\$35,000.00
2.	Additional (2.5 LS) – Diversion of Recyclable Waste Materials	\$15,000.30
3.	Additional (0.05 LS) – Traffic Control Systems/Plans (Stamped/Signed by License Engineer)	\$10,000.00
4.	Deleted (17,000 SF) – Furnish and Construct 2-inch thick Cold Mill Grind	(\$4,080.00)
5.	Deleted (67,296.00 SF) - Furnish and Construct 4-inch thick Cold Mill Grind	(\$28,264.32)
6.	Additional (25,755 SF) - Furnish and Construct 10-inch thick Cold Mill Grind	\$60,266.70
7.	Additional (919 TONS) – Furnish and Construct 6-inch thick Crushed Aggregate Base	\$38,598.00
8.	Deleted (1545.48 TONS) – Furnish and Construct 2-inch thick ARHM Overlay	(\$142,184.16)
9.	Additional (658 TONS) - Furnish and Construct 2-inch thick HMA Overlay	\$50,007.24
10.	Deleted (574.62 TONS) - Furnish and Construct 1/2-inch thick HMA Leveling	(\$43,671.12)
11.	Deleted (315 SF) - Remove and Replace PCC Sidewalk	(\$2,835.00)
12.	Deleted (1,068 LF) - Remove and Replace PCC Curb and Gutter	(\$44,856.00)
13.	Deleted (1,232 SF) - Remove and Replace PCC Cross Gutter/Spandrel	(\$17,248.00)
14.	Deleted (3,103 SF) – Remove and Replace PCC Driveway Approach	(\$34,133.00)
15.	Deleted (2 EA) – Remove and Replace PCC ADA Curb Ramp	(\$8,400.00)
16.	Deleted (7 EA) – Adjust to Grade Sewer Manhole Frame and Cover	(\$5,600.00)
17.	Additional (0.3 LS) Install Striping and Pavement Markers	\$5,000.00

18.	Additional (1 EA) Furnish and Installation of ADA Truncated Dome Pads	\$700.00
19.	Deleted (2379 SF) Remove and Replace 12-inch thick PCC roadway work on Baldwin Ave and Las Tunas Dr	(\$57,096.00)
20.	Scarify & Recompact to 95% Additional 2-inch native	\$26,713.00
	Total	(\$147,082.36)

The terms and conditions of this contract have been complied with and the work has been performed to the satisfaction of the Project Manager. Onyx Paving Company, Inc. completed the work as defined in the project plans and specifications in an efficient and timely manner.

FISCAL IMPACT

Funds in the amount of \$2,455,096 were budgeted in the Fiscal Year 2019-20 Capital Improvement Program (“CIP”) for the Pavement Rehabilitation Project (\$600,000 from Capital Outlay, \$300,000 from Gas Tax, \$200,000 from water, \$400,000 from Measure M, and \$955,096 from RMRA). The total cost of the Pavement Rehabilitation Project is \$1,980,917.64. This amount reflects the original contract amount of \$2,128,000 minus quantity changes totaling \$147,082.36, or 6.9% less than the original contract amount.

Since the emergency street repair on Rodeo Road was included as part of the Pavement Rehabilitation Project and was caused due to a water main break, it is requested that an amendment to the Fiscal Year 2020-21 budget for the Fiscal Year 2019-20 Pavement Rehabilitation Capital Improvement Project be authorized so that that portion of work is paid by the Water Reserve Fund. The total cost for the Rodeo Road emergency repairs was \$260,000. A total of \$191,520 was encumbered from the Water Fund for this project. It is requested that the City Council authorize and approve a supplemental appropriation in the amount of \$68,480 from the Water Reserve Fund to cover the cost of the water main break. The remaining funds will go back to the Capital Outlay fund balance.

RECOMMENDATION

It is recommended that the City Council accept all work performed by Onyx Paving Company, Inc. for the Fiscal Year 2019-20 Pavement Rehabilitation Project as complete and authorize the final payment to be made in accordance with the contract documents, subject to retention of \$99,045.88; and adopt Resolution 7339 amending the Fiscal Year 2020-21 budget for the Capital Improvement Program, and in particular, the Fiscal Year 2019-20 Pavement Rehabilitation Capital Improvement Project by authorizing a supplemental appropriation of \$68,480 from the Water Reserve Fund.

Accept 2019-20 Pavement Rehabilitation Project
October 20, 2020
Page 5 of 5

Approved:



Dominic Lazzaretto
City Manager

Attachment: Resolution No. 7339

RESOLUTION NO. 7339

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCADIA, CALIFORNIA, AMENDING THE FISCAL YEAR 2020-21 BUDGET FOR THE CAPITAL IMPROVEMENT PROGRAM, AND IN PARTICULAR, THE FISCAL YEAR 2019-20 PAVEMENT REHABILITATION CAPITAL IMPROVEMENT PROJECT BY AUTHORIZING A SUPPLEMENTAL APPROPRIATION OF \$68,480 FROM THE WATER RESERVE FUND

WHEREAS, the City Council has adopted the budget for Fiscal Year 2020-21 for the City, and the budget will need to be amended to address in particular an appropriation for the Fiscal Year 2019-20 Pavement Rehabilitation Capital Improvement Project; and

WHEREAS, in particular, the Fiscal Year 2019-20 Pavement Rehabilitation Capital Improvement Project budget requires an appropriation of funds from the Fiscal Year 2020-21 budget Water Reserve Fund in the amount of \$68,480; and

WHEREAS, the City Manager has confirmed that there are sufficient reserves available in the Water Reserve Fund for the appropriation.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ARCADIA, CALIFORNIA, DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS:

SECTION 1. The sum of sixty-eight thousand four hundred eighty Dollars (\$68,480) is hereby appropriated from the Fiscal Year 2020-21 budget Water Reserve Fund balance as a supplemental budget for the Fiscal Year 2019-20 Pavement Rehabilitation Capital Improvement Project.

SECTION 2. The City Clerk shall certify to the adoption of this Resolution.

[SIGNATURES ON NEXT PAGE]

Passed, approved and adopted this 20th day of October, 2020.

Mayor of the City of Arcadia

ATTEST:

City Clerk

APPROVED AS TO FORM:

Stephen P. Deitsch

Stephen P. Deitsch
City Attorney



STAFF REPORT

Development Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Jason Kruckeberg, Assistant City Manager/Development Services Director
Philip A. Wray, Deputy Director of Development Services/City Engineer
By: Kevin Merrill, Principal Civil Engineer

SUBJECT: ACCEPT ALL WORK PERFORMED BY BELCO ELECNOR GROUP FOR TRAFFIC SIGNAL IMPROVEMENTS, INCLUDING TRAFFIC SIGNALIZATION OF MID-BLOCK CROSSWALKS ON HUNTINGTON DRIVE BETWEEN SANTA ANITA AVENUE AND SECOND AVENUE, AND MISCELLANEOUS TRAFFIC SIGNAL IMPROVEMENTS AT MULTIPLE LOCATIONS ON HUNTINGTON DRIVE FROM SANTA CLARA STREET TO GATEWAY DRIVE, IN THE AMOUNT OF \$704,918.41, AS COMPLETE

Recommendation: Approve

SUMMARY

On February 5, 2019, the City Council awarded a contract to Belco Elecnor Group, in the amount of \$658,472, plus a 10% contingency. The work included traffic signal improvements, including traffic signalization at mid-block crosswalks on Huntington Drive between Santa Anita and First Avenues and between First and Second Avenues, various traffic signal equipment upgrades, the addition of right-turn overlaps at Huntington Drive and Santa Anita Avenue, and protected/permissive left-turn phasing to the traffic signals at Huntington Drive and First Avenue and Huntington Drive and Gateway Drive. There were three (3) change orders on the project totaling \$46,446.41, or 7.05%. With the adjustment for change orders and actual quantities, the final contract amount is \$704,918.41, which is within the total authorized budget amount.

The terms and conditions of this project have been complied with, and the required work has been performed to the City's satisfaction. It is recommended that the City Council accept the project as complete and authorize the final payment in accordance with the contract documents.

BACKGROUND

This project proposed traffic signal improvements at multiple locations. The improvements included the installation of two new pedestrian traffic signals at the mid-block crosswalks in Huntington Drive between Santa Anita Avenue and First Avenue, and between First Avenue and Second Avenue, and various traffic signal equipment upgrades, the addition of right-turn overlaps at Huntington Drive and Santa Anita Avenue, protected/permissive left turn phasing to the traffic signals at Huntington Drive and First Avenue and Gateway Drive.

The plans and specifications were completed in December 2018, and the project was advertised for bids in January 2019. On February 5, 2019, the City Council awarded a contract to Belco Elecnor Group, in the amount of \$658,472, plus a 10% contingency.

DISCUSSION

The construction began in September 2019 and was completed in September 2020. The project was delayed several months due to a long equipment delivery time period, including the manufacture and delivery of traffic signal poles. In addition, the onset of the COVID-19 pandemic caused further delays in scheduling Belco's workforce over the last few months. The project is now complete to the City's satisfaction.

There were three (3) change orders, totaling \$46,446.41, or 7.05% of the original contract amount. The first change order was for the addition of two video detection systems; one at Huntington Drive and First Avenue and the other at Huntington Drive and Gateway Drive. After the contract was awarded, it was determined that these two detection systems should be upgraded to be consistent with the other Huntington Drive intersections. The prices were determined from quotes directly from the manufacturer and were comparable to previous purchases by the City.

The second and third change orders were for credits on striping and detector loop restoration that were determined to be better suited for the Huntington Drive Pavement Rehabilitation project anticipated to start later this month. That project will be paid for out of the same budget. The traffic signal work was separated from the pavement rehabilitation work because of the significantly different type of work and the need to move the signal work ahead of the pavement rehabilitation. The change orders also included final adjustments in quantities.

A summary of the change order costs is as follows:

Original Contract:		\$658,472.00
CO #1	\$58,747.41	
CO #2	(\$2,698.00)	
CO #3	(\$9,603.00)	
COs Sub Total:		\$46,446.41
Final Total Contract:		\$704,918.41

The three change orders totaled \$46,446.41, bringing the final construction total to \$704,918.41.

FISCAL IMPACT

The traffic signal improvements were budgeted as part of the Huntington Drive Rehabilitation project in the 2017-18 Fiscal Year Capital Improvement Program. The total budget for the project was \$2,000,000, with \$500,000 from Capital Outlay funds, \$800,000 from Proposition C funds, and \$700,000 from Transportation Impact funds. There are sufficient funds to cover the final cost of \$704,918.41, with the majority paid for by the Transportation Impact funds and a small amount from Proposition C funds.

RECOMMENDATION

It is recommended that the City Council accept all work performed by Belco Elecnor Group for traffic signal improvements, including traffic signalization of mid-block crosswalks on Huntington Drive between Santa Anita Avenue and Second Avenue, and miscellaneous traffic signal improvements at multiple locations on Huntington Drive from Santa Clara Street to Gateway Drive, in the amount of \$704,918.41, as complete; and authorize the final payment to be made in accordance with the contract documents.

Approved:


Dominic Lazzaretto
City Manager



STAFF REPORT

Office of the City Manager

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Dominic Lazzaretto, City Manager
By: Mary Buttice, Executive Assistant

SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH TROVAO AND ASSOCIATES, INC. DBA THE CHRISTMAS LIGHT GUY COMPANY TO PROVIDE HOLIDAY DECORATIONS FOR THE 2020 HOLIDAY SEASON IN THE AMOUNT OF \$39,700
Recommendation: Approve

SUMMARY

For the past 12 years, the City has contracted with a vendor to install holiday decorations on Huntington Drive between Santa Clara Street and Fifth Avenue, and more recently at the Transit Plaza, and on First Avenue between Santa Clara Street and California Street. For the past eight years, the City has contracted with The Christmas Light Guy Company and has been very pleased with their service, quality of work, creativity, professionalism, and responsiveness.

The Christmas Light Guy Company was selected as the preferred vendor for this project due to their previous track record of success, customizing decorations to fit with the City's electrical capacity, including proposed decoration and lighting of 16 trees on First Avenue, as well as fully decorating the main tree at the Arcadia Transit Plaza, where the annual Christmas Tree Lighting event usually takes place. In addition, the firm agreed to lower their price by several thousand dollars to show their strong commitment to Arcadia. Therefore, it is recommended that the City Council approve, and authorize, and direct the City Manager to execute a Professional Services Agreement with Trovao and Associates, Inc., DBA The Christmas Light Guy Company to provide, install, maintain, and remove holiday decorations for the 2020 holiday season in the amount of \$39,700.

DISCUSSION

A Request for Proposals ("RFP") was submitted on July 14, 2020. Four vendors were contacted and asked to provide their professional knowledge and creative design options

available within the budgeted amount of \$45,000 for FY 2020-21. Proposals were due on September 17, 2020. The City received three responses, with two vendors submitting proposals.

Firm	Bid Amount
Dekra-Lite	\$39,418.89
The Christmas Light Guy Co.	\$42,991.00
Display Sales	No bid
Exterior Products	No bid

After reviewing the proposals received, the City compared the two proposals and found that the Dekra-Lite proposal did not include lighting features for the 16 trees on First Ave, between Santa Clara and California Streets. Although they were not lowest bidder, staff contacted Trovao and Associates, Inc. DBA The Christmas Light Guy Company to see if their pricing could be reduced. As a result, they agreed to lower their price to \$39,700, or roughly \$282 more than Dekra-Lite.

Due to their complete and responsive proposal, extensive experience, creativity, past excellent customer service, and quality of the program they developed for the City of Arcadia in previous years, it is recommended that Trovao and Associates, Inc. DBA The Christmas Light Guy Company be selected. Their proposal includes decoration of over 20 City trees, including the large 40-foot tree at the Transit Plaza that is designated as the Christmas tree for the annual Christmas Tree Lighting event. The other vendor did not include decorations on trees on First Avenue between Santa Clara Street and California Street.

The proposal by Trovao and Associates, Inc. DBC Christmas Tree Light Guy Company is inclusive of installation of holiday decorations as follows:

Huntington Drive between Santa Clara Street and Fifth Avenue:

- 14" (wide) x 20' (long) pre-lit garland with LED C6 warm white lights installed on 98 decorative light poles. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). Two 18" red bows will be installed on top of each pole. Current City banners will remain on decorative light poles. See Figure 1 attached.
- Decorations for two monuments at Huntington Drive and Fifth Avenue to include 4 oversized 24" stacked glitter ball ornaments (in colors of choice) to sit on a snow-covered custom-made platform atop each monument with illuminated snowflakes placed on monument sides. OR two 8-foot 3D LED Illuminated Metal Star Displays with illuminated snowflakes placed on monument sides for two monuments at Huntington Drive and Fifth Avenue. LED spotlights will shine on decorations. See Figure 2a and 2b attached.

2020 Downtown Arcadia Holiday Decorations

October 20, 2020

Page 2 of 3

- Custom light and prop display on top of monument at Huntington Drive and Santa Clara Street to include scene with customized and updated gingerbread house, with 2 gingerbread snowflake displays on each side of monument. See Figure 3 attached.
- One 40-foot triple wreath skyline illuminated banner to hang across Huntington Drive near First Avenue. See Figure 4 attached.

First Avenue between Santa Clara Street and California Street:

- 14" (wide) x 20" (long) pre-lit garland with LED C6 white lights installed on 37 decorative poles. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). Two 18" red bows will be installed on top of each pole. Current City banners will remain on decorative light poles. See Figure 1 attached.
- Trunks and branches of 16 trees located on First Avenue wrapped with LED mini warm white lights.

Arcadia Station Transit Plaza:

- 14" (wide) x 20" (long) pre-lit garland with LED C6 warm white lights installed on 7 decorative poles. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). Two 18" red bows will be installed on top of each pole. Current City banners will remain on decorative light poles. See Figure 1 attached.
- 14" (wide) x 20" (long) garland installed on 5 decorative light poles located in plaza. Garland will wrap around the full length of the poles from top to bottom (end 2 feet from ground). Two 18" red bows will be installed on top of each pole and garland will be fully decorated with ball ornaments in candy cane color scheme. See Figure 4 attached.
- Trunks and branches of 3 trees located in plaza wrapped with LED warm white mini lights.
- Small trees located in plaza decorated with multi sized ball ornaments in candy cane color scheme to match main tree decorations and pole mounts.
- Main large tree located in corner of plaza completely decorated in traditional Christmas decorations to include cluster meteor lights, LED mini white warm lights, bows, and ornaments. LED Star Topper will be installed on top of tree. See Figure 6 attached.

- One 10-foot 3D Illuminated Metal Star display placed on top of stairs in Transit Plaza, located to be visible from Metro train passengers and others passing by. See Figure 7 attached.

The visual impact of the design will be effective during the day and night. The gingerbread house and holiday theme on Huntington Drive, and the winter wonderland and candy cane theme on First Avenue are universal in appeal and will create a festive look for the community to enjoy. The Transit Plaza and Christmas tree will be decorated with traditionally themed decorations that will fit in with the surrounding historic Downtown District. All lights and displays will be LED. The timeframe for installation is during the period of November 27-30 and decorations will be removed shortly after January 1, 2021. The Christmas Light Guy Company will inspect and maintain decorations on a weekly basis and respond to any service call within 24 hours and/or the same day. Additional materials can be purchased and/or leased as requested.

ENVIRONMENTAL IMPACT

The proposed action does not constitute a project under the California Environmental Quality Act ("CEQA"), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

FISCAL IMPACT

Funds in the amount of \$45,000 for Fiscal Year 2020-2021 have been budgeted in the City Manager's Office budget for the holiday decorations in the downtown area and at the Transit Plaza.

RECOMMENDATION

It is recommended that the City Council determine that this action does not constitute a project and is therefore, exempt under, the California Environmental Quality Act ("CEQA"); and approve, authorize, and direct the City Manager to execute a Professional Services Agreement with Trovao and Associates, Inc. DBA The Christmas Light Guy Company to provide holiday decorations for the 2020 Holiday Season in the amount of \$39,700.

Attachments: Proposed Professional Services Agreement
The Christmas Light Guy Company Proposal

**CITY OF ARCADIA
PROFESSIONAL SERVICES AGREEMENT**

This Agreement is made and entered into as of _____, 20____ by and between the City of Arcadia, a municipal corporation organized and operating under the laws of the State of California with its principal place of business at 240 West Huntington Drive, Arcadia, California 91066 ("City"), and *****INSERT NAME*****, a *****INSERT TYPE OF ENTITY - CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY***** with its principal place of business at *****INSERT ADDRESS***** (hereinafter referred to as "Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

RECITALS

A. City is a public agency of the State of California and is in need of professional services for the following project:

City of Arcadia 2020 Holiday Decorations

(hereinafter referred to as "the Project").

B. Consultant is duly licensed and has the necessary qualifications to provide such services.

C. The Parties desire by this Agreement to establish the terms for City to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide the City with the services described in the Scope of Services attached hereto as Exhibit "A." Holiday Decorations to be installed on Huntington Drive between Santa Clara Street and Fifth Avenue, on First Avenue between Santa Clara Street and California Street, and at the Transit Plaza located at the northwest corner of First Avenue and Santa Clara Street.

2. Compensation.

a. Subject to paragraph 2(b) below, the City shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit "B." **[Alternatively, Schedule of Charges may be included here and all subsequent exhibits renumbered accordingly.]**

b. In no event shall the total amount paid for services rendered by Consultant under this Agreement exceed the sum of \$45,000. This amount is to cover all printing and related costs, and the City will not pay any additional fees for printing expenses. Periodic payments shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly billing basis.

3. Additional Work.

If changes in the work seem merited by Consultant or the City, and informal consultations with the other party indicate that a change is warranted, it shall be processed in the following manner: a letter outlining the changes shall be forwarded to the City by Consultant with a statement of estimated changes in fee or time schedule. An amendment to this Agreement shall be prepared by the City and executed by both Parties before performance of such services, or the City will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under the contract for inspection by City.

5. Decorations to be installed between Friday, November 27, 2020 and Tuesday, December 1, 2020. Decorations to be removed after December 25, 2020 and no later than January 6, 2021.

The term of this Agreement shall be from **[Insert start date]** to **[Insert end date]**, unless earlier terminated as provided herein. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Project. Consultant shall perform its services in a prompt and timely manner within the term of this Agreement and shall commence performance upon receipt of written notice from the City to proceed ("Notice to Proceed"). **[If the City has specific milestones or timelines for performance, please input those requirements in the "Activity Schedule" attached as Exhibit C, otherwise delete Exhibit C.]** The Notice to Proceed shall set forth the date of commencement of work.

[If engaging the Consultant to perform a discrete task with a specified deadline, use the following provision]

Consultant shall perform its services in a prompt and timely manner and shall commence performance upon receipt of written notice from the City to proceed ("Notice to Proceed"). Consultant shall complete the services required hereunder within **[Insert number of calendar days for performance of the services – if more detail is required attach "Activity Schedule" as Exhibit C, otherwise delete Exhibit C.]** The Notice to Proceed shall set forth the date of commencement of work.

6. Delays in Performance.

a. Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

b. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government, including Cal/OSHA requirements.

b. If required, Consultant shall assist the City, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies.

c. If applicable, Consultant is responsible for all costs of clean up and/ or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

8. Standard of Care

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the City, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Nothing contained herein shall prevent Consultant from employing independent associates, and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor

Consultant is retained as an independent contractor and is not an employee of City. No employee or agent of Consultant shall become an employee of City. The work to be performed shall be in accordance with the work described in this Agreement, subject to such directions and amendments from City as herein provided.

11. Insurance. Consultant shall not commence work for the City until it has provided evidence satisfactory to the City it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

a. Commercial General Liability

(i) The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the City.

(ii) Coverage for Commercial General Liability insurance shall be at least as broad as the following:

(1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

(iii) Commercial General Liability Insurance must include coverage for the following:

- (1) Bodily Injury and Property Damage
- (2) Personal Injury/Advertising Injury
- (3) Premises/Operations Liability
- (4) Products/Completed Operations Liability
- (5) Aggregate Limits that Apply per Project
- (6) Explosion, Collapse and Underground (UCX) exclusion deleted
- (7) Contractual Liability with respect to this Agreement
- (8) Property Damage
- (9) Independent Consultants Coverage

(iv) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.

(v) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(vi) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the City, and provided that such deductibles shall not apply to the City as an additional insured.

b. Automobile Liability

(i) At all times during the performance of the work under this Agreement, the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the City.

(ii) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

(iii) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status.

(iv) Subject to written approval by the City, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the City as an additional insured, but not a self-insured retention.

c. Workers' Compensation/Employer's Liability

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability

for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) To the extent Consultant has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement, the Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period required by this Agreement, workers' compensation coverage of the same type and limits as specified in this section.

d. Professional Liability (Errors and Omissions)

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the City and in an amount indicated herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

e. Minimum Policy Limits Required

(i) The following insurance limits are required for the Agreement:

	<u>Combined Single Limit</u>
Commercial General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim and aggregate (errors and omissions)

(ii) Defense costs shall be payable in addition to the limits.

(iii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with the City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

g. Policy Provisions Required

(i) Consultant shall provide the City at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the City at least ten (10) days prior to the effective date of cancellation or expiration.

(ii) The Commercial General Liability Policy and Automobile Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by the City or any named insureds shall not be called upon to contribute to any loss.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to waiver of subrogation in favor of the City, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(v) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant's indemnification obligations to the City and shall not preclude the City from taking such other actions available to the City under other provisions of the Agreement or law.

h. Qualifying Insurers

(i) All policies required shall be issued by acceptable insurance companies, as determined by the City, which satisfy the following minimum requirements:

(1) Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

i. Additional Insurance Provisions

(i) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the City, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(ii) If at any time, during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

(iii) The City may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(iv) Neither the City nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

j. Subconsultant Insurance Requirements. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the City that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the City as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, City may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify

shall not be restricted to insurance proceeds, if any, received by Consultant, the City, its officials, officers, employees, agents, or volunteers.

b. To the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's obligations under the above indemnity shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, but shall not otherwise be reduced. If Consultant's obligations to defend, indemnify, and/or hold harmless arise out of Consultant's performance of "design professional services" (as that term is defined under Civil Code section 2782.8), then upon Consultant obtaining a final adjudication that liability under a claim is caused by the comparative active negligence or willful misconduct of the City, Consultant's obligations shall be reduced in proportion to the established comparative liability of the City and shall not exceed the Consultant's proportionate percentage of fault.

13. California Labor Code Requirements.

a. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects ("Prevailing Wage Laws"). If the services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$15,000 or more for maintenance or \$25,000 or more for construction, alteration, demolition, installation, or repair, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1).

b. If the services are being performed as part of an applicable "public works" or "maintenance" project and if the total compensation is \$15,000 or more for maintenance or \$25,000 or more for construction, alteration, demolition, installation, or repair, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements.

c. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant's performance of services, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the City. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from

any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

14. Verification of Employment Eligibility.

By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subconsultants and sub-subconsultants to comply with the same.

15. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Los Angeles, State of California.

16 Termination or Abandonment

a. City has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, City shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. City shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by City and Consultant of the portion of such task completed but not paid prior to said termination. City shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to City only in the event of substantial failure by City to perform in accordance with the terms of this Agreement through no fault of Consultant.

17 Documents. Except as otherwise provided in "Termination or Abandonment," above, all original field notes, written reports, Drawings and Specifications and other documents, produced or developed for the Project shall, upon payment in full for the services described in this Agreement, be furnished to and become the property of the City.

18. Organization

Consultant shall assign [INSERT PROJECT MANAGER] as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of the City.

-19. Limitation of Agreement.

This Agreement is limited to and includes only the work included in the Project described above.

20. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

CITY:

City of Arcadia

240 West Huntington Drive

Arcadia, CA 91066

Attn: Philip A. Wray, Deputy Director of
Development Services/City Engineer

CONSULTANT:

[**INSERT NAME, ADDRESS & CONTACT
PERSON**]

and shall be effective upon receipt thereof.

22. Third Party Rights

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the City and the Consultant.

23. Equal Opportunity Employment.

Consultant represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

24. Entire Agreement

This Agreement, with its exhibits, represents the entire understanding of City and Consultant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both Parties hereto. This is an integrated Agreement.

25. Severability

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the provisions unenforceable, invalid or illegal.

26. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each party to this Agreement. However, Consultant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of City. Any attempted assignment without such consent shall be invalid and void.

27. Non-Waiver

None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is specifically specified in writing.

28. Time of Essence

Time is of the essence for each and every provision of this Agreement.

29. City's Right to Employ Other Consultants

City reserves its right to employ other consultants, including engineers, in connection with this Project or other projects.

30. Prohibited Interests

Consultant maintains and warrants 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 that it has not paid nor has it agreed to pay any 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 director, official, 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.

31. Federal Requirements **[***INCLUDE THIS SECTION ONLY IF APPLICABLE; DELETE OTHERWISE AND DELETE ASSOCIATED EXHIBIT. YOU MAY ALSO NEED TO INCLUDE SOME INFORMATION IN THE RFP DUE TO FEDERAL FUNDING GUIDELINES. CONSULT LEGAL COUNSEL IF NECESSARY***]**

When funding for the services is provided, in whole or in part, by an agency of the federal government, Consultant shall also fully and adequately comply with the provisions included in Exhibit "D" (Federal Requirements) attached hereto and incorporated herein by reference ("Federal Requirements"). With respect to any conflict between such Federal Requirements and the terms of this Agreement and/or the provisions of state law, the more stringent requirement shall control.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF ARCADIA
AND [***INSERT NAME***]**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY OF ARCADIA

[CONSULTANT]

By: _____
Dominic Lazzaretto
City Manager

By: _____
Its: _____
Printed Name: _____

ATTEST:

By: _____
City Clerk

By: _____
Its: _____
Printed Name: _____

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A

Scope of Services

Consultant shall provide all labor, tools equipment, materials, and insurance to furnish, store, maintain, install and remove various holiday decorations in the downtown area on Huntington Drive between Santa Clara and Fifth Avenue, on First Avenue between Santa Clara and Fifth Avenue, and at the Transit Plaza at northwest corner of First Avenue and Santa Clara Street.

DRAFT

EXHIBIT B

Schedule of Charges/Payments

DRAFT

EXHIBIT C
Activity Schedule

For Fiscal Year 2020-2021 the project cost is \$ _____ based on the attached Downtown
Holiday Decoration Project Cost Proposal dated _____.

DRAFT



RFP: 2020 HOLIDAY DECORATIONS



September 16, 2020

Mary Buttice
City of Arcadia
City Manager's Office
240 W. Huntington Drive
Arcadia, CA 91007

Dear Mary Buttice,

We are pleased to have the opportunity to once again submit a proposal to provide the City of Arcadia with various types of holiday decorations and lighting displays for the downtown area. We are excited to propose beautiful, fun, and traditional holiday décor elements for 2020. Enclosed you will find (1) original copy of our response to your RFP. Our proposal is based on our prior experience providing the City of Arcadia with a custom designed holiday light display, including installation, removal, storage, and our fast-response maintenance service from 2012-2019. We also have extensive experience in providing our services to other cities, associations, shopping centers, and high-profile clients throughout Southern California.

The Christmas Light Guy Co. has been in business for 20 years and is one of the leading and fastest growing Holiday décor companies in Southern California. We are a trusted firm and provide BEST IN CLASS when it comes to décor and lighting. We really set ourselves apart from the competition with our customer service, quality product, and custom designed displays. We have a proven track record; not only with the City of Arcadia, but also with similar projects we've provided other clients.

In addition to providing decorative light pole decorations, 3 wreath skyline, tree lighting, a custom designed monument display, and new 3D illuminated metal star monument displays, we propose a return to Traditional Holiday Cheer with decorating the Transit Plaza Tree with upscale hanging Cluster Lights and beautiful décor and red bows. We will also continue to provide our courtesy fast-response maintenance service and scheduled weekly maintenance to ensure your light display looks beautiful throughout the season. If any issues arise, we will be there within 24-hours and in many cases that same day.

The Christmas Light Guy Co. would like to be a continued resource for you. We've truly enjoyed working with the City of Arcadia and believe you've been very pleased with our services thus far. **WE ARE COMMITTED** to the City of Arcadia's complete satisfaction. Our prior experience in providing the requested services allows us to give you the most cost effective and complete light display designed specifically for the City of Arcadia. Our proposal includes a project cost proposal for the current 2020 season.

Sincerely,

Frank Trovao
President

The Christmas Light Guy Company | 13838 Bentley Place, Unit B, Cerritos, CA 90703
P (888) 378-8722 | E andrea@thechristmaslightguyco.com | www.thechristmaslightguyco.com



RFP: 2020 HOLIDAY DECORATIONS



HISTORY/CREDENTIALS/EXPERIENCE

The Christmas Light Guy Company has been in the Holiday Décor and Lighting industry for over 20 years. The Christmas Light Guy Co. started as exactly that, one guy with not only a passion and talent for creating holiday lighting displays, but more importantly a guy with a commitment to servicing and satisfying his customer to the fullest. Our satisfied clientele is attributed to our impeccable customer service, unique designs, creativity, quality materials, and 24-hour fast response maintenance service. With our many years of experience we understand the importance of customer service and have a proven track record of not only satisfying our customers, but really going above and beyond to gain customer trust in using our services year after year.

We are a full-service firm with a dedicated team that is highly experienced in sales, customer service, project management, and professional installation. We have installed, maintained, removed, refurbished, and stored customer's décor for cities, shopping centers, and associations in Southern California.

Our mission is to meet and exceed commercial holiday décor customers' expectations with high quality product, attention to detail, professional staff, and timely installation and removal services at a great value.

- Founded in 1998
- Corporate Headquarters located at 13838 Bentley Place, Cerritos, CA, 90703. Large storage facility to provide temperature controlled storage, accessible inventory, refurbishment capabilities, and project operation hub.
- Southern California customer base includes Cities, Shopping Malls, Business Centers, and Associations. Including
- Proven Client Satisfaction/High Customer retention rate, many clients including City projects have used our services year after year. Including the City of Arcadia, providing our services since 2012.
- Frank Trovao, Founder and President, will be onsite and head the project for The City of Arcadia. He has experience leading over 150 similar projects.



RFP: 2020 HOLIDAY DECORATIONS



Key Personnel

We have an incredibly powerful and committed staff that is ready to handle any job year-round.

Frank Trovao – Head Project Manager

- President – 20+ years of experience. Mr. Trovao is the founder and oversees every aspect of The Christmas Light Guy Company. He is a true entrepreneur and innovator and continues to push the holiday lighting industry forward with his vast knowledge, experience, leadership, and customer rapport. With over 25 years of electrical experience, Mr. Trovao is also highly skilled and experienced in training, hiring, crew management, operations, engineering, project management/planning, quality control, product engineering/fabrication, design, tools/equipment training, troubleshooting, and risk management. Beyond holiday décor product and lighting, his main focus is the customer and servicing their needs to the fullest, offering alternative approaches and finding ways to make their vision come to life. Mr. Trovao has a hands on approach and will be onsite to personally oversee this specific project from beginning to end. He has experience successfully managing over 150 similar projects

Andrea Trovao

- General Manager - 15 years of experience. Mrs. Trovao has been with the company for over 15 years and has been a main driving force behind the success of The Christmas Light Guy Company. She has strong analytical, organizational, and management skills with a passion for Holiday Décor. Mrs. Trovao is responsible for the management of sales and operations, working alongside Mr. Trovao, while executing company policies, procedures, and programs. She is also highly involved and has over 15 years of experience in purchasing, design, preparing presentations, bid specifications, and proposals. She has personally managed and serviced many city, shopping center, and high profile clients.

Ray Ferlisi

- Operations Manager - 15 years of experience. We were very excited to welcome Mr. Ferlisi to the company in 2019, as he brings over 15 years of experience in the industry. Mr. Ferlisi' extensive experience includes managing the operations office, writing and implementing policies and procedures, including safety programs, and has been responsible for equipment, training, maintenance, and the scheduling of over 250 seasonal installations annually. Mr. Ferlisi has already exceeded expectations in his role; delivering on time projects, with safety, attention to detail, and customer satisfaction of paramount importance. Mr. Ferlisi reports directly to Mr. Trovao and his main duties include, but are not limited to leading installation crews, operations/project management, hiring and training staff, order procurement and delivery of tools and equipment to job sites.



RFP: 2020 HOLIDAY DECORATIONS



Installation Technicians

- We have at our disposal several technicians that we hire based on anticipated workload for the season. They are very skilled, efficient, and take pride in their work; most have been with the company seasonally for many years. Each employee undergoes extensive training and safety protocols.



RFP: 2020 HOLIDAY DECORATIONS



REFERENCES

City of Arcadia, Arcadia, CA

Client Reference: Mary Buttice; Executive Assistant, City Manager's Office

Phone: (626) 821-4302

Email: MButtice@arcadiaca.gov

Holiday Light Display for Downtown and Transit Plaza

We provide the City of Arcadia with a creative holiday light display tailored to their specific needs and budget. Completely designed and conceptualized by The Christmas Light Guy Co. We provide our services for the downtown area and Transit Plaza. All materials provided as rental, installed in a timely manner, removed, and stored throughout the year. Service has been provided for 8 years.

- Pre-lit Garland w/LED lights installed around full length of (100+) poles with large red bows.
- Pole mount decorations on a total of 36 marbelite street light poles. All pole mount decorations are LED lit and poles are wrapped in garland. (previous years)
- 98 single custom designed banners installed on decorative light poles. (previous years)
- Oversized Glitter 4 Ball stack ornament prop with LED spotlights and sparkled snowflake decorations for 2 monuments at entrance to downtown area.
- Custom light and props display for 1 monument.
- 1 Skyline decoration hung across Huntington Drive.
- Trunks and branches of trees located on First Street and in Transit Plaza area wrapped with LED mini lights.
- Large 35 ft. Tree in Plaza transformed into vertical LED light strand tree with LED star topper.

Total Staff: 2 Supervisors; 10 Installation Technicians

Number of Years: 2012-Present (8 years)

La Cañada Flintridge Chamber of Commerce, La Cañada Flintridge, CA

Client Reference: Carl Alameda; Director of Administrative Services

Phone: (818) 790-4289

Email: calameda@lcf.ca.gov

Holiday Tree Lighting for City streets and Memorial Park

We procure and supply all lights, extension cords, materials, connections, connection tape, skilled-labor, equipment, and fast response maintenance for the installation and removal of LED lights for 105 City Center Median trees, 4 Chinese elm trees and 2 mature liquid amber trees located at southeast corner of Memorial Park.

- Wrap 105 City center median trees with LED mini lights
- Provide 24-hr/same day fast response maintenance of all trees

Total Staff: 1 Supervisor; 10 Installation Technicians

Number of Years: 2018-Present (2 years)



RFP: 2020 HOLIDAY DECORATIONS



City of Monrovia, Monrovia, CA

Client Reference: Katie Distelrath; Recreation Manager, Public Services

Phone: (626) 256-8225

Email: kdistelrath@ci.monrovia.ca.us

Holiday Tree Lighting and Décor Display for Old Town and Library Park

We provide installation, removal, and maintenance for customer owned décor for Old Town Monrovia and Library Park.

- 219 City owned Spheres installed on trees located on Myrtle from Olive north to Foothill.
- 2 City owned 6ft Wreaths installed on either side of the Old Town Monrovia Monument Sign.
- 1 City owned 25 ft Pop Up Tree of Lights installed on top of the library.
- 6 City owned Garland and Bows installed on light poles.
- 2 City owned IPS on light poles facing the library.

Total Staff: 1 Supervisor; 10 Installation Technicians

Number of Years: 2018-Present (2 years)

City of Laguna Beach Chamber of Commerce, Laguna Beach, CA

Client Reference: Paula Hornbuckle-Arnold; Executive Director

Phone: (949) 494-1018

Email: paula@lagunabeachchamber.org

Holiday Tree Lighting for Downtown Laguna Beach Shopping Area

We provide installation, removal, and maintenance, storage for 171 Downtown Trees on city streets and Main Beach.

- Labor, Installation, Removal, Maintenance, and Storage – wrapped 166 Downtown Trees with warm white LED mini lights, 4 palm trees, 1 ficus tree, and lifeguard tower perimeter lighting.
- Coordinated with City and Shopkeepers to find appropriate power sources.

Total Staff: 2 Supervisors; 10 Installation Technicians

Number of Years: 2019-Present (1 year)

City of Garden Grove, Garden Grove, CA

Client Reference: Jennifer Goddard; Senior Program Specialist, Community Services Department

Phone: (714) 741-5290

Email: jenng@ggcity.org

24' Fully Decorated Royal Sequoia Artificial Tree, Pole Banner Décor, Downtown Street Tree Lighting and Décor Displays for City Hall and Downtown area

We provide installation, removal, maintenance, and Storage for customer owned and rental décor for Downtown Garden Grove and Garden Grove City Hall.

- Labor, Refurbishment, Installation, Removal, Maintenance, and Storage – 24' Sequoia Tree with Royal Décor Package, including 36" Giant Presents with custom designed gift tags.
- Labor, Installation, Removal, Maintenance, and Storage – City Hall Perimeter Lighting
- Labor, Installation, Removal, Maintenance, and Storage – Customer Owned Banners

The Christmas Light Guy Company | 13838 Bentley Place, Unit B, Cerritos, CA 90703
P (888) 378-8722 | E andrea@thexchristmaslightguyco.com | www.thexchristmaslightguyco.com



RFP: 2020 HOLIDAY DECORATIONS



- Labor, Installation, Removal, Maintenance, and Storage – Palm Trees wrapped with LED mini lights and palm frond color washed with uplighting.
- Labor, Installation, Removal, Maintenance, and Storage – 10’ and 8’ Oversized LED Metal Star displays on City Hall Building.
- Labor, Installation, Removal, Maintenance, and Storage – 60” Wreaths and Garland displays.
- Labor, Installation, Removal, Maintenance, and Storage – Palm Trees wrapped with LED mini lights and palm frond color washed with up lighting.

Total Staff: 1 Supervisor; 10 Installation Technicians
 Number of Years: 2019-Present (1 year)

City of Carson, Carson, CA

Client Reference: Adrian Reynosa; Community Center Manager
 Phone: (310) 847-3564
 Email: areynosa@carson.ca.us

Perimeter Lighting, Wreaths, Garland, Fully Decorated 18’, 15’, 12’, 6’ Live Trees, Pole Décor

The Christmas Light Guy Co. fully conceptualized and provided all décor, labor, installation, maintenance, removal, and storage for The City of Carson City Hall and Community Center.

- Labor, Installation, Removal, Maintenance, Storage – 12’, 5’, 4’ Lit and Fully Decorated Wreaths.
- Labor, Installation, Removal, Maintenance, Storage – LED Pre-Lit Garland installed on light poles and railing.
- Labor, Installation, Removal, Maintenance, Storage – 6’, 12’, 15’, 18’ Live Christmas Trees - Fully decorated and LED lit, including multi sized/shaped ornaments, bows, ribbon, tree skirt, and star topper.
- Labor, Installation, Removal, Maintenance, Storage – Perimeter Lighting for Community Center and City Hall Buildings.
- Labor, Installation, Removal, Maintenance, Storage – Various Types and multiple trees throughout property wrapped with LED lighting.

Total Staff: 1 Supervisor; 10 Installation Technicians
 Number of Years: 2018 (1 year)

City of Hollister, Hollister, CA

Client Reference: Mike Chambless; Management Services Director
 Phone: (831) 636-4370
 Email: mike.chambless@hollister.ca.gov

Year-Round Tree Lighting for 75 Capitol Pear Trees

We provide installation, removal, and maintenance, storage for 75 Downtown Trees

- Procurement, Installation, Maintenance - (75) Capitol Pear trees, each requiring use of approx. 220 ft. of Light Star Reel lights.

Total Staff: 1 Supervisor, 5 Installation Technicians
 Number of Years: 2019-Present (1 year)



RFP: 2020 HOLIDAY DECORATIONS



City of Chino Hills Community Center, Chino Hills, CA

Client Reference: Mike Adams; Community Services Coordinator

Albert Cardenas; Community Center Director

Phone: (909) 364-2607

Email: madams@chinohills.org

Holiday Perimeter Lighting, 20 ft. Artificial Christmas Tree, Large Wreaths, Garland, and Décor

The Christmas Light Guy Co. provides the City of Chino Hills with perimeter lighting for the Chino Hills Community Center. Along with installation, removal, storage, and maintenance of customer owned, fully decorated 20ft Artificial Tree and other holiday décor for City Hall. Our company designed a beautiful unique light display while meeting budgetary restraints.

- Outlined perimeter of building with C7 LED bulbs.
- Installation, removal, storage, maintenance of 20ft artificial fully decorated/lit tree, including custom gift box display stand.
- Staircase garland and wreaths for interior.
- Tree lighting, reindeer display, and 60 inch wreath at City Hall.
- Provided 3 snow machines, including technicians for Tree lighting ceremony.

Total Staff: 1 Supervisor; 6 Installation Technicians

Number of Years: 2012-Present (8 Years)

Citadel Outlets, Los Angeles, CA

Client Reference: Samara De La O; Senior Director of Marketing

Phone: (323) 887-6877

Email: SDeLaO@CitadelOutlets.com

“World’s Largest Bow”, Castle Lights, Oversized Décor, Wreaths, Tree Lighting, Perimeter Lighting

Citadel Outlets is Los Angeles’ only outlet center, housing 130 stores across 700,000 sq. ft. Holiday Décor is serious business for the Citadel, boasting the “World’s Largest Bow” installed by The Christmas Light Guy Co. atop its 5-freeway facing castle building and the “World’s Largest Live-Cut Christmas Tree”.

- Materials, Supplies, Refurbishment and Labor needed to install and Remove the Giant Bow and store back to Storage Facility on site.
- Labor, Installation, Refurbishment, Removal of curtain Castle Lights.
- Labor, Installation, Refurbishment, Removal of Perimeter Lighting.
- Labor, Installation, Refurbishment, Removal of Wreaths installed on Lamassus and Towers.
- Labor, Installation, Refurbishment, and Removal of 7' Ornament Stacks.
- Labor, Installation, Refurbishment, Maintenance, and Removal of (180+) Palm Tree Lighting, including wrapping trunks in white, bulbs in red, and palm fronds with green mini lights.
- Installation and removal, included coordination and operation of crane, lifts, traffic control.
- Produced, Installed, Maintained, Removed customized twice nightly snow/lighting effects program transforming The Citadel Outlets into Winter Wonderland. Program includes dancing moving head spotlights, gobos, and snow show programmed to music.

Total Staff: 2 Supervisors; 15 Installation Technicians

Number of Years: 2019-Present (1 year)

The Christmas Light Guy Company | 13838 Bentley Place, Unit B, Cerritos, CA 90703
P (888) 378 8722 | E andrea@thexchristmaslightguyco.com | www.thexchristmaslightguyco.com



RFP: 2020 HOLIDAY DECORATIONS



Outlets at San Clemente, San Clemente, CA

Client Reference: Susan Jennrich; General Manager

Phone: (949) 255-0338

Email: SJennrich@outletsatsanclemente.com

Oversized Décor, Animated Décor, Pre-Lit/Decorated Garland, Wreaths, Tree Lighting, Perimeter Lighting

Outlets at San Clemente is a premier coastal outlet shopping experience in South Orange County. During the holiday time, the outlets are transformed by The Christmas Light Guy Co. into a magical Winter Wonderland with beautifully decorated pre-lit garland and wreaths, tree lighting, perimeter lighting, and giant ornament ball stacks. They also boast "The World's Tallest Tree by the Sea".

- Labor, Installation, Refurbishment, Removal of curtain Castle Lights.
- Labor, Installation, Refurbishment, Removal of Perimeter Lighting.
- Labor, Installation, Refurbishment, Removal of Pre-Lit and Fully Decorated Garland Aches with Frames and sections.
- Labor, Installation, Refurbishment, Removal of Wreaths.
- Labor, Installation, Refurbishment, and Removal of Giant 10-Ball Ornament Stack and 2 smaller Ball Stacks.
- Labor, Installation, Refurbishment, Maintenance, and Removal of (100+) Palm Tree Lighting, including wrapping trunks in white, bulbs in red, and palm fronds with green mini lights.
- Labor, Installation, Refurbishment, Removal of Deer Greeters, IPS Light Units, Animated Balcony Deer Vignettes, and Pole Décor.

Total Staff: 2 Supervisors; 10 Installation Technicians

Number of Years: 2019-Present (1 year)

The Shoppes at Chino Hills, Chino Hills, CA

Client Reference: Patricia Pringgosusanto; Marketing Director Dunhill Partners

Phone: (909) 364-1386 ext. 12

Email: shoppesadmin@dunhillpartners.com

Holiday Lighting, 37 ft. Artificial Christmas Tree, and Santa Village Display

The Shoppes at Chino Hills is a premier outdoor shopping mall located in the Inland Empire. The Christmas Light Guy Co. provides The Shoppes at Chino Hills with installation, refurbishment, and storage of holiday décor and lighting for the entire shopping center. Also, provided fully installed and serviced Snow Show for their Tree Lighting ceremony and on weekend nights.

- Labor, Installation, Removal, and Storage of 8600 ft. of C9 warm white perimeter lighting for retail buildings throughout shopping center.
- Labor, Installation, Removal, Storage, and Refurbishment of 37 ft. Artificial fully lit Sequoia Tree with décor/ornament package, and 42 in. Snowfall tree topper.
- Labor, Installation, Removal, Storage, Materials, and Construction of 16 ft. x 16 ft. Custom created Gift Box to place 37 ft. tree atop.
- Labor, Installation, Removal, Storage, and Refurbishment of Santa's Village – includes 31 in. Fiberglass Planters, 12 ft. x 16 ft. Red Carpet, Santa's Chair, Ornate Ottoman, and 27 ft. x 60 ft. Snow Blanket.
- Labor, Installation, Removal, Storage, and Refurbishment of multiple large monument toppers with LED warm white mini lights and strobe lights, including 132 ft. and 24 ft. custom monument topper.
- Labor, Installation, Removal, Storage, and Refurbishment of multiple medium to small size artificial trees, including a 4 ft. and 5ft tree lit with LED warm white mini lights.

The Christmas Light Guy Company | 13838 Bentley Place, Unit B, Cerritos, CA 90703
P (888) 378-8722 | E andrea@thechristmaslightguyco.com | www.thechristmaslightguyco.com



RFP: 2020 HOLIDAY DECORATIONS



- Labor, Installation, Removal, Storage, and Refurbishment of garland and decorative banners, including large red bows, installed on light poles.
- Labor, Installation, Removal, Materials, Storage – Snow Show, 4 Snow Machines with custom hoses in Palm trees at Center Court to provide Optimal Snow Fall covering.

Total Staff: 2 Supervisors; 10 Installation Technicians
 Number of Years: 2016-Present (4 years)

Hyatt Regency Orange County, Garden Grove, CA
 Client Reference: Scott Brady; Director of Operations
 Phone: (714) 740-6036
 Email: scott.brady@hyatt.com

Holiday Lighting, 20 ft. Artificial Christmas Tree, Large Wreaths, Garland, and Décor

The Christmas Light Guy Co. provides The Hyatt Regency Hotel with materials, installation, removal, maintenance and storage of holiday décor and lighting for the main hotel lobby.

- 20 ft pre-lit and fully decorated artificial Christmas tree with custom gift box tree stand.
- Wrap indoor palm trees with LED mini lights.
- 2 60" LED lit and fully decorated wreaths
- LED lit and fully decorated garland display
- Custom designed cascading light display behind front desk
- 8 ft and 4 ft 3D LED Metal Illuminated Star and tree display for ballroom.

Total Staff: 1 Supervisor; 5 Installation Technicians
 Number of Years: 2018-Present (2 years)

Downey Promenade, Downey, CA
 Client Reference: Mark Senstad; General Manager
 Phone: (562) 368-4814
 Email: MarkS@albdev.com

Holiday Lighting, 33 ft. Artificial Panel Christmas Tree, Garland, and Décor

The Christmas Light Guy Co. provides Downey Promenade Shopping Center with materials, installation, removal, maintenance and storage of holiday décor and lighting for the main traffic areas of the center. Includes Garland around light poles, 33ft. Artificial Panel Tree, and tree lighting.

- Labor, Installation, Removal, Storage – 33ft Artificial Panel Tree, fully decorated and LED lit
- Labor, Installation, Removal, Storage – Tree lighting, Palm Trees spiral wrapped with LED mini lights
- Labor, Installation, Removal, Storage – Tree lighting event Artificial Snow show
- Labor, Installation, Removal, Storage – 10ft and 8ft 3D Illuminated Metal Star Displays
- Labor, Installation, Removal, Storage – Halloween décor, including Massive Spiderweb, Light Pole spider web and spider décor, lighting, hay bales with pumpkin display.

Total Staff: 1 Supervisor; 8 Installation Technicians
 Number of Years: 2015-Present (5 years)



RFP: 2020 HOLIDAY DECORATIONS



Laguna Woods Village, Laguna Woods, CA

Client Reference: Brian Gruner; Recreation and Special Events Director

Phone: (949) 597-4270

Holiday exterior and interior lighting and décor, including 20 ft. fully decorated artificial Christmas tree and bistro canopy and tree lighting for Fall event.

Laguna Woods Village is a premier active lifestyle community for people 55 and older located Orange County, CA. We provide the community with design, installation, and removal of holiday display for the Clubhouse, Community Center, and Guardhouses, along with lighting for their fall event in the Equestrian Center.

- 860 ft. Perimeter lighting – LED C-9 lights installed along 360 perimeter of Clubhouse 2 building. Lights will be clipped or magnetized, no glue/no damage.
- 18 ft. Artificial frame Christmas tree located in front to right of entrance of Clubhouse 2– Fully decorated and LED lit – cool white, including multi sized/shaped ornaments, 2ft. star topper, and custom built 3 ft. box stand to add greater floor impact and interest.
- (12) Light sconce custom garland/bow displays coming out from top of sconce and to hang down on sides. See attached figures.
- (6) Light poles wrapped with LED lit garland and silver bows.
- 60 in. LED lit and decorated wreath located above doors of main entrance.
- Bush Lighting – LED cool white mini lights.
- (2) Snow Machines installed and operated at Clubhouse 2 for Winter Wonderland Event.
- (12) Guardhouses –Perimeter lighting with LED Clear icicles.
- 12 ft. Artificial Christmas tree located in lobby – Fully decorated and LED lit, including multi sized/shaped ornaments, bows, ribbon, tree skirt, and star topper.
- 48 in. Wreath - LED lit and decorated located along rail above.
- Garland - LED lit and decorated installed on handrail, swag from both sides of wreath.
- Custom Dance floor canopy with Bistro lighting – Extended to provide additional lighting, but will still create unique dance floor canopy.
- (7) Trees wrapped with LED warm white mini lights – trunks only.

Total Staff: 1 Supervisor; 6 Installation Technicians

Number of Years: 2018-Present (2 years)



RFP: 2020 HOLIDAY DECORATIONS



SCOPE OF WORK

We will provide all labor, tools, equipment, materials, and insurance, to furnish, store, maintain, install, and remove all displays. We maintain a large storage facility that enables us to keep a large inventory of materials necessary to meet our customers' demands. Any additional materials can be purchased and/or leased as necessary. **We will inspect and maintain decorations on a weekly basis and respond to any service call within 24 hours and/or same day. All lights and displays will be LED.**

For the City of Arcadia we are proposing to install the following:

A holiday display designed to excite and bring cheer to the City of Arcadia residents and visitors. We propose keeping the current Gingerbread House on Huntington Drive, with warm white lights on the garland and Star Prop Décor at the monuments and a Winter Wonderland candy cane theme on First Avenue and Station Transit Plaza. For 2020, we propose a return to Traditional Holiday Cheer for the Transit Plaza Pine Tree, introducing upscale Cluster/Meteor lights hanging throughout the tree with mini lights, bows and beautiful round ornaments to warm up the senses and feel like you're in a cozy Winter Wonderland!

Huntington Drive between Santa Clara Street and Fifth Avenue

- 14" (wide) x 20' (long) Pre-lit garland with LED C6 warm lights installed on (98) decorative light poles. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). (2) Structural 18" Red bows will be installed on top of each pole. *See Figure 1.* Current City Banners will remain on decorative light poles. Installation equipment required: Scissor lift and ladders.
- 8' 3D LED Illuminated Metal Star displays with LED spotlights, and snow covered custom made platform for 2 monuments located at 5th Ave. and Huntington Dr. (1) 3D Star to be placed on each monument. Illuminated Snowflakes placed on Monument sides. *See Figure 2a.* **-OR-** Giant Ornament 4 Ball Stack (*same as last year*) – (4) 24" stacked glitter ornaments (in colors of choice) with LED spotlights, and snow covered custom made platform for 2 monuments located at 5th Ave. and Huntington Dr. Illuminated Snowflakes placed on Monument sides. *See Figure 2b.* Installation equipment required: Ladders.
- Custom light and props display for 1 monument located at Santa Clara St. and Huntington Dr. Updated Gingerbread House display – In addition to previous display, to include (8) 2'x2' Gingerbread Snowflake props placed on sides of monument (2 per side) with spotlights. *See Figure 3.* Installation equipment required: Ladders.
- 1 *Updated* Skyline decoration across Huntington Dr. at 1st St. Triple Wreath skyline with red bows. Center wreath – 60", Side Wreaths – 48". *See Figure 4.* Installation equipment required: Bucket truck with boom lift.



RFP: 2020 HOLIDAY DECORATIONS



First Avenue between Huntington Drive and Santa Clara Street

- 14" (wide) x 20' (long) Pre-lit garland with LED C6 warm white lights installed on (10) decorative light poles. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). (2) Structural 18" Red bows will be installed on top of each pole. *See Figure 1.* Current City Banners will remain on decorative light poles. Installation equipment required: Scissor lift and ladders.
- Trunks and branches of 4 Trees located on First Street wrapped with LED mini lights. Installation equipment required: Ladders.
 - Tree Location: Same as last year.

First Avenue between Huntington Drive and California Street

- 14" (wide) x 20' (long) Pre-lit garland with LED C6 warm white lights installed on (27) decorative light poles. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). (2) Structural 18" Red bows will be installed on top of each pole. *See Figure 1.* Current City Banners will remain on decorative light poles. Installation equipment required: Scissor lift and ladders.
- Trunks and branches of (12) Trees located on First Street wrapped with LED mini lights. Installation equipment required: Ladders.
 - Tree Location: 2 trees located on First Avenue at Alley b/w Huntington and Alta, 4 trees located on each corner of Alta and First Avenue intersection, 4 trees located on each corner of Bonita and First Avenue intersection, 2 trees located on north corners of California and First Avenue intersection.

Arcadia Station Transit Plaza

- 14" (wide) x 20' (long) Pre-lit garland with LED C6 warm white lights installed on (7) decorative light poles. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). (2) Structural 18" Red bows will be installed on top of each pole. *See Figure 1.* Current City Banners will remain on decorative light poles. Installation equipment required: Scissor lift and ladders.
- 14" (wide) x 20' (long) Garland installed on (5) decorative light poles located in Plaza. Garland will wrap around the full length of the poles from top to bottom (end 2 ft. from ground). (2) Structural 18" Red bows will be installed on top of each pole and garland will be fully decorated with ball ornaments in Candy Cane color scheme. *See Figure 5.* Installation equipment required: Scissor lift and ladders.



RFP: 2020 HOLIDAY DECORATIONS



- Trunks and branches of 3 Trees located in Plaza wrapped with LED mini lights. Installation equipment required: Ladders.
- Small Trees located in Plaza decorated with multi sized ball ornaments in Candy Cane color scheme to match main tree decorations and pole mounts. Installation equipment required: Ladders.
- 40Ft Pine Tree located in Transit Plaza decorated to bring Traditional Christmas Cheer with beautiful Cluster Meteor Lights, LED Mini Lights, Bows, and Ornaments. (30) Hanging Cluster Lights – 36", 48", and 60" Long Cluster Lights hung throughout the Tree. 12", 15", 24" Red Structured Bows with Gold Trim. 8" and 12" Large Round Mixed Matte and Shiny Ornaments – Red, Gold, Silver. LED Star Topper will be installed on top of Tree. *See Figure 6.* Installation equipment required: Bucket truck with boom lift and Ladders.
- (1) 10Ft. 3D LED Illuminated Metal Star display placed on top of stairs in Transit plaza, located to be visible from Metro train passersby, as well as street. *See Figure 7.* Installation equipment required: Ladders.



RFP: 2020 HOLIDAY DECORATIONS



2020 -2021 Project Cost Proposal

Huntington Drive between Santa Clara Street and Fifth Avenue

Decorative Light Poles

Materials:

\$98.00 per pre-lit garland w/bows x 98 = \$9,604.00

Labor for installation and removal:

\$45.00 per light pole x 98 = \$4,410.00

2 Monuments at 5th St. and Huntington Dr.

Materials:

\$1,200.00 per monument x 2 = \$2,400.00

Labor for installation and removal:

\$760.00 per monument x 2 = \$1,520.00

Monument at Santa Clara and Huntington Dr.

Materials:

\$1,600.00 per monument x 1 = \$1,600.00

Labor for installation and removal:

\$975.00 per monument x 1 = \$975.00

Skyline

Materials:

\$1,200.00 per skyline x 1 = \$1,200.00

Labor for installation and removal:

\$1,200.00 per skyline x 1 = \$1,200.00

First Avenue between Huntington Drive and Santa Clara Street

Decorative Light Poles

Materials:

\$98.00 per pre-lit garland w/bows x 10 = \$980.00

Labor for installation and removal:

\$45.00 per light pole x 10 = \$450.00

Trees

Materials:

\$200.00 per tree x 4 = \$800.00

Labor for installation and removal:

The Christmas Light Guy Company | 13838 Bentley Place, Unit B, Cerritos, CA 90703
P (888) 378-8722 | E andrea@thechristmaslightguyco.com | www.thechristmaslightguyco.com



RFP: 2020 HOLIDAY DECORATIONS



\$175.00	per tree	x	4	=	\$700.00
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First Avenue between Huntington Drive and California Street

Decorative Light Poles

Materials:

\$98.00	per pre-lit garland w/bows	x	27	=	\$2,646.00
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Labor for installation and removal:

\$45.00	per light pole	x	27	=	\$1,215.00
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Trees

Materials:

\$200.00	per tree	x	12	=	\$2,400.00
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Labor for installation and removal:

\$175.00	per tree	x	12	=	\$2,100.00
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Arcadia Station Transit Plaza

Decorative Light Poles located on Santa Clara Street

Materials:

\$98.00	per pre-lit garland w/bows	x	7	=	\$686.00
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Labor for installation and removal:

\$45.00	per light pole	x	7	=	\$315.00
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Decorative Light Poles located in Plaza area

Materials:

\$78.00	per garland w/bows	x	5	=	\$390.00
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Labor for installation and removal:

\$45.00	per light poles	x	5	=	\$225.00
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3 Medium Size Trees

Materials:

\$200.00	per tree	x	3	=	\$600.00
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Labor for installation and removal:

\$175.00	per tree	x	3	=	\$525.00
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Small Trees located in Plaza area

Materials:

\$45.00	per tree	x	5	=	\$225.00
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Labor for installation and removal:

\$65.00	per tree	x	5	=	\$325.00
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RFP: 2020 HOLIDAY DECORATIONS



40 Ft Transit Plaza Tree - Cluster Lights/Fully Decorated

Materials:

\$3,500.00 per tree x 1 = \$3,500.00

Labor for installation and removal:

\$3,200.00 per tree x 1 = \$3,200.00

3D Illuminated Metal Star Display - Transit Plaza

Materials:

\$2,400.00 per display x 1 = \$2,400.00

Labor for installation and removal:

\$600.00 per display x 1 = \$600.00

Project Cost Proposal Total:

\$47,191.00

Discount

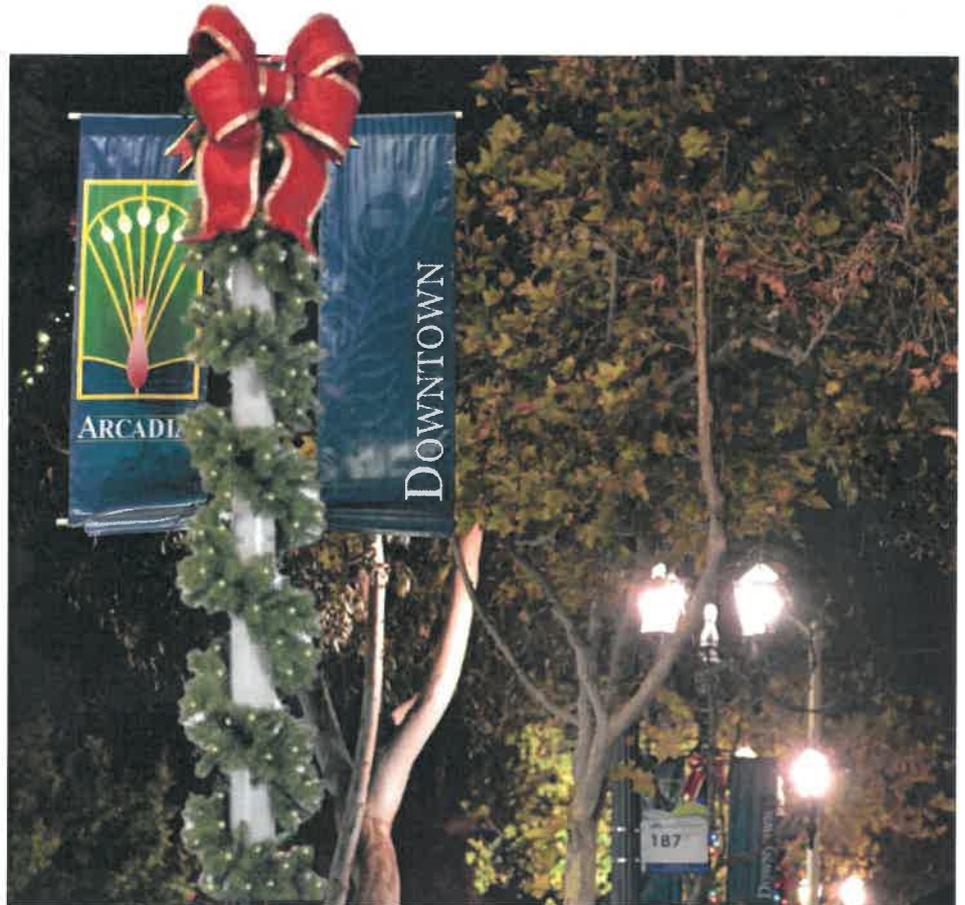
\$7,491.00

Project Cost Proposal Grand Total:

\$39,700.00

Figures

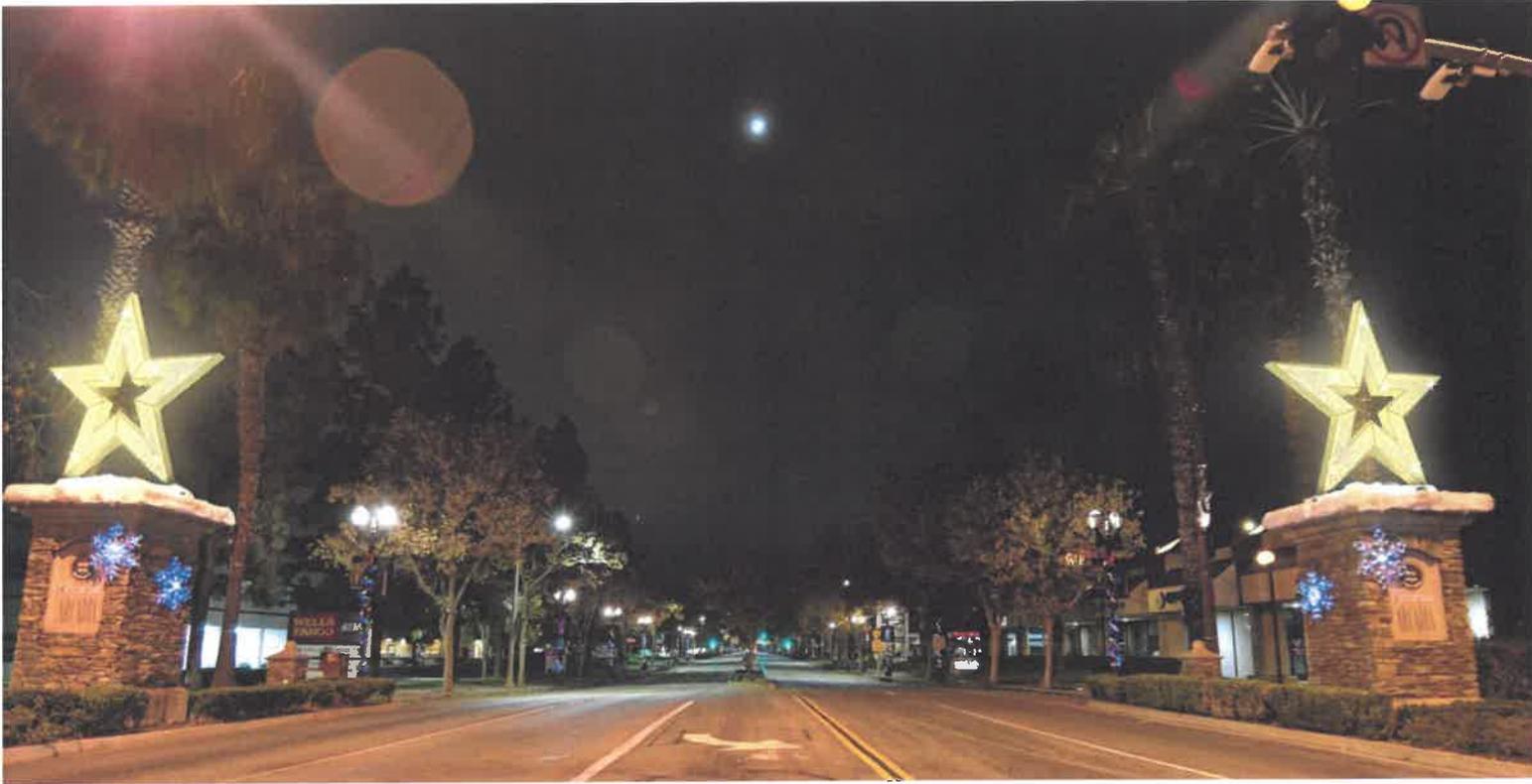
Pre-Lit Garland w/Bows on Decorative Light Poles



Decorative Light Poles include:

- 14"x20' Pre-lit Garland wrapped around full length of poles
- Lit with Warm White C6 bulbs
- (2) 18" Structural Red Bows
- City Banners will remain on poles

2 Monuments at 5th Ave./Huntington Dr.



8 FT 3D Illuminated Metal Star Display on top of each monument

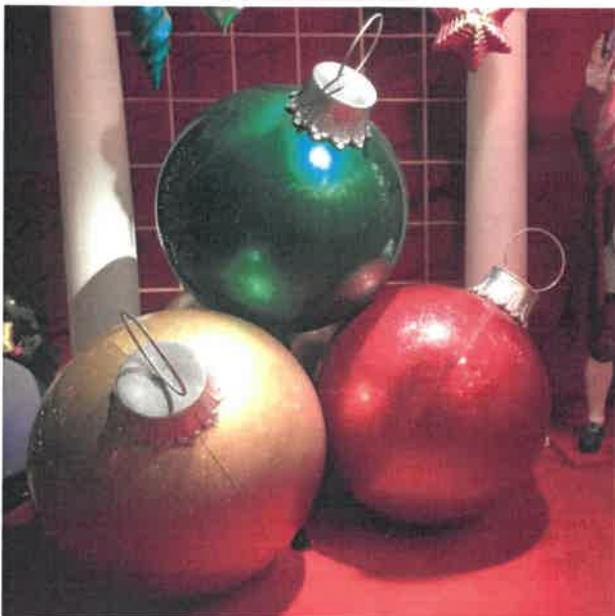
- Placed on top of custom snow covered platform on top of each monument
- Illuminated Snowflakes on side of monuments

2 Monuments at 5th Ave./Huntington Dr.



Giant Glitter Ornament 4 Ball Stack Multi-Color Combination

- Placed on top of custom snow covered platform on top of each monument
- Illuminated Snowflakes on side of monuments
- Spotlights on Ball Stack



1 Monument at Santa Clara Street/Huntington Dr.



Custom designed Gingerbread house secured on Monument
with snow covered platform

- Updated with (8) 2'x2' Gingerbread Snowflake Displays (2 on each side of monument with spotlights)

Skyline - Updated



- 40-Foot Triple Wreath Skyline extended fully across Huntington Dr.
- (1) 60" Wreath, (2) 48" Wreaths

Ornament Decorated Garland w/Bows on Decorative Light Poles



Example of ornaments on garland



Above is example of garland and bows and how poles will be wrapped

Decorative Light Poles include:

- 14"x20' Pre-lit Garland wrapped around full length of poles
- Decorated with ball ornaments in candy cane color scheme
- (2) 18" Structural Red Bows

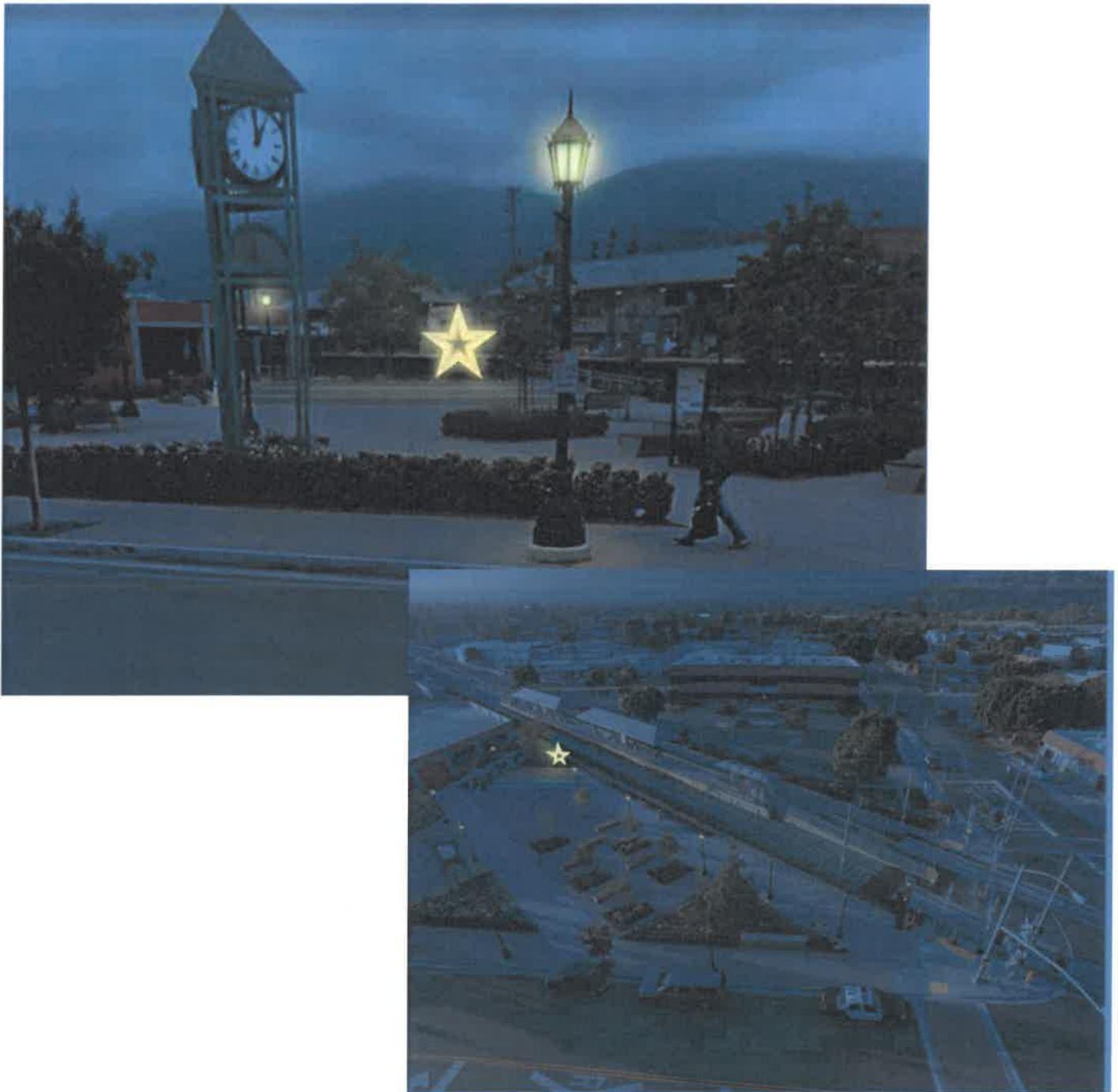
Transit Plaza Tree – Fully Decorated w/hanging LED Cluster Lights



Main Large Tree located in Transit Plaza decorated to bring Traditional Christmas Cheer with beautiful Cluster Meteor Lights, LED Mini Lights, Bows, and Ornaments.

- 30 Hanging Cluster Lights – 36", 48", and 60" Long Cluster Lights hung throughout the Tree.
- 12", 15", 24" Red Structured Bows with Gold Trim
- 8" and 12" Large Round Mixed Matte and Shiny Ornaments – Red, Gold, Silver
- LED Star Topper will be installed on top of Tree

Transit Plaza – 10 FT. 3D Illuminated Metal Star Display



10 FT. 3D Illuminated Metal Star Display placed on top of stairs in Transit Plaza

- Located to be visible from Metro train passersby, as well as street



STAFF REPORT

Office of the City Manager

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Dominic Lazzaretto, City Manager
By: Michael Bruckner, Deputy City Manager

SUBJECT: REQUEST FOR COMMEMORATIVE NAMING OF A CITY FACILITY IN HONOR OF CAROL LIBBY
Recommendation: Provide Direction

SUMMARY

Council Member Beck has submitted the attached request for the commemorative naming of the courtyard in front of the Gilb Museum of Arcadia Heritage and Floretta K. Lauber Museum Education Center in honor of former resident Carol Libby. A \$25,000 allocation from the General Fund Reserve is also requested. As an alternative, Mayor Chandler has suggested that a Memorial Wall to honor notable women, including Ms. Libby, could be established inside the Lauber Center. There is no budget currently available for either of these options; if the City Council wishes to proceed with this effort, a supplemental budget appropriation will be necessary.

It is recommended that the City Council provide direction regarding the request for a commemorative dedication in honor of Carol Libby.

DISCUSSION

Public facilities are often dedicated in recognition of prominent members of a community whose generosity, contributions, or achievements created a permanent and lasting impact on the community. To that end, the City has a process to acknowledge and memorialize individuals that have advanced the values and heritage of Arcadia by naming a public facility or space in their honor (see attached City Administrative Policy).

Council Member Beck has submitted the attached request for the commemorative naming of the courtyard in front of the Gilb Museum of Arcadia Heritage and Floretta K. Lauber Museum Education Center in honor of Arcadia resident and local historian Carol Libby. This item was originally scheduled for the August 18, 2020, City Council, but

pulled at the request of Council Member Beck to obtain more information for his presentation.

Council Member Beck has requested that the courtyard area be upgraded to include new drought tolerant landscaping, similar to the improvements done recently at the Arcadia Public Library (photos below). In addition, Council Member Beck has requested that additional bench seating be added to the single bench in the area, along with a monument or plaque commemorating the courtyard area in honor of Ms. Libby. Council Member Beck is requesting that the City Council allocate \$25,000 from the General Fund Reserve for this project, partially offset by donations from the community or possibly grant funds that can be used for drought tolerant landscaping at public facilities.

As an alternative, Mayor Chandler has expressed that a Memorial Wall to honor notable Arcadia women could be established inside the Floretta K. Lauber Museum Education Center. The Memorial Wall can include a photo and small plaque to memorialize their exceptional contributions to the Arcadia community. The cost for adding a name to the Memorial Wall is estimated at approximately \$300 per photo and plaque. Should the City Council wish to proceed further with this concept, a list of names to be added to the initial memorial wall would need to be developed.

Below are photos of the Courtyard area and the existing bench in addition to images of the landscaping at the Arcadia Public Library.

MEC Courtyard:





Arcadia Public Library Landscaping:





On October 13, 2020, staff met with Armstrong & Walker Landscape Architecture (“Armstrong”) to discuss the proposal submitted by Council Member Beck. Those consultations are ongoing, but Armstrong will provide the City with proposals and cost estimates to upgrade the Courtyard as previously described.

FISCAL IMPACT

The cost of naming the courtyard and landscape improvements in honor of Carol Libby is currently undetermined. The City Council may elect to establish a not-to-exceed limit of \$25,000, or any other amount for the proposed improvements, partially offset by donations from the community or grant funds that can be used for this purpose. It should be noted that there are no known drought tolerant grant offerings at this time, and they are made available on an irregular schedule. Depending on how quickly the City Council would like to see this project proceed, grants may not be a viable option.

An alternative Arcadia Women’s Memorial Wall is unbudgeted and would also require funding. A supplemental budget appropriation would be necessary to accomplish this task.

If approved, staff will return with a Resolution for the supplemental appropriation along with the final design.

RECOMMENDATION

It is recommended that the City Council provide direction regarding the request for commemorative naming of a City facility in honor of Carol Libby.

Attachments: Request for Commemorative Naming of a City Facility
Naming of City Facilities Policy
Carol Libby Eulogy

RECEIVED
CITY OF ARCADIA
AUG 04 2020

CITY MANAGER



REQUEST FOR COMMEMORATIVE NAMING OF A CITY FACILITY

Date: 7/30/20

Requested by: TOM BECK

Suggested honoree: CAROL LIBBY

Suggested facility: COURTYARD IN FRONT OF
MUSEUM & MUSEUM EDUCATION

Justification for request: INCLUDING A MEMORIAL CENTER
BENCH - INSCRIBED.

SEE CITY COUNCIL ADJOURNMENT
READ BY CITY MANAGER
ON 7/21/20

Signature: [Handwritten Signature]

For staff use:

Additional information provided by staff: No Yes (see attached)

Scheduled for the _____ study session.



ADMINISTRATIVE POLICY

SUBJECT: **NAMING OF CITY FACILITIES**

Policy No.: VI - 02

Adopted: 2/17/2015

Amended: _____


CITY MANAGER

PURPOSE

The purpose of this policy is to establish criteria and a procedure for the naming of City facilities.

DEFINITIONS

A "City facility" is defined as any building, property, street, space, or room (or a discrete portion thereof) that is owned and/or managed by the City of Arcadia.

POLICY

The naming of buildings, land, and facilities is an important element in the character of a community. When assigning a commemorative name to a facility, the person/people selected says as much about the spirit and commitment of the community's residents as about the honoree.

The following guidelines shall serve as the City policy regarding the commemorative naming of City facilities:

- Naming or renaming a City facility is at the sole discretion of the Arcadia City Council and shall be done by an affirmative vote of four-fifths (4/5) of the City Council at a scheduled study session meeting.
- All requests for naming or renaming a City facility must be made by a member of the City Council with the use of the attached form that is to be submitted to the City Manager's Office. The Council Member initiating consideration of the naming request shall provide background information into the rationale behind the request. If appropriate, City staff will provide additional details on the nominee's history of public service.
- A City facility may be named after any group, individual, or family, living or deceased that has made significant and substantial contributions of a service, cultural or historic nature to the City of Arcadia, as determined by the City Council. Said contributions do not have to be financial in nature; they may include extensive service and/or support to the City organization or the community in general.



ADMINISTRATIVE POLICY

SUBJECT: **NAMING OF CITY FACILITIES**

Policy No.: VI - 02

Adopted: 2/17/2015

Amended: _____


CITY MANAGER

- The area in which the honoree made the most contribution should be considered when determining which facility will be named after that person or group. That is, when possible, there should be a correlation between the service provided by the honoree and the facility.
- A City facility may be named after a commercial or corporate enterprise, provided said enterprise meets with the approval of the City Council and has made significant and substantial contributions to the City of Arcadia of either a financial or service nature.
- Honorees do not have to be residents of the City of Arcadia.
- The City Council, in its sole and unlimited discretion, may remove or change the name of any City facility at any time, unless contractually obligated otherwise.
- Dedicatory or fundraising programs such as adopt-a-bench, adopt-a-tree, commemorative bricks, naming of a room within a building, and so on shall be handled separately from this policy. These kinds of programs shall be developed by City staff and presented to the City Council for approval prior to implementation.
- Capital campaigns/fundraising efforts with naming rights related to new construction or specific projects such as the purchase of furnishings and equipment for a particular building are to be developed by City staff or a volunteer group, and presented to the City Council for approval prior to implementation.
- This policy supersedes all previous practices and guidelines on the subject of naming City facilities.

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August 26, 1929 - June 24, 2020

Carol G. Libby passed away on June 24, 2020, at the City of Hope in Duarte, California, where she was undergoing treatment for Non-Hodgkin's lymphoma. Carol was born in Holland, Michigan, on August 26, 1929 to Dr. Jacob F. and L. Ruby Geerlings. She grew up in Salt Lake City where her father held a professorship at the University of Utah. Carol moved to California, where she earned a B.A. degree in Education from the California State University at Los Angeles in 1950 and then taught elementary school in the Los Angeles Unified School District. She earned a Masters Degree in Child Development from the University of La Verne in 1987. In 1956 she married Harold Dean Libby of Arcadia, CA, where they continued to live for the rest of their lives. Carol and her husband "Hal" purchased the Libby family home in 1956, the home Hal's parents bought in 1938, so that another generation could enjoy the benefits of living in Arcadia and attend its outstanding schools. Carol's passionate interest in the history of Arcadia began while listening to stories told by her father-in-law, Philip A. Libby, who was a member of Arcadia's City Council for several years in the 1940s. She often stated, "Historic preservation is right on the top of my list." She became active in the Arcadia Historical Society in 1986, eventually becoming President for many years and acting as curator of the Society's Historical Museum from 1995 to 2001. She served as chairman of the city's history committee of the Arcadia Centennial Commission in 2003 and served on the Historical Museum Commission from 2000 to 2008. Carol served on the Society's Historical Marker Committee since its inception in 2008 and was a driving force behind the placement of eleven markers located throughout Arcadia and representing significant landmarks in Arcadia's history. Carol also authored "Faces and Footprints in Arcadia's History" in 2014, "Chronicles of Arcadia" in 2012, and co-authored the Arcadia edition of the national book series "Images of America" in 2008. She wrote and created short theatrical skits, historical fashion shows, and programs for the members of the Arcadia Historical Society. She was so enthusiastic about co-authoring the weekly "Historical Tidbits" e-newsletter, featuring snippets of Arcadia's history, photographs and facts, that she continued to submit new entries from her hospital bed in recent weeks. Carol was active in numerous Arcadia organizations, including as a volunteer for more than 25 years at the Los Angeles County Arboretum and Botanic Garden, and as President of First Avenue PTA, Baldwin Stocker PTA, and Arcadia Council PTA. She was also one of the founding officers of the non-profit community events group Arcadia's Best Foundation, was past program chairwoman and vice president with the Arcadia Friends of the Library, and past President/Advisor of Alpha Auxiliary of the Methodist Hospital Foundation. Other memberships in associations and

foundations include: Sister City Commission; Help Our Youth; Arcadia's Best Foundation; Arcadia Historical Society, and the Friends of the Society; Arcadia Police Foundation; and Arcadia Community Coordinating Council. In recognition of her devotion and dedication to maintain and preserve the City of Arcadia, Carol was named Arcadia Citizen of the year by the Arcadia Chamber of Commerce in 1978 and 2018, and was the recipient of the City of Arcadia's Senior Citizen Award in 2001 and 2016. She received the Arcadia Chinese Association Award in 2002, the City of Arcadia Mayor's Certificate of Commendation in February 2017, and Congresswoman Judy Chu's Woman of the Year Award in April 2017. She also received a Golden Apple Award, an Honorary Service Award and Continuing Service Award from Baldwin Stocker School PTA, and Arcadia's City Appreciation Award for her work in the relocation and restoration of the Hugo Reid Family statue in 2003. Carol is preceded in death by her husband Hal and her son James C. Libby. She is survived by her three other children, Melanie Libby-Brown of Santa Rosa, CA; Dr. Richard A. Libby of Richmond, CA; and Annie Libby of San Diego, CA. She is also survived by her daughter-in-law Susan Libby of Sebastopol, CA, and by five grandchildren and four great-grandchildren. The Libby family wishes to extend our sincere thanks to Stephen J. Forman, M.D., and the wonderful staff at City of Hope. Contributions in memory of Carol may be made to the City of Hope in Duarte, California.



STAFF REPORT

Administrative Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Hue C. Quach, Administrative Services Director

SUBJECT: PRESENTATION OF THE GENERAL FUND FISCAL YEAR 2019-20 YEAR ENDING RESULT AND INITIAL REVIEW OF THE FISCAL YEAR 2020-21 BUDGET
Recommendation: Receive and File

SUMMARY

A PowerPoint presentation of the General Fund Fiscal Year 2019-20 year ending result will be presented at the City Council meeting along with a preliminary discussion of the status of the Fiscal Year 2020-21 Budget.

ENVIRONMENTAL ANALYSIS

The proposed action does not constitute a project under the California Environmental Quality Act ("CEQA"), under Section 15061(b)(3) of the CEQA Guidelines, as it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

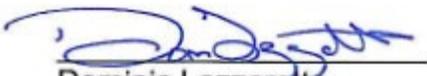
FISCAL IMPACT

No adjustments will be requested at this time to the adopted FY 2020-21 Budget.

RECOMMENDATION

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

Approved:


Dominic Lazzaretto
City Manager



STAFF REPORT

Recreation and Community Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Sara Somogyi, Director of Recreation and Community Services

SUBJECT: MEMORANDUM OF AGREEMENT WITH SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS TO RECEIVE GRANTS FOR VARIOUS HOMELESS ASSISTANCE PROGRAMS; MEMORANDUM OF UNDERSTANDING WITH THE CITY OF LA CAÑADA FLINTRIDGE FOR A JOINT PREVENTION AND DIVERSION PROGRAM; AND CONTRACT WITH UNION STATION HOMELESS SERVICES FOR PREVENTION AND DIVERSION PROGRAM

Recommendation: Accept and Approve

SUMMARY

The City of Arcadia applied for and has been awarded three grants from the San Gabriel Valley Council of Governments (“SGVCOG”) to address homelessness in the City, including the Homeless Plan Implementation Grant, Homeless Prevention and Diversion Program Grant, and Pilot Program Grant. These grants total \$380,000.

The Homeless Plan Implementation Grant includes encampment clean up, First Responder outreach, emergency resources, a full time Housing Navigator, and administrative costs. The Prevention and Diversion Program Grant is in partnership with City of La Cañada-Flintridge and will provide resources to prevent individuals from falling into homelessness or minimizing the amount of time clients face homelessness and will be distributed by Union Station Homeless Services (“USHS”). The Pilot Program Grant includes a Homelessness Resource Hub (“HRH”), which plans to operate at the Par 3 Golf Course Parking Lot one day a week until the conclusion of the grant. The HRH will provide free showers, laundry facilities, resources, and onsite case management.

It is recommended the City Council accept the SGVCOG grants in the amount of \$380,000 for the implementation of the City’s Homeless Plan (\$186,500, of which SGVCOG will retain \$70,000 for their Housing Navigator), development and implementation of a Prevention and Diversion Program (\$43,500), and implementation of a HRH Pilot Program (\$150,000). It is further recommended that the City Council approve, authorize, and direct the City Manager to execute a Memorandum of Agreement with SGVCOG; a Memorandum of Understanding with the City of La

Cañada-Flintridge for a Joint Prevention and Diversion Program; and a contract with USHS for Homeless Prevention and Diversion Program.

BACKGROUND

The SGVCOG is a regional planning entity comprised of the 30 cities, the County of Los Angeles, and the water districts in the San Gabriel Valley. The SGVCOG advocates for regional and member interests and develops and manages regional programs to support its member jurisdictions.

In Fiscal Year 2019-20, the SGVCOG received funding for homeless programs. The SGVCOG was allocated \$5,625,000 from the California State Budget. The SGVCOG was also allotted \$1,541,876 by the County of Los Angeles through a newly developed Innovation Funds program, which allocated carry-over Measure H funding to the County's Councils of Governments.

In January 2020, the SGVCOG worked with staff from its member Cities to identify regional homeless programs and to develop a framework and approach to distribute funding. The proposed programs and formulas were designed to maximize regional programs in order to take advantage of economies of scale, ensure equity, and provide cities with the ability to more easily access funds that could be used to implement their homeless plans. Funding was allocated to Cities based on population for the implementation of their homeless plans. Each City was also allocated funding for implementation of their Homeless Plan, Prevention and Diversion Program, and could apply for funding to implement innovative pilot programs.

DISCUSSION

The City of Arcadia has applied for funding in all three program areas in order to maximize homeless services in the community. The SGVCOG has approved the City's applications in all three areas, which will be memorialized through a Memorandum of Agreement. An overview of the programs and tasks included Memorandum of Agreement and the associated Statement of Work with SGVCOG can be found below:

Homeless Plans Implementation Grant

The City was allocated \$186,500 to for implementation of the City's Homeless Plan. The following tasks will be completed with this funding:

Task 1: Encampment Clean Ups (\$20,000)

The funding will support the staffing and equipment necessary for the Public Works Services Department to remove, transport, store, and dispose of encampment items. Depending on the location, the Public Works Services Department may also need to trim shrubs and vegetation as a deterrent measure for future encampments.

Task 2: First Responder Outreach (\$40,000)

The grant funds will further assist Arcadia's First Responders outreach from the Police Department's Homeless Education and Liaison Program ("HELP") Team and the Fire Department's response to calls for services and engaging in proactive outreach to individuals experiencing homelessness.

Task 3: Housing Navigator (\$70,000)

The SGVCOG has executed a contract with USHS for the purposes of providing housing navigation/case management services for the City. The Housing Navigator will have extensive knowledge of available resources to link individuals experiencing homelessness and will assess the specific needs of each client and arrange, coordinate, monitor, and advocate for housing, and other services to meet the individual's needs. The Housing Navigator will work three days during the week and two days on the weekends while working closely with the City's First Responders, administer the City's Prevention/Diversion Program, and work at the HRH described below. The SGVCOG will retain \$70,000 of the City's Homeless Plan Implementation funding for the purposes of a Housing Navigation Services contract. This Housing Navigator will be in addition to the part time Housing Navigator we have through Measure H Funding from County of Los Angeles, through February 28, 2021.

Task 4: City Emergency Resource (\$50,000)

The City would have direct access to these funds and would be able to use these funds in the field for those needing emergency assistance such as emergency housing, meals, and any other needs to combat homelessness.

Task 5: Staff Administration Costs (\$6,500)

City staff will support the administration of the grant, ensuring that all activities funded by the grant are being properly managed.

All funding must be expended by May 31, 2022.

Homeless Prevention & Diversion Programs

The Cities of Arcadia and La Cañada-Flintridge jointly applied for a \$30,000 grant to develop and implement a Homeless Prevention and Diversion Program. SGVCOG allocated an additional \$13,500 for Arcadia's use only. The Cities will partner with USHS to initiate and facilitate problem-solving conversations with a client in order to identify actions needed to either ensure they remain in housing or move them quickly into housing. This program is targeted towards individuals at-risk of becoming homeless or those who are recently homeless. The city with the greater need can utilize more of the funds. Potential outcomes based on problem solving conversations would include resolving conflicts with roommates, providing short-term rental assistance to prevent eviction, and helping a client reunite with family members. This grant can also pay for electric and other bills, credit checks, housing application fees, and like in order to prevent homelessness.

Of the total amount, \$30,000 of this funding is derived County funding and needs to be expended by June 15, 2021. The remaining \$13,500 is State funding that needs to be expended by June 15, 2022.

Homelessness Resource Hub (“HRH”) Pilot Program

The HRH Pilot Program grant in the amount of \$150,000 is designed to implement innovative ways to directly impact individuals experiencing homelessness. HRH will provide various services to the people experiencing and at risk of becoming homeless in the City. Services would include mobile showers, laundry facilities, restrooms, and informational resources alongside Arcadia’s Housing Navigator who will be available on site. The key concept behind the HRH is to provide a safe and useful space for persons to come and clean up; while they are there they will be able to interact with the Housing Navigator in a positive manner, who can then help them obtain additional services available through the County. The HRH will be open one day a week and will be located at the Par 3 Golf Course Parking Lot.

All funding must be expended by May 31, 2021.

SGVCOG Landlord Outreach, Education, and Incentive Program

The SGVCOG is implementing a regional landlord education and outreach program in the San Gabriel Valley. The program offers monetary incentives to encourage landlords to rent their available units to LA County Development Authority’s homeless Section 8 voucher holders. Housing navigators in the enrolled cities will have access to these units to place clients. The City of Arcadia has enrolled in this program at no cost along with Monrovia, El Monte, Duarte, and other surrounding cities. There is no direct funding allocated to this program.

Together, the programs enabled by these grant funds will provide the City with a more robust approach to addressing homelessness in the community.

ENVIRONMENTAL IMPACT

This proposed action of receiving grant funds for homeless services does not constitute a project under the California Environmental Quality Act (“CEQA”), and it can be seen with certainty that it will have no impact on the environment. Thus, this matter is exempt under CEQA.

FISCAL IMPACT

The City of Arcadia will be awarded \$380,000 for homelessness services. Out of the \$380,000, \$186,500 will be allocated for the Homeless Plan Implementation (SGVCOG will retain \$70,000 for Housing Navigator), \$43,500 for Prevention and Diversion Program, and \$150,000 for the HRH. All costs related to these programs will be offset by reimbursement on a quarterly basis, in an amount not to exceed \$380,000.

RECOMMENDATION

It is recommended that the City Council:

1. Determine that this action does not constitute a project and is therefore, exempt under, the California Environmental Quality Act (“CEQA”).
2. Accept the SGVCOG Grant in the amount of \$380,000 for the implementation of the City’s Homeless Plan, development and implementation of a Prevention and Diversion Program, and implementation of HRH Pilot Program; and approve, authorize, and direct the City Manager to execute a Memorandum of Agreement with SGVCOG. (Exhibit “A”)
3. Approve, and authorize and direct the City Manager to execute, a Memorandum of Understanding with the City of La Cañada Flintridge for the joint prevention and diversion program. (Exhibit “B”)
4. Approve, and authorize and direct the City Manager to execute, a Contract with USHS for Case Management and Prevention and Diversion Program. (Exhibit “C”)

Approved:


Dominic Lazzaretto
City Manager

Attachments: Exhibit “A” - Memorandum of Agreement and Statement of Work with the SGVCOG
Exhibit “B” - Memorandum of Understanding with the City of La Cañada Flintridge
Exhibit “C” - Contract with USHS

Exhibit "A"

MEMORANDUM OF AGREEMENT

CITY HOMELESS PROGRAM MEMORANDUM OF AGREEMENT BETWEEN THE CITY
OF ARCADIA AND THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS
(SGVCOG)

This Memorandum of Agreement (“MOA”) is by and between the City of Arcadia (City) and the San Gabriel Valley Council of Governments (SGVCOG) to be effective as of the date signed by both Parties. The City and SGVCOG are hereinafter sometimes each referred to as “Party” and collectively as “Parties.”

RECITALS:

A. The SGVCOG was established to have a unified voice to maximize resources and advocate for regional and member interests to improve the quality of life in the San Gabriel Valley by the member cities and other local governmental agencies;

B. The SGVCOG entered into a contract with the County of Los Angeles for the purposes of administering Measure H funding allocations in support of the County's Homeless Initiative (HI) strategies to combat homelessness in the San Gabriel Valley;

C. The SGVCOG received funding from the State of California via the 2019 Budget Trailer bill for the purposes of combating homelessness in the San Gabriel Valley;

D. The SGVCOG allocated a portion of this funding towards the implementation of member cities’ previously-developed homeless plans, the development of programs to prevent homelessness, and the implementation of pilot programs;

E. The SGVCOG also allocated a portion of this funding to a landlord outreach and incentive program in which cities could opt to participate and executed a contract with Union Station Homeless Services and S. Groner Associates to implement the program;

F. The City seeks to develop homeless programs;

G. The City’s homeless programs will support strategies and solutions to prevent and decrease homelessness within the City, based on local concerns and priorities;

H. The City and the SGVCOG have a shared desire to successfully develop homeless programs, as defined in the attached scope of work (Exhibit 1), to combat homelessness in the San Gabriel Valley;

I. The City opted to participate in the SGVCOG’s landlord outreach, education, and incentive program; and

J. The City and the SGVCOG desire to set forth the terms of their ongoing collaboration with respect to this effort in this MOA.

NOW, THEREFORE, the Parties agree to the following:

I. TERM:

The term of this MOA shall commence upon execution of the MOA by all Parties and shall continue through the date upon which all eligible expenditures have been reimbursed, or May 31, 2022, whichever occurs later. The term of this MOA may be extended by mutual agreement of both Parties by way of an amendment to this MOA.

II. RESPONSIBILITIES OF EACH OF THE PARTIES:

A. SGVCOG

1. Undertake procurement, execute, and manage consultant and service provider contracts as necessary for regional homeless programs.
2. Review and pay properly submitted invoices for regional homeless programs and eligible City homeless program activities.
3. Manage and administer contracts and pay invoices for the following regional programs in which the City is participating:
 - a. Landlord Outreach and Incentive Program.
4. Manage invoicing and reporting schedules and deadlines.
5. Review submitted deliverables and reports from the City and notify City as to any additional that is required.
6. Coordinate participation in conference calls and/or meetings as necessary.
7. Review and approve procurement procedures for City's use of funds.
8. Hold monthly Homeless Working Group meetings with City's Project Manager to support information sharing.
9. Provide payment to the City within 30 days of approval of a City's invoice.
10. Reimburse the City up to \$310,000, as described in Exhibit 2.
11. Retain \$70,000 from the City's allocation to administer the contract with Union Station Homeless Services on behalf of the City to provide Housing Navigation services and implement the City's prevention and diversion program through May 31, 2022. The SGVCOG will work with the City to ensure that all services are received in compliance with the Union Station Homeless Services Agreement and process invoices and provide payment to Union Station Homeless Services.

B. City

1. Must maintain membership in the SGVCOG during the entire term of this MOA.
2. Participate in monthly Homeless Working Group meeting.
3. Provide any updated point-of-contact described in Section III.B to serve as the City's Project Manager with name, title, and contact information.
4. Participate in scheduled conference calls and/or meetings throughout the term of this MOA.
5. Manage the homeless programs and activities to be implemented by the City, as such are described in Exhibit 1.
6. Respond to SGVCOG and/or contractor requests related to the City's programs in a timely manner
7. Provide feedback and respond to SGVCOG and/or contractor requests for the City's participation in regional programs, including the landlord outreach and incentive program.
8. For participation in the Landlord Outreach and Incentive Program:
 - a. Respond to requests, provide data and information as requested, review materials, and provide input to the SGVCOG and its selected vendor to support

the implementation of the Regional Landlord Education, Outreach and Incentive Program in the City.

9. Submit procurement procedures for City's use of funds under this MOA for approval by the SGVCOG.
10. Procure and administer contracts funded by the SGVCOG in accordance with SGVCOG-approved procurement procedures. Submit contracts or purchase orders executed with third-party vendors to the SGVCOG for authorization prior to the performance of work thereunder for which the City will be requesting reimbursement.
11. Submit rates for City staff time for SGVCOG approval prior to City staff performing work for which the City will seek reimbursement.
12. Submit deliverables and reports to the SGVCOG in accordance with the schedule included in Exhibit 2.
13. Submit invoices to the SGVCOG in accordance with the schedule included in Exhibit 2.
14. Reimburse the SGVCOG for expenditures that are determined to be not in compliance with funding requirements.

III. PROJECT MANAGEMENT:

- A. For purposes of this MOA, the SGVCOG designates the following individual as its Project Manager:

Samantha Matthews
SGVCOG Management Analyst
1000 S. Fremont Ave, Unit 42
Bldg. A10-N, Suite 10210
Alhambra, CA 91803
626.457.1800
smatthews@sgvcog.org

- B. For purposes of this MOA, the City of Arcadia designates the following individual as its Project Manager:

Sara Somogyi
Director of Recreation and Community Services
375 Campus Drive
P.O. Box 60021
Arcadia, CA 91007
626.821.4369
ssomogyi@arcadiaca.gov

- C. Additional Parties' contacts include the following individuals:

Marisa Creter
Executive Director
San Gabriel Valley Council of Governments
mcreter@sgvcog.org

- D. Either Party may change its Project Manager or contacts upon written notice to the other Party.

IV. TERMINATION:

- A. This MOA may be terminated by either Party at any time without cause. Termination will occur 30 days after written notice is issued by a Party to the other Party's Project Manager. The City shall stop work and not incur any additional expenses upon receipt of or issuance of such notice, except that which is reasonable and necessary to effectuate the termination. The City shall be entitled to reimbursement for eligible expenses that are reasonably and necessarily incurred up to the date that such termination is effective.
- B. This MOA may be terminated for cause at any time for a material default by one of the Parties upon written notice to the applicable Project Manager. In the event of termination for cause, termination will be in effect three days after deposit of the written notice in the U.S. Mail, postage pre-paid, unless otherwise stated at a later time in the written notice.

V. INDEMNITY:

- A. Neither the SGVCOG or its respective officers, employees, consultants or volunteers (the "SGVCOG Indemnites"), shall be responsible for any damage or liability occurring by reason of anything done or committed to be done by the City or its respective officers, agents, employees, or volunteers under or in connection with the performance of this MOA.
- B. Neither the City or its respective officers, employees, consultants or volunteers (the "City Indemnites"), shall be responsible for any damage or liability occurring by reason of anything done or committed to be done by the SGVCOG or its respective officers, agents, employees, or volunteers under or in connection with the performance of this MOA
- C. The City shall indemnify, defend and hold the SGVCOG Indemnites harmless from and against any liability, claims, losses, actions, and expenses, including without limitation, defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of use of property, any legal fees and any claims for damages of any nature whatsoever arising out of or resulting from the City's obligations under this MOA, unless caused by the negligence or willful misconduct of SGVCOG.
- D. The SGVCOG shall indemnify, defend and hold the City Indemnites harmless from and against any liability, claims, losses, actions, and expenses, including without limitation, defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of use of property, any legal fees and any claims for damages of any nature whatsoever arising out of or resulting from the SGVCOG's obligations under of this MOA, unless caused by the negligence or willful misconduct of the City.

VI. OTHER TERMS AND CONDITIONS:

- A. In performing this MOA, neither the City nor SGVCOG is a contractor, agent or employer of the other. Neither the City or SGVCOG shall represent themselves as contractors, agents or employees of the other Party and shall have no powers to bind the other Party in contract or otherwise.
- B. This MOA, along with the applicable funding requirements of the SGVCOG's agreement with the County of Los Angeles, constitute the entire understanding between the Parties, with respect to the subject matter herein. The MOA shall not be amended except in writing signed by the Parties.
- C. Neither Party hereto shall be considered in default in the performance of its obligations hereunder to the extent that the performance of any such obligation is prevented or delayed by unforeseen causes including acts of God, floods, earthquake, fires, acts of a public enemy, pandemic, and government acts beyond the control and without fault or negligence of the affected Party. Each Party hereto shall give notice promptly to the other of the nature and extent of any such circumstances claimed to delay, hinder, or prevent performance of any obligations under this MOA.
- D. Neither Party shall assign this MOA, or any part thereof, without the prior written consent and prior approval of the other Party, nor any assignment without consent shall be void and unenforceable.
- E. This Agreement shall be governed by California law and any applicable federal law.
- F. If any provision of this MOA is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.
- G. The terms of this MOA shall inure to the benefit of, and shall be binding upon, each of the Parties and their respective approved successors and assigns.

In witness whereof, the Parties enter into this MOA on the date of last execution by the Parties.

FOR THE CITY OF ARCADIA

By: _____
Dominic Lazzaretto
City Manager

Date: _____

ATTEST:

Gene Glasco
City Clerk

APPROVED AS TO FORM:

Stephen Deitsch
City Attorney

FOR THE SAN GABRIEL VALLEY
COUNCIL OF GOVERNMENTS

By: _____
Marisa Creter
Executive Director

Date: _____

APPROVED AS TO FORM:

David DeBerry
General Counsel

EXHIBIT 1

Scope of Work

Program: Homeless Plan Implementation

The City's Homeless Plan will be implemented in accordance with the tasks and deliverables listed below.

Task 1

- Complete four homeless encampment clean-ups. Expenses include removal of large items, bio-hazardous material, and other illegally dumped and encampment waste material.

Deliverables:

- Event summary report, including before and after photographs, for four encampment clean-ups, in the format provided by the SGVCOG

Basis of Billing: Deliverables

Invoice Backup:

- Event Summary Reports

Task 2

- Utilize First Responder, Police Department outreach, Homeless Education and Liaison Program (HELP), team and Fire Department to outreach to respond to calls in connection with people experiencing homelessness with resources.

Deliverables:

- Quarterly report summarizing individuals served and services provided, in the format provided by the SGVCOG

Basis of Billing: Deliverables

Invoice Backup:

- Quarterly Reports
- Staff time/budget supporting documentation

Task 3

- Provide emergency resources (i.e. emergency housing, meals, etc.) to homeless individuals and families with whom the First Responder, Police Department, HELP team, Fire Department, and other City staff connect. Emergency resources will be disbursed with the purpose of providing short-term help to clients and connecting them with the City's housing navigator obtain longer-term resources and housing.

Deliverables

- Quarterly report summarizing individuals/families served and services provided and outcomes, in the format provided by the SGVCOG

Basis of Billing: Expense Reimbursement

Invoice Backup: Invoices, receipts, etc. documenting how funding was used

Task 4

- The SGVCOG has executed a contract with Union Station Homeless Services (USHS) for the purposes of providing housing navigation services for the City. The Housing Navigator will work closely with the City's First Responder/Police Department/HELP Team and Fire Department, administer the City's Prevention/Diversion Program, and work at the Resource Hub/Mobile Showers. The City will participate in the Program by interfacing with the assigned housing navigator, providing input, support, and direction as needed.

Deliverables

- None

Basis of Billing: None

- The SGVCOG will retain \$70,000 of the City's Homeless Plan Implementation funding for the purposes of a Housing Navigation Services contract. The City will receive monthly reports on the services provided and clients assisted.

Task 5

- Administer the program funding

Deliverables:

- Quarterly Reports

Basis of Billing: Fixed Fee (5% of submitted invoice)

A quarterly report, in the format provided by the SGVCOG, must be submitted with each invoice documenting each task, as indicated in the tasks above, any challenges experienced, and upcoming work.

Invoices must include required back-up, including but not limited to deliverables completed, invoices, receipts, and other documents showing how the funds being requested for reimbursement were spent.

Projects must be completed by May 31, 2022.

Program: Prevention and Diversion

Task 1: Union Station Homeless Services and the City will implement a prevention and diversion program that incorporates problem-solving conversations with clients in order to develop an approach towards preventing clients from falling into homelessness or minimizing the amount of time from which clients are facing homelessness.

Eligible activities include but are not limited to the following:

- Housing relocation and stabilization;
- Short-term or medium-term rental assistance;
- Rental application fees;
- Security deposits;
- Utility deposits & payments;
- Moving costs;
- Housing search and placement;
- Housing navigation services;
- Mediation;
- Tenant legal services;
- Credit repair.

Other activities should be discussed with the SGVCOG prior to using funding.

Program implementers and administrators must have completed an approved problem-solving training (e.g. SGVCOG Problem-Solving; LAHSA Problem-Solving Training).

Deliverables:

- Prevention and Diversion Program Report Forms for each client served and outcomes after intervention, in the format provided by the SGVCOG. Quarterly report documenting the number of clients served and outcomes after intervention, in the format provided by the SGVCOG
- Final report at the end of the program documenting number of clients served and outcomes after intervention, in the format provided by the SGVCOG

Basis of Billing: Materials Reimbursement

Invoice Backup: Invoices, receipts, etc. documenting how funding was used

Program: Pilot Program

The City's Pilot Program will be implemented in accordance with the tasks and deliverables listed below.

Task

- Task 1.1: Coordinate with vendors or nonprofits to provide mobile restrooms and showers, and laundry facilities/services
- Task 1.2: Purchase materials for resource hubs, including potential power and water hook up for mobile facilities, light and prepared refreshments, and Personal Protective Equipment (PPE) for staff and attendees
- Task 1.3: Provide staffing to coordinate and implement the resource hub

Deliverables

- Quarterly report summarizing the resource hub events, individuals served, and services provided, in the format provided by the SGVCOG

Basis of Billing: Time and Materials

Invoice Backup:

- Quarterly Reports
- Invoices, receipts, etc. documenting how funding was used

Projects must be completed by May 31, 2021.

EXHIBIT 2

Budget/Schedule

Table 1. Budget

		SGVCOG - Retain for Arcadia	Staff Costs	Direct Costs	Provider Costs	Unit Cost	# of Units		Total	Completion
Homeless Plan Implementation										
Task	Description									
Task 1	Encampment clean-ups					\$5,000.00	4		\$ 20,000.00	5/31/2022
Task 2	First Responder, Police Department, HELP team, and Fire Department Outreach		\$40,000.00						\$ 40,000.00	5/31/2022
Task 3	City emergency resources			\$ 50,000.00					\$ 50,000.00	5/31/2022
Task 4	City-dedicated Housing Navigator	\$ 70,000.00							\$ 70,000.00	5/31/2022
Task 5	Administration		\$ 6,500.00						\$ 6,500.00	5/31/2022
									Implementation Total	\$ 186,500.00 5/31/2022
									Arcadia Subtotal	\$ 116,500.00 5/31/2022
									SGVCOG Subtotal	\$ 70,000.00 5/31/2022
Prevention/Diversion Program										
Task 1	Program Implementation		\$ 1,500.00	\$ 42,000.00					Prevention/Diversion Total	\$ 43,500.00
									\$ 30,000.00	6/15/2021
									\$ 13,500.00	6/15/2022
Pilot Program										
Task 1.1	Resource hub vendor rentals				\$ 120,000.00				\$ 120,000.00	5/31/2021
Task 1.2	Materials			\$ 18,000.00					\$ 18,000.00	5/31/2021
Task 1.3	Staffing		\$12,000.00						\$ 12,000.00	5/31/2021
									Pilot Program Total	\$ 150,000.00 5/31/2021
									Contract Total	\$ 380,000.00
									Arcadia Total	\$ 310,000.00
									SGVCOG Total for Arcadia	\$ 70,000.00

Program: Homeless Plan Implementation

The City shall receive a maximum of \$116,500 for implementation of the City’s Homeless Plan. Funding shall be disbursed on a reimbursement basis and in accordance with Table 1. The City shall allocate \$70,000 to the SGVCOG’s contract with Union Station Homeless Services to receive Housing Navigation services.

Reports and invoices must be submitted quarterly by the first Monday of the month on the following dates:

2021	2022
• February 7, 2021	• February 7, 2022
• May 3, 2021	• May 2, 2022
• August 2, 2021	
• November 1, 2021	

A final report and the final invoice must be submitted by June 15, 2022.

Program: Prevention and Diversion

The City shall receive a maximum of \$43,500 for implementation of the Prevention/Diversion Program. \$30,000 of these funds is derived from Prevention/Diversion allocations, with \$15,000 of this derived from the City of La Cañada Flintridge’s Prevention/Diversion Program allocation. \$13,500 of these funds is derived from the City’s Homeless Plan Implementation allocation. Funding shall be disbursed on a reimbursement basis and in accordance with Table 1.

Reports and invoices must be submitted quarterly by the first Monday of the month on the following dates:

2021	2022
• February 7, 2021	• February 7, 2022
• May 3, 2021	• May 2, 2022
• August 2, 2021	
• November 1, 2021	

\$30,000 of these funds must be expended by June 15, 2021. The remaining \$13,500 must be expended by June 15, 2022. The final report is due by June 15, 2022.

Program: Pilot Program

The City shall receive a maximum of \$150,000 for implementation of the City’s Pilot Program. Funding shall be disbursed on a reimbursement basis and in accordance with Table 1.

Reports and invoices must be submitted quarterly by the first Monday of the month on the following dates:

2021
• February 7, 2021
• May 3, 2021

A final report and the final invoice must be submitted by June 15, 2021.

Exhibit "B"

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF ARCADIA AND THE CITY OF LA CAÑADA FLINTRIDGE
FOR THE MULTIJURISDIATIONAL SAN GABRIEL VALLEY COUNCIL OF
GOVERNMENTS (SGVCOG) PREVENTION/DIVERSION PROGRAM GRANT**

This Memorandum of Understanding ("MOU" or "Agreement") is made and entered by and between the City of Arcadia, a municipal corporation ("Arcadia"), and the City La Cañada Flintridge, a municipal corporation ("La Cañada Flintridge,") for the purpose of improving the current response to homeless individuals, or individuals on the verge of homelessness. Arcadia and La Cañada Flintridge may be referred to herein collectively as the "Parties" or individually as a "Party."

RECITALS:

- A. Arcadia and La Cañada Flintridge collaborated to qualify for the SGVCOG Homeless Prevention/Diversion Program Grant.
- B. Arcadia and La Cañada Flintridge, have a shared desire to work together and jointly coordinate activities to successfully implement a multijurisdictional SGVCOG Homeless Prevention/Diversion Program Grant to combat the growing homelessness issues in the San Gabriel Valley.
- C. The SGVCOG Homeless Prevention/Diversion Program Grant will support homeless diversion and prevention strategies within local communities, and identify local problem areas or issues as they pertain to homelessness.
- D. Arcadia and La Cañada Flintridge were awarded a joint multijurisdictional SGVCOG Homeless Prevention/Diversion Program Grant to provide homeless outreach for homeless prevention/diversion in the amount of \$30,000. Arcadia and La Cañada Flintridge will collaborate on the use of the funds; however, the City with a greater need may use more than their share of the funds if there is a demand and the other City approves.
- E. Arcadia is the lead agency for the multijurisdictional award and as such is the only signatory to the service agreement with Union Station Homeless Services and the only signatory to the SGVCOG Homeless Prevention/Diversion Program Grant.
- F. Arcadia and La Cañada Flintridge desire to set forth the terms of their ongoing collaboration with respect to this effort in this MOU.
- G. Representatives from Arcadia and La Cañada Flintridge will work together in good faith to resolve implementation issues, if any, in a timely manner as they arise.

NOW, THEREFORE, the Parties agree as follows:

I. INCORPORATION OF RECITALS:

The Recitals set forth above are true and correct and are hereby incorporated herein by reference.

II. TERM:

The term of this MOU shall commence upon execution of the MOU by the last of the Parties and shall continue for a period of up to eight (8) months, or from November 1, 2020 to June 15, 2021 or when the funds are expended, or whichever comes first. The term of this MOU may be extended by mutual written agreement of the Parties.

III. RESPONSIBILITIES OF THE PARTIES:

A. ARCADIA. Arcadia will:

1. Lead and solely execute a Memorandum of Understanding (“MOU”) with Union Station Homeless Services (“USHS”) to implement homeless outreach, Homeless Prevention/Diversion Programs in the City of Arcadia and the City of La Cañada Flintridge.
2. Lead and solely execute the Statement of Work (“SOW”) with the SGVCOG.
3. Work with the City of La Cañada Flintridge by consensus and approach decisions in a collaborative manner to implement the objectives of the USHS MOU and the SGVCOG SOW.
4. Seek comment and agreement from the City of La Cañada Flintridge on all contracts, MOUs and SOWs related to this multijurisdictional SGVCOG Homeless Prevention/Diversion Program Grant prior to execution.
5. Coordinate with USHS, the SGVCOG and the City of La Cañada Flintridge, to manage funding and to process all payments received by Arcadia from USHS related to the SGVCOG Homeless Prevention/Diversion Program Grant.
6. Receive, review, and coordinate payment of all consultant invoices received by Arcadia from USHS including invoices for payment of a Housing Navigator (“Housing Navigator”).
7. With respect to the City of Arcadia, monitor the Housing Navigator to ensure all grant deadlines are met and overall work schedule is adhered to.

8. Participate in meetings with the City of La Cañada Flintridge and USHS to review progress toward this multijurisdictional SGVCOG Homeless Prevention/Diversion Program Grant.

B. **LA CAÑADA FLINTRIDGE** La Cañada Flintridge will:

1. Work collaboratively with the City of Arcadia and provide consensus direction to carry out the goals regarding the SGVCOG SOW.
2. Participate in meetings with the City of Arcadia to review progress toward the implementation of this multijurisdictional SGVCOG Homeless Prevention/Diversion Program Grant.
3. With respect to both Cities of Arcadia and La Cañada Flintridge, document the number of potential participants for the SGVCOG Homeless Prevention/Diversion Program Grant.
4. Collaborate with Arcadia for any necessary reports for the SGVCOG Homeless Prevention/Diversion Program Grant incorporating both the City of Arcadia and the City of La Cañada Flintridge's combined progress toward achieving the determined goal.

- C. The Parties understand and agree that the sole source for their obligations shall be SGVCOG Homeless Prevention/Diversion Program Grant described herein. Neither the City of Arcadia nor the City of La Cañada Flintridge shall claim or demand from the other Party to pay any additional funds other than the foregoing.

IV. **PROJECT MANAGEMENT:**

A. **Project Managers.**

1. For purposes of this MOU, Arcadia designates the following individual as its Project Manager: Sara Somogyi, Director of Recreation and Community Services.
2. For purposes of this MOU, La Cañada Flintridge designates the following individual as its Project Manager: Emily Stadnicki, Principal Planner.

Either Party may change the designations set forth herein upon written notice to the other Party.

V. **DEFAULT: REMEDIES:**

- A. **Default.** A "Default" under this MOU is defined as any one or more of the following: (i) failure of either Party to comply with the terms and conditions

contained in this MOU; and/or (ii) failure of either Party to perform its obligations set forth herein satisfactorily or to make sufficient progress toward SGVCOG Homeless Prevention/Diversion Program Grant Implementation.

- B. **Remedies.** In the event of a Default by either Party, the non-defaulting Party will provide a written notice of such Default and thirty (30) days to cure the Default. In the event that the defaulting Party fails to cure the Default, or commit to cure the Default and commence the same within such 30-day period and to the satisfaction of the non-defaulting Party, the non-defaulting Party may terminate this MOU. Such termination shall be effective immediately. The remedies described herein are non-exclusive. In the event of a Default by either Party, ARCADIA and LA CAÑADA FLINTRIDGE shall have the right to seek any and all remedies available at law or in equity.

VI. TERMINATION:

- A. This MOU may be terminated by either Party at any time, with or without cause, by providing written notice of termination to the other Party. Such termination will be effective thirty (30) days after such notice is received.

VII. INDEMNIFICATION:

Arcadia agrees to defend, indemnify, and hold free and harmless La Cañada Flintridge, its elected and appointed boards, officials, officers, agents, employees, members, and volunteers, at City of Arcadia's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against La Cañada Flintridge, its elected and appointed boards, officials, officers, agents, employees, members, and volunteers arising out of or relating to the acts or omissions in connection with this Agreement.

La Cañada Flintridge agrees to defend, indemnify, and hold free and harmless Arcadia, its elected and appointed boards, officials, officers, agents, employees, members, and volunteers, at City of Cañada Flintridge's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the Arcadia, its elected and appointed boards, officials, officers, agents, employees, members, and volunteers arising out of or relating to the acts or omissions in connection with this Agreement.

VIII. INSURANCE:

Arcadia and La Cañada Flintridge shall maintain and keep in full force and effect during the term of this MOU insurance or a program of self-insurance against claims for injuries to persons or damages to property which may arise in connection with Arcadia's or La Cañada Flintridge performance of its obligations hereunder.

IX. OTHER TERMS AND CONDITIONS:

- A. Entire Agreement. This Agreement constitutes the entire understanding between the Parties with respect to the subject matter herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the Parties in interest at the time of such modification.
- B. Governing Law. This Agreement shall be governed by and construed under California law and any applicable federal law without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the Parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Los Angeles County, California.
- C. Attorneys' Fees. In the event that there is any litigation or other legal proceeding between the Parties in connection with this Agreement, each Party shall bear its own costs and expenses, including attorneys' fees.
- D. Excusable Delays. Neither Party hereto shall be considered in default in the performance of its obligations hereunder to the extent that the performance of any such obligation is prevented or delayed by unforeseen causes including acts of God, floods, earthquakes, fires, acts of a public enemy, and government acts beyond the control and without fault or negligence of the affected Party. Each Party hereto shall give notice promptly to the other of the nature and extent of any such circumstances claimed to delay, hinder, or prevent performance of any obligations under this Agreement.
- E. Waiver. Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought.
- F. Headings. The section headings contained in this Agreement are for convenience and identification only and shall not be deemed to limit or define the contents to which they relate.
- G. Assignment. Neither Party may assign its interest in this Agreement, or any part thereof, without the prior written consent of the other Party. Any assignment without consent shall be void and unenforceable.
- H. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

- I. Authority to Execute. The person executing this Agreement on behalf of each respective Party warrants that they are duly authorized to execute this Agreement on behalf of each respective Party, and that by doing so the Parties are formally bound to the provisions of this Agreement.

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first above written.

CITY OF ARCADIA

CITY OF LA CAÑADA FLINTRIDGE

By: _____
Dominic Lazzaretto
City Manager

By: _____
Mark R. Alexander
City Manager

Date: _____

Date: _____

ATTEST:

ATTEST:

City Clerk

City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Stephen P. Deitsch
City Attorney

Adrian R. Guerra
City Attorney

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT No. 100120ARCSP-02**

This Agreement for the San Gabriel Valley Council of Governments Funding for the development and implementation of a homeless prevention and diversion program (herein referred to as the "**Agreement**"), is made and entered into this 20th day of October 2020, between the City of Arcadia and the City of La Cañada Flintridge, hereinafter referred to as the "**Cities**", and Union Station Homeless Services, a California non-profit public benefit corporation organized under the laws of the State of California, hereinafter referred to as the "**Sub-Recipient**", with the Cities and the Sub-Recipient collectively referred to as the "**Parties**", with reference to the following:

RECITALS

WHEREAS, in response to the growing crisis of homelessness in Los Angeles County, the San Gabriel Valley Council of Governments (SGVCOG) received funding for homeless programs from the California State Budget and County of Los Angeles; and

WHEREAS, the SGVCOG identified regional homeless programs and developed a framework and approach to distribute funding; and

WHEREAS, funding was allocated to cities to develop and implement a homeless prevention and diversion program; and

WHEREAS, the Cities jointly applied, and was approved to receive the SGVCOG funding to implement a homeless prevention and diversion program; and

WHEREAS, the Cities require professional services to develop and implement a homeless prevention and diversion program that will have services targeting residents at-risk of becoming homeless or those that are recently homeless; and the Sub-Recipient is qualified by virtue of its experience and facilities to execute the homeless prevention and diversion program.

WHEREAS, the Cities desire to allocate to the Sub-Recipient a portion of the SGVCOG funding to enable the Sub-Recipient to provide homeless prevention and diversion program services; and,

WHEREAS, the City of Arcadia shall be the main entity to administer the SGVCOG funding on behalf of the Cities,

NOW, THEREFORE, the Cities and Sub-Recipient agree as follows:

I. SCOPE OF SERVICES

1. Service Area: The service areas shall extend throughout the municipalities of Arcadia and La Cañada Flintridge.
2. Statement of Work: Sub-Recipient shall perform all the services ("**Services**") described in the Statement of Work set forth as Exhibit "A" to this Agreement, a copy of which is attached hereto and incorporated herein by reference.

II. BUDGET

The Cities agree to allocate Homeless Prevention and Diversion Program SGVCOG funding, which originate from the State of California and County of Los Angeles, to reimburse the Sub-Recipient subject to the conditions set forth in this Agreement.

The Sub-Recipient shall comply with the Statement of Work set forth as Exhibit "A" to this Agreement ("to this Agreement, a copy of which is attached hereto and incorporated herein by reference.

III. **TIME OF PERFORMANCE**

The Services of the Sub-Recipient shall commence as of November 1, 2020 and shall continue until the program completion date of June 15, 2022.

The Parties hereto understand that Cities have authorized the performance of the Statement of Work described in Exhibit "A" attached hereto, commencing on November 1, 2020. Sub-Recipient hereby agrees to commence said Services as of that date and to complete said Services on or before June 15, 2022 in accordance with all the terms and provisions of this Agreement.

The total amount of compensation set forth in Section IV of this Agreement may be amended, modified or supplemented by the Cities in their sole and absolute discretion to reflect such amount as Cities deem necessary and appropriate, which determination shall be based on such factors as, but not limited to, the amount of the SGVCOG funding available for the Cities to allocate for homeless prevention and diversion program services.

IV. **COMPENSATION AND METHOD OF PAYMENT**

1. Partner agreement Between Cities: Cities will execute a partner agreement to define terms of the procedural administration to collectively fund this Agreement. The partner agreement shall be between the City of Arcadia and the City of La Cañada Flintridge, and the Sub-Recipient shall not be party to such agreement. Cities collectively agree that failure of the Cities to execute the partner agreement shall not negatively impact the compensation terms outlined in this Section IV of this Agreement.
2. Reimbursement of Sub-Recipient Cost: City of Arcadia shall reimburse Sub-Recipient for allowable costs incurred under the scope of this Agreement which have not been paid for or reimbursed in any other manner by any other Agency or private source of funding.

Subject to the conditions set forth in this Agreement, City of Arcadia will reimburse Sub-Recipient a maximum of Thirty Thousand (\$30,000) to support the scope of Services. Payment of eligible expenses shall be made against the program budget specified in Exhibit "B", attached hereto and by this reference incorporated herein ("**Budget**").

Disbursement of payment to Sub-Recipient shall be made by quarterly reimbursements, contingent upon City of Arcadia's receipt of a Sub-Recipient's quarterly invoice. Invoice shall include expenditure reports and "Audit Ready" supportive evidence of expenditures, in accordance with Federal regulations.

Sub-Recipient will submit its quarterly invoice by the fifteen (15th) day of the quarter of in which the Sub-Recipient provided the services. Within 30 days of receipt Sub-Recipient's invoice, City of Arcadia will draw a warrant in favor of Sub-Recipient for approved expenditure amounts. In the event that Sub-Recipient submits its quarterly invoice after the fifteenth (15th) day of the quarter, City of Arcadia will provide payment within thirty (30) calendar days of the submission date.

V. **NOTICES**

All notices, Certificates of Insurance, and other communications must be in writing and will be deemed to have been duly given only if delivered personally or mailed (certified or registered, postage prepaid, return receipt requested) to the Parties at the addresses that follow. Such notification and communications will be deemed received when delivered if by personal delivery, or two (2) business days from the date of mailing (postmark date) when delivered by U.S. Postal Service.

CITIES:

City of Arcadia
Attn: Dominic Lazzaretto, City Manager
240 W. Huntington Drive
Arcadia, CA 91007
Telephone: (626) 574-5401
Fax: (626) 446-5729
Email: domlazz@arcadiaca.gov

City of La Cañada Flintridge
Attn: Mark R. Alexander, City Manager
One Civic Center Drive
La Cañada Flintridge, CA 91011

SUB-RECIPIENT:

Union Station Homeless Services
Attn: Anne Miskey, Chief Executive Officer
825 E. Orange Grove Blvd.
Pasadena, CA 91104
Telephone: (626) 240-4550
Email: amiskey@unionstationhs.org

VI. GENERAL CONDITIONS

- A. City Review: The Cities reserve the right to review and approve actions and decisions taken by Sub-Recipient regarding operation of Homeless Prevention and Diversion Program Services for compliance with all applicable regulations.
- B. Sub-Recipient Status:
1. The Cities recognize Sub-Recipient as an independent non-profit organization and agree to reasonably cooperate in protecting its image as a politically neutral organization.
 2. Sub-Recipient shall act as an independent contractor in the performance of the services provided for in this Agreement and shall furnish such services in Sub-Recipient's own manner and method and in no respect shall Sub-Recipient be considered an agent or employee of the Cities.
 3. Sub-Recipient warrants and agrees that it is not a party listed on the General Service Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension." If the amount of this Agreement exceeds the small purchase threshold as established by 41 U.S.C. 403(11) (currently \$25,000), Sub-Recipient agrees to provide the required certification regarding its exclusion status.
- C. Indemnification: Sub-Recipient hereby agrees to the following:
1. Indemnification for Professional Services. Sub-Recipient will save harmless and indemnify Cities and, at Cities' request, reimburse defense costs for Cities and all their officials, officers, volunteers, employees and agents from and against any and all suits, actions, or claims, of any character whatever, brought for, or on account of, any injuries, including death or damages sustained by any person or property resulting or arising from any

negligent or wrongful act, error or omission by Sub-Recipient or any of Sub-Recipient's officials, officers, volunteers, employees and agents, in the performance of this Agreement.

2. Indemnification for other Damages. Sub-Recipient shall indemnify and hold Cities and their officials, officers, volunteers, employees and agents harmless from and against any claim, action, damages, costs (including, without limitation, attorney's fees), injuries, or liability, arising out of this Agreement, or its performance. Should Cities be named in any suit, or should any claim be brought against them by suit or otherwise, whether the same be groundless or not, arising out of this Agreement, or its performance, Sub-Recipient will defend Cities (at Cities' request and with counsel satisfactory to Cities) and will indemnify Cities for any judgment rendered against them or any sums paid out in settlement or otherwise.
 - a. For purposes of this section "Cities" include Cities' officers, officials, employees, agents, and representatives.
 - b. It is expressly understood and agreed that the foregoing provisions will survive termination of this Agreement.
 - c. Cities do not, and shall not, waive any rights against Sub-Recipient which it may have by reason of the aforesaid hold-harmless Agreement because of the acceptance by Cities or the deposit with Cities by Sub-Recipient, of any of the insurance policies hereinafter described in this Agreement.
 - d. The aforesaid hold-harmless Agreement by Sub-Recipient shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations of Sub-Recipient, or any subcontractor of Sub-Recipient, regardless of whether such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.
 - e. The provisions of this section do not apply to claims occurring as a result of the Cities' sole negligence or willful acts or omissions.

- D. Compliance with Laws and Assurances: Sub-Recipient hereby assures and certifies that it has complied and will continue to comply with all applicable Federal, State, and local laws, ordinances, regulations, policies, guidelines, and requirements as they relate to acceptance and use of funds for this assisted program. This Agreement is subject to all such laws, ordinances, regulations, policies, and guidelines.

Notwithstanding any other provision of this Agreement, Cities may elect not to make a particular payment on account of this Agreement if:

1. Misrepresentation: Sub-Recipient, with or without knowledge, shall have made any misrepresentation of a substantial and material nature with respect to any information furnished to Cities.
2. Litigation: There is then pending litigation with respect to the performance by Sub-Recipient of any of its duties or obligations hereunder which may jeopardize or adversely affect carrying out its scope of services including any court action or proceeding involving the Federal Bankruptcy Act.
3. Default: Sub-Recipient is in default under any provision of this Agreement.
4. Reduction in Funds: Cities' SGVCOG funding source is reduced.

- E. Disputes and Remedies: Claims, disputes, and other matters in question between the Parties arising out of or relating to this Agreement or the breach thereof, must be resolved by the following procedure:
1. Cities and Sub-Recipient will exercise their best efforts to resolve disputes through the development of a consensus. A meeting may be requested by Cities or Sub-Recipient at any time for the purpose of resolving a dispute. A determination by City Managers will be made within two (2) weeks after a meeting to resolve the dispute;
 2. If unresolved within thirty (30) days, then City Manager, or his designee, will make a final determination;
 3. Following the City Manager's final determination, the Parties may submit any unresolved matters to non-binding mediation. The Parties may, but are not required to be, represented by counsel in mediation;
 4. If the Parties do not agree to mediation, or if mediation does not resolve the Parties' dispute, the matter may be pursued in Los Angeles County Superior Court, or the United States District Court, Central District of California, if federal jurisdiction exists.
 5. The Parties' rights and remedies under this Agreement are in addition to any other rights and remedies provided by law.
- F. Non-Assignment: This Agreement is not assignable either in whole or in part by Sub-Recipient without the written consent of Cities.
- G. Termination of Agreement: The Cities may terminate this Agreement upon giving a thirty (30) day advance written notice of such termination to Sub-Recipient. In that event, the City Manager, or his designee, based upon work accomplished by Sub-Recipient prior to notice of such termination, shall determine the amount of fees to be paid to Sub-Recipient for such services based upon accepted accounting practices. This finding by the City Manager, or his designee, shall be considered by the City Council and the Council's determination shall be final and conclusive as to the amount of such fee.
- H. Insurance: Sub-Recipient shall not commence work under this contract until Sub-Recipient shall have obtained all insurance required by this Agreement and such insurance shall have been approved by Cities as to form, amount and carrier, nor shall Sub-Recipient allow any subcontractor of Sub-Recipient to commence work on any subcontract until all similar insurance required of the subcontractor of Sub-Recipient shall have been so obtained and approved.
1. COMPENSATION INSURANCE. Sub-Recipient shall take out and maintain, during the life of this contract, Worker's Compensation Insurance for all of Sub-Recipient's employees employed to perform the Services as described section 2 of the Agreement; and, if any work is sublet, Sub-Recipient shall require the subcontractor of Sub-Recipient similarly to provide Worker's Compensation Insurance for all of the latter's employees, unless such employees are covered by the protection afforded by Sub-Recipient. If any class of employees engaged in work under this Agreement is not protected under any Workers' Compensation law, Sub-Recipient shall provide and shall cause each subcontractor of Sub-Recipient to provide adequate insurance for the protection of employees not otherwise protected. Sub-Recipient shall indemnify Cities for any damage resulting to it from failure of either Sub-Recipient or any subcontractor of Sub-Recipient to take out or maintain such insurance.
 2. COMPREHENSIVE GENERAL LIABILITY, PROFESSIONAL LIABILITY, COMPREHENSIVE AUTOMOBILE LIABILITY AND CONTRACTUAL GENERAL LIABILITY INSURANCE. Sub-Recipient shall take out and maintain during the life of

this contract comprehensive general liability, products/completed operations hazard, comprehensive automobile liability and contractual general liability insurance and shall protect Cities, their elective and appointive boards, officers, agents and employees, Sub-Recipient, and any subcontractor of Sub-Recipient performing work covered by this contract, from claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Sub-Recipient or any subcontractor of Sub-Recipient's operations under this contract, whether such operations be by Sub-Recipient or by any subcontractor of Sub-Recipient, or by anyone directly or indirectly employed by either Sub-Recipient or any subcontractor of Sub-Recipient, and the amounts of such insurance shall be as follows:

- a. Commercial General Liability Insurance in an amount of not less than ONE MILLION DOLLARS (\$1,000,000);
- b. Professional Liability Insurance in an amount of not less than ONE MILLION DOLLARS (\$1,000,000);
- c. Comprehensive Automobile Liability Insurance in an amount of not less amount of not less than ONE MILLION DOLLARS (\$1,000,000).

A combined single limit policy with aggregate limits in an amount of not less than TWO MILLION DOLLARS (\$2,000,000) shall be considered equivalent to the said required minimum limits set forth in subsections (i),(ii), and (iii) above.

PROOF OF INSURANCE. The insurance required by this Agreement shall be with insurers which are A.M. Best A rating not less than A:VII, and California-Admitted, or better. The Cities, their officials, officers, volunteers, employees and agents shall be named as "additional insured" on all policies required hereunder, except for Professional Liability Insurance, and Sub-Recipient shall furnish the Cities' Clerk, concurrently with the execution hereof, with satisfactory proof of carriage of the insurance required, and adequate legal assurance that each carrier will give Cities at least thirty (30) days' prior notice of the cancellation of any policy during the effective period of the contract.

ADDITIONAL INSURED STATUS. The Cities, their directors, officials, officers, employees, agents and volunteers shall be provided additional insured status under Sub-Recipient's General Liability policy with respect to liability for bodily injury, property damage, personal injury, or advertising injury cause in whole or in part, by Sub-Recipient's acts or omissions or the acts or omissions of those acting on behalf of the Sub-Recipient in performance of its Services.

NOTICE TO COMMENCE WORK. The Cities will not issue any notice authorizing Sub-Recipient or any subcontractor to commence work under this Agreement until Sub-Recipient has provided to the Cities' Clerk the proof of insurance as required by subparagraph (C) of this article.

- I. Amendments; Variations: The Cities or Sub-Recipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations, and approved by the Cities' governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the Cities or Sub-Recipient from their obligations under this Agreement.

The Cities may, in their discretion, amend this Agreement to conform with Federal, State, or local governmental guidelines, policies, and available funding amounts, budget modifications or for other reasons. If such amendments result in a change in the funding, scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both Cities and Sub-Recipient.

The City Manager of Arcadia, or designee, is authorized to modify the budget of this Agreement in the form of a written amendment or written document hereto for the movement of funds within the budget categories identified in Exhibit "B" on behalf of the Cities, when such modifications:

1. Do not alter the total amount of compensation under this Agreement;
 2. Will not change the project goals or scope of services; and
 3. Are in the best interests of the Cities, the SGVCOG and the Sub-Recipient in performing the scope of services under this Agreement.
- J. Changes in Grant Allocation: Cities reserve the right to reduce the grant allocation when Cities' fiscal monitoring indicates that Sub-Recipient's rate of expenditure will result in unspent funds at the end of the Agreement term. Changes in the grant allocation will be done only after prior consultation with the Sub-Recipient, and such changes shall be incorporated into this Agreement by written amendments.
- K. Program Monitoring: The Cities will conduct periodic program monitoring reviews. These reviews will focus on the extent to which the planned program has been implemented and measurable objectives achieved, effectiveness of program management, and impact of the program. Authorized representatives of Cities and SGVCOG shall have the right of access to all activities and facilities operated by the Sub-Recipient under this Agreement. Facilities include all files, records, and other documents related to the performance of this Agreement. Activities include attendance at staff, board of directors, advisory committee, and advisory board meetings and inspection by Cities' and SGVCOG representatives, and ensure that its employees and board members furnish such information, as in the judgment of Cities and SGVCOG, may be relevant to the question of compliance with contractual conditions and SGVCOG directives, or the effectiveness, legality, and achievements of the program.

VII. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

1. Accounting Standards: The Sub-Recipient agrees to comply with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.
2. Cost Principles: The Sub-Recipient shall administer its program in conformance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*." These principles shall be applied for all costs whether charged on a direct or indirect basis.
3. Joint Funding: For programs in which there are sources of funds in addition to SGVCOG funds, the Sub-Recipient shall provide proof of such funding. The Cities shall not pay for any services provided by the Sub-Recipient which are funded by other sources. All restrictions and/or requirements provided in this Agreement relative to accounting, budgeting, and reporting applies to the total program regardless of funding sources.

B. Documentation & Record Keeping

1. Records to be Maintained: Sub-Recipient shall maintain all records required by the Federal Regulations specified in 24 CFR Part 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include, but not be limited to:
 - a. Records providing a full description of each activity undertaken;

- b. Records demonstrating that each activity undertaken meets the requirements of;
 - c. Records required to determine the eligibility of activities;
 - d. Financial records as required by 24 CFR Part 570.502, and 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 CFR 200.333-337); and
 - e. Other records necessary to document compliance with Subpart K of 24 CFR 570.
2. Records Retention: Sub-Recipient shall maintain all records required by the Federal regulations specified in 24 CFR, Part 570.506, that are pertinent to the activities funded under this Agreement, and as further described in Exhibit "A."

Financial records, supporting documents, statistical records, and all other records pertaining to the use of the funds provided under this Agreement shall be retained by the Sub-Recipient for a period of five (5) years, at a minimum, and in the event of litigation, claim, or audit, the records shall be retained until all litigation, claims, and audit findings involving the records have been fully resolved. Records for non-expendable property acquired with funds provided under this Agreement shall be retained for three (3) years after the final disposition of such property.

3. Reversion of Assets: Upon the expiration or termination of this Agreement, for any reason whatsoever, Sub-Recipient shall forthwith transfer to Cities, any funds on hand at the time of such expiration or termination and any accounts receivable attributable to the use of funds including, without limitation, program income.
4. Close Outs: Sub-Recipient 's obligation to the Cities shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to Cities), and determining the custodianship of records.
5. Audits: Sub-Recipient is required to arrange for an independent financial and compliance audit annually for each fiscal year funds are received under this Contract. Audits must be in compliance with *Single Audit Act Amendments of 1996* and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. An audit may be conducted by Federal, State, or local funding source agencies as part of the Cities' audit responsibilities. The results of the independent audit must be submitted to the Cities within thirty (30) days of completion. Within thirty (30) days of the submittal of the audit report, the Sub-Recipient shall provide a written response to all conditions of findings reported in the audit report. The response must examine each condition or finding and explain a proposed resolution, including a schedule for correcting any deficiency. All conditions or finding correction actions shall take place within six (6) months after receipt of the audit report. Cities and their authorized representatives shall at all times, have access for the purpose of audit or inspection, to any and all books, documents, papers, records, property, and premises of the Sub-Recipient. The Sub-Recipient s staff will cooperate fully with authorized auditors when they conduct audits and examinations of the Sub-Recipient's program. If indications of misappropriation or misapplication of the funds of this Contract cause Cities to require a special audit, the cost of the audit will be encumbered and deducted from this Contract budget. Should Cities subsequently determine that the special audit was not warranted, the amount encumbered will be restored to the Contract budget. Should the special audit confirm misappropriation or misapplication of funds, the Sub-Recipient shall reimburse Cities the amount of misappropriate or misapplication. In the event Cities use the judicial system to recover misappropriated or misapplied funds, the Sub-Recipient shall reimburse Cities' legal fees and court costs in addition to awards.

C. Reporting

1. Program Reporting: The Sub-Recipient agrees to prepare and submit to the City Manager quarterly program progress/activity reports, evaluations, and other reports as required by the SGVCOG or Cities. The Sub-Recipient shall maintain such property, personnel, financial, and other records and accounts as are considered necessary by SGVCOG or Cities to assure proper accounting for all Contract funds, as specified in Exhibit "A." All the Sub-Recipient's records, with the exception of confidential client information, shall be made available to representatives of Cities and the appropriate agencies. Sub-Recipient is required to submit data necessary to complete the Housing Element Annual Performance Report in accordance with State regulations in the format and at the time designated by the Cities.

D. Procurement

1. Administrative Standards: The Sub-Recipient shall procure all materials, property, or services in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 CFR 200.67, and 2 CFR 200.318-326).
2. Purchase and Invoice Deadlines: Purchase of equipment or property must be completed before the last three (3) months of the initial performance period and all equipment bills are to be paid before the last two (2) months of this period. No expendable or non-expendable property or equipment is to be purchased during the final three (3) months of the initial performance period unless approved by Cities in writing. Invoices for all obligations incurred under this Contract must be submitted to City Manager within sixty (60) days after the initial performance period termination date or they may not be honored. Exceptions to the preceding limitations require prior written approval by the Cities.
3. Non-Expendable Property: A record shall be maintained by Sub-Recipient for each item of non-expendable property acquired for this program. This record shall be provided to Cities as well as being available for inspection and audit upon reasonable notice by the Cities at the request of the Cities. Non-expendable property means tangible personal property having a useful life of more than one (1) year and an acquisition cost of Three Thousand Dollars (\$3000.00) or more per unit. The Sub-Recipient shall not purchase or agree to purchase non-expendable property without the prior written approval from the Cities. Upon completion or early termination of this Agreement, Cities reserves the right to determine the final disposition of the non-expendable property acquired for this program and SGVCOG funds in compliance with applicable laws and regulations. The disposition may include, but is not limited to, Cities taking possession of the non-expendable property.
4. Expendable Personal Property: Expendable personal property refers to all tangible personal property other than non-expendable personal property. The Sub-Recipient shall not purchase or agree to purchase expendable personal property with a unit value of Three Thousand Dollars (\$3000.00) or more per unit without the prior written approval of the Cities.
5. Purchase or Lease of Non-Expendable Property or Equipment: Sub-Recipient shall purchase or lease from the lowest responsive and responsible bidder. All equipment that has a purchase or lease price of Three Thousand Dollars (\$3000.00) in unit value and life expectancy of more than one (1) year shall be properly identified and inventoried and shall be charged at its actual price. This inventory shall be provided to Cities as well as being available for inspection and audit upon reasonable notice by the Cities at the request of Cities.
6. Travel and Conference Restrictions: The Sub-Recipient certifies and agrees that prior approval for travel and conference expenses will be obtained from the City of Arcadia's City

Manager for travel outside of Los Angeles County. These expenses must be specifically provided for in Exhibit "A" hereto.

7. Procurement and Construction Contracts: All procurement and construction contracts shall comply with all relevant portions of OMB Circular A-110, including, but not limited to, the provisions required by Appendix A of OMB Circular A-110 as described below:
 - a. Provisions or conditions that allow for administrative, contractual, or legal remedies for breach of contract, and sanctions and penalties for the breach; this condition applies only to procurement contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403 (11) (currently \$25,000);
 - b. Provisions for termination for cause and for convenience by Sub-Recipient, the manner that such termination will be effected, and the basis for settlement; this condition applies only to procurement contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403 (11) (currently \$25,000);
 - c. Provisions requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity" as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity" and as supplemented in Department of Labor Regulations (41 CFR Part 60). (This Order provides, in part, that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federally assisted construction contracts);
 - d. Provisions evidencing compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 74 as supplemented in Department of Labor regulations 29 CFR Part 3). (This Act makes it a criminal offense for any person to induce, by any manner whatsoever, any person employed in the construction, prosecution, completion, or repair of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, to give up any part of the compensation to which he is entitled under his contract of employment.); this condition is required of all contracts and subgrants in excess of two thousand dollars (\$2,000) for construction or repair.
 - e. Provisions evidencing compliance with the Davis-Bacon Act (40 U.S.C. 276 a to a-7) as supplemented by Department of Labor regulations 29 CFR Part 6, (this Act requires provisions regarding minimum wages, fringe benefits, payments with deductions or rebates, withholding funds from contractors to ensure compliance with the wage provision, and termination of the contract or debarment for failure to adhere to the required priority); this condition is required only for construction contracts in excess of two thousand dollars (\$2,000);
 - f. Notice of any Cities' requirements and regulations pertaining to reporting copyrights in accordance with 29 CFR 8534; and patents in accordance with 37 CFR Part 401;
 - g. Access by Sub-Recipient, the Cities, the SGVCOG grantor agency, the Comptroller General of the United States, or documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions;
 - h. Provisions requiring retention of all required records for five years after Cities makes final payments and all other pending matters are closed;
 - i. For contracts in excess of one hundred thousand dollars (\$100,000), provisions requiring compliance with all applicable standards, orders, or requirements of the Clear Air Act (42 U.S.C. 7401 et. seq. and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et. seq.); and provisions requiring that violations of the

Clean Air Act and the Federal Water Pollution Control Act be reported to the Federal grant awarding agency and the Regional Office of the U.S. Environmental Protection Agency (EPA);

- j. Mandatory standards and policies relating to energy efficiency which are contained in the State Energy Conservation Plan issued in compliance with the Energy Police and Conservation Act (P.L. 94-163).
- k. Where applicable, all contracts in excess of \$2,000 for construction contracts and in excess of \$25,000 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333). as supplemented by Department of Labor regulations (29 CFR part 5).
- l. Contracts or agreements for the performance of experimental, development, or research work shall provide for the rights of the Federal Government and the recipient in a resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements."
- m. Contractors who apply or bid for an award of \$100,000 or more shall file the required certification in compliance with 31 U.S.C. 1352, "Byrd Anti-Lobbying Amendment."
- n. No contract shall be made to Parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension." Contractors with awards in excess of the small purchase threshold shall provide the required certification regarding exclusion status.

VIII. PERSONNEL AND PARTICIPANT CONDITIONS

- A. Equal Employment Opportunities Practices: Sub-Recipient shall make every effort to ensure that all projects funded wholly or in part by SGVCOG funds shall provide equal employment and career advancement opportunities for minorities and women. In addition, Sub-Recipient shall make every effort to employ residents of the area and shall keep a record of the positions that have been created directly or as a result of this program.
 - 1. Provision of Program Services
 - a. Sub-Recipient shall not on the ground of race, color, religion, national origin, sex, handicap or familial status exclude any person from participation in, deny any person the benefits of, or subject any person to discrimination under any program or activity funded in whole or in part with SGVCOG funds.
 - b. Sub-Recipient shall not under any program or activity funded in whole or in part with SGVCOG funds, on the ground of race, color, religion, national origin, sex, handicap or familial status:
 - (1) Deny any facilities, services, financial aid or other benefits provided under the program or activity.
 - (2) Provide any facilities, services, financial aid or other benefits which are different or are provided in a different form from that provided to others under the program or activity.

- (3) Subject a client to segregated or separate treatment in any facility in, or in any manner of process related to receipt of any service or benefit under the program or activity.
 - (4) Restrict in any way access to, or in the enjoyment of any advantage or privilege enjoyed by others in connection with facilities, services, financial aid, or other benefits under the program or activity.
 - (5) Treat an individual differently from others in determining whether the individual satisfies any admission, enrollment, eligibility, membership, or other requirement or condition which the individual must meet in order to be provided any facilities, services, or other benefit provided under the program or activity.
 - (6) Deny a client an opportunity to participate in a program or activity as an employee.
- c. Sub-Recipient may not utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination on the basis of race, color, religion, national origin, sex, handicap, or familial status or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity for individuals of a particular race, color, religion, national origin, sex, handicap or familial status.
 - d. Sub-Recipient, in determining the site or location of housing or facilities provided in whole or in part with SGVCOG funds, may not make selections of such site or location which have the effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination on the grounds of race, color, religion, national origin, sex, handicap, or familial status or which have the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Civil Rights Act of 1964 and amendments thereto.
 - e.
 - (1) In administering a program or activity funded in whole or in part with SGVCOG funds regarding which Sub-Recipient has previously discriminated against persons on the grounds of race, color, religion, national origin, sex, handicap, or familial status, Sub-Recipient must take affirmative action to overcome the effects of prior discrimination.
 - (2) Even in the absence of such prior discrimination, Sub-Recipient, in administering a program or activity funded in whole or in part with SGVCOG funds, should take affirmative action to overcome the effects of conditions which would otherwise result in limiting participation by persons of a particular race, color, religion, national origin, sex, handicap, or familial status. Where previous discriminatory practice or usage tends, on the grounds of race, color, national origin, sex, handicap, or familial status, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which SGVCOG funding applies, Sub-Recipient has an obligation to take reasonable action to remove or overcome the consequences of the prior discriminatory practice or usage, and to accomplish the purpose of the Civil Rights Act of 1964.
 - (3) Sub-Recipient shall not be prohibited by this part from taking any eligible action to ameliorate an imbalance in services or facilities provided to any geographic area or specific group of persons within its jurisdiction where the purpose of such action is to overcome prior discriminatory practice or usage.
 - f. Notwithstanding anything to the contrary in the provisions under Section VIII.A.(1)(b)(1)-(5), nothing contained herein shall be construed to prohibit the Sub-

Recipient from maintaining or constructing separate living facilities or rest room facilities for the different sexes. Furthermore, selectivity on the basis of sex is not prohibited when institutional or custodial services can properly be performed only by a member of the same sex as the recipients of the services.

2. Employment Discrimination

- a. Sub-Recipient shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, handicap, or familial status. Sub-Recipient shall take affirmative action to ensure that applicants are employed, and that employees are treated, during employment, without regard to their race, color, religion, sex, national origin, age, handicap, or familial status. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training including apprenticeship. Sub-Recipient agrees to post in conspicuous place available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
- b. Sub-Recipient shall, in all solicitations or advertisements for employees placed by or on behalf of the Sub-Recipient, state that all qualified applicants will receive consideration for employment without regards to race, color, religion, sex, national origin, age, handicap, or familial status.
- c. Sub-Recipient shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by Cities' contracting officers advising the labor union or workers' representative of the Sub-Recipient 's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notices in conspicuous places available to employees and applicants for employment.
- d. Sub-Recipient shall comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- e. Sub-Recipient shall furnish to the Cities all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the related rules, regulations, and orders.
- f. In the event of Sub-Recipient's failure to comply with any rules, regulations, or orders required to be complied with pursuant to this Agreement, the Cities may cancel, terminate, or suspend in whole or in part its performance and the Sub-Recipient may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- g. Sub-Recipient shall include the provisions of the "Equal Employment Opportunities Practices," Section VIII.A. and all relevant subsections, in every sub-contract or purchase order unless exempted by rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each sub-contractor or vendor. Sub-Recipient shall take such action for any sub-contract or purchase order as the Cities may direct as a means of enforcing such provisions including sanctions for non-compliance; provided, however, that, in the event the Sub-Recipient becomes involved in, or is threatened with, litigation with a sub-contractor or vendor as a result

of such direction by the Cities, the Sub-Recipient may request the United States to enter into such litigation to protect the interests of the United States.

- h. Sub-Recipient shall not discriminate on the basis of age in violation of any provision of the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or regarding any otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).
- i. Sub-Recipient shall also provide ready access to and use of all SGVCOG funded assisted buildings to physically handicapped persons in compliance with the standards established in the Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.) and the Americans with Disabilities Act (42 U.S.C. §12101 et. seq.).
 - (1) Remedies: In the event of Sub-Recipient's failure to comply with any rules, regulations, or orders required to be complied with pursuant to this Agreement, the Cities may cancel, terminate, or suspend in whole or in part its performance and Sub-Recipient may be declared ineligible for further Government contracts and any such other sanctions as may be imposed and remedies invoked as provided by law.

B. Personnel Policies: Cities may review Sub-Recipient's personnel policies and may make available to Sub-Recipient personnel policies developed by Cities. Cities' personnel policies are optional with Sub-Recipient, unless (a) at the time of negotiations of this Agreement, Cities mandate Sub-Recipient to use the Cities-developed personnel policies, in which case the requirement is attached hereto under special provisions, or (b) Cities verify personnel management problems during the program year, in which instance the Cities' Manager may require use of the Cities-developed personnel practices, including use of Cities' Personnel Policies Manual, as a condition of continued funding of future contract awards. Personnel policies include, but are not limited to, staff size and levels, salaries, supervisory-subordinate ratios, consultant fees, fringe benefits and other related matters.

C. Nepotism: Sub-Recipient hereby agrees not to hire or permit the hiring of any person to fill a position funded through this Agreement if a member of that person's immediate family is employed in an administrative capacity by Sub-Recipient. For the purposes of this section, the term "immediate family" means spouse, child, mother, father, brother, sister, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, aunt, uncle, niece, nephew, stepparent and stepchild. The term "administrative capacity" means having selection, hiring, supervisory or management responsibilities including serving on the governing body of Sub-Recipient.

D. Outside Employment: In its written personnel policies, Sub-Recipient shall include the following provisions governing outside employment of its employees:

1. Such employment shall not interfere with the efficient performance of the employee's duties in the implementation of this Agreement.
2. Such employment shall not involve a conflict of interest or an appearance of impropriety with the employee's duties in the implementation of this Agreement.
3. Such employment shall not involve the performance of duties which the employee should perform as part of his or her employment in the implementation of this Agreement; and
4. Such employment shall not occur during the employee's regular or assigned working hours in the implementation of this Agreement, unless, during the entire day on which such employment occurs, the employee is on vacation, compensatory leave or leave without pay.

5. Sub-Recipient shall establish effective procedures to enforce these provisions and must provide specific procedures regarding outside employment of its full-time personnel whose duties are not readily confined to a standard work-day or work-week. This personnel includes, but is not limited to, Executive Directors, neighborhood workers and other employees whose responsibilities may require them to be available for duty during evenings or on weekends.

E. Conduct

1. Subcontracts

- a. Approvals: The Sub-Recipient shall not enter into any subcontracts with any agency or individual in the performance of this contract without the written consent of the Cities, prior to the execution of such agreement.
- b. Monitoring: Sub-Recipient will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of non-compliance.
- c. Content: Sub-Recipient shall cause all of the provisions of this contract, in its entirety, to be included in and made a part of any subcontract executed in the performance of this Agreement.
- d. Selection Process: Sub-Recipient shall undertake to ensure that all subcontracts let in the performance of this AGREEMENT shall be awarded on a fair and open competition basis. Executed copies of all subcontracts shall be forwarded to the Cities along with documentation concerning the selection process.

2. Conflict of Interest: Sub-Recipient agrees to abide by the provisions of 24 CFR, Part 570.611 regarding conflicts of interest. Sub-Recipient certifies that no member, officer, or employee of the Sub-Recipient is an officer or employee of the

Cities, or a member of any of their boards, commissions, or committees or entities that have any interest or holding which could be affected by any actions taken in execution of this Agreement.

3. Lobbying & Lobbying Certification: Sub-Recipient certifies, to the best of its knowledge and belief, that no State appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, any government official, an officer or employee of the State Legislature in connection with the awarding of any State contract, the making of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any State contract, grant, loan, or cooperative agreement.

4. No Benefit to Arise to Local Employee: No member, officer, or employee of the Cities, or its designees or agents, no member of the governing body of Cities, and no other public official who exercises any functions or responsibilities regarding the program during his tenure or for one year thereafter, shall have any interest, direct or indirect, in this Agreement or in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Agreement.

5. Use of Funds for Entertainment or Gifts: Sub-Recipient certifies and agrees that it will not use funds provided through this Agreement to pay Sub-Recipient for entertainment or gifts.

6. Copyright: If this contract results in any copyrightable material or inventions, the Cities and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable

license to reproduce, publish, or otherwise use and to authorize others to use, the work or materials for government purposes. Sub-Recipient agrees to comply with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contract and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

7. Religious Proselytizing or Political Activities: Sub-Recipient agrees that it will not perform or permit any religious proselytizing or political activities in connection with the performance of this AGREEMENT. Funds under this AGREEMENT will be used exclusively for performance of the services required under this AGREEMENT and no funds shall be used to promote any religious or political activities.
8. Equal Employment Opportunity: In addition to the Equal Employment Opportunities Practices described in Section VIII.A. of this Agreement, Sub-Recipient agrees to comply with all applicable provisions of Executive Order 11246, "Equal Employment Opportunity," as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
9. Clean Air Act and Federal Water Pollution Control Act Compliance as amended (33 U.S.C. 1251 et. seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the U.S. Environmental Protection Agency.
10. Copeland "Anti-Kickback" Act Compliance: Sub-Recipient agrees to comply with all relevant portions of the Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c), which prohibits contractors and Sub-Recipient from inducing, by any means, any person employed in construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. Sub-Recipient agrees to report any and all suspected or reported violations to the Federal awarding agency.
11. Contract Work Hours and Safety Standards Act Compliance: Sub-Recipient agrees to comply with Sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5), which governs the standard work week and overtime provisions.

IX. SEVERABILITY

If any provision of this AGREEMENT is found to be invalid, void, or unenforceable, the remaining provisions shall, insofar as reasonably possible, continue in full force in effect without being impaired or invalidated in any way.

X. COUNTERPARTS

This Agreement may be executed in counterparts. When executed, each counterpart shall be deemed an original, irrespective of date of execution. The counterparts shall together constitute one and the same Agreement.

XI. WAIVER

Cities' waiver of one term or condition of this Agreement is not a waiver or breach of any other term or condition, nor of a subsequent breach of the term or condition waived.

XII. INTERPRETATION

- A. Order of Precedence. In the event there are inconsistencies or conflicts in this Agreement or any exhibits or attachments hereto, unless otherwise provided herein, the inconsistencies shall be resolved by giving precedence in the following order:
 - 1. State and County regulations for the use of the SGVCOG funds.
 - 2. The provisions of this Agreement and exhibits and attachments thereto.
 - 3. In case of conflict between the terms of this Agreement and the terms contained in any document attached as an exhibit, the terms of the Agreement will strictly prevail unless said terms are in conflict with federal, state or local law, in which case said law shall strictly prevail.
- B. Applicable Law: This Agreement, and the rights and duties of the Parties hereunder (both procedural and substantive), shall be governed by the laws of the State of California, except where superseded by federal law.
- C. Entire Agreement: This Agreement constitutes the entire agreement and understanding between the Parties regarding its subject matter and supersedes all prior or contemporaneous negotiations, representations, understandings and agreements, written or oral.

XIII. EXHIBITS

The Exhibits to this Agreement are an integral part of this Agreement and have each been incorporated herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first written above.

CITY OF ARCADIA

CITY OF LA CAÑADA FLINTRIDGE

By: _____
Dominic Lazzaretto
City Manager

By: _____
Mark R. Alexander
City Manager

Date: _____

SUB-RECIPIENT
UNION STATION HOMELESS SERVICES
TAXPAYER ID #95-3958741

ATTEST

By: _____
City Clerk

By: 
Anne Miskey
Chief Executive Officer

By: _____
Stephen P. Deitsch
City Attorney

Date: _____

CONCUR:

By: _____
Sara Somogyi
Recreation Community Services Director

EXHIBIT A

Statement of Work

Arcadia & La Canada Flintridge Contract SOW			
Intervention Type	Est # household's served	est. \$ amount	Total spending
Prevention/Diversion rental/deposit intervention	6 (3 from each city)	\$3,000/pp	\$18,000
Prevention/Diversion other low cost intervention	24 (12 from each city)	\$500/pp	\$12,000
Total			\$30,000



STAFF REPORT

Public Works Services Department

DATE: October 20, 2020

TO: Honorable Mayor and City Council

FROM: Tom Tait, Public Works Services Director
By: Jacquelyn Mercado, Senior Management Analyst

SUBJECT: ACCEPT THE WATER AND SEWER RATE COST OF SERVICE STUDY UPDATE, DIRECT THE PUBLIC WORKS SERVICES DEPARTMENT TO FOLLOW PROPOSITION 218 BALLOTING PROCEDURES TO ESTABLISH WATER & SEWER RATES, AND CONDUCT A PUBLIC HEARING AT THE DECEMBER 15, 2020, CITY COUNCIL MEETING
Recommendation: Approve

SUMMARY

In July 2019, the City Council awarded a Professional Services Agreement to Carollo Engineers (“Carollo”) to complete an update to the 2015 Water and Sewer Rate Cost of Service Study (“Cost Study”) and to recommend a new five-year water and sewer rate adjustment schedule for calendar years 2021 through 2025. Since then, Carollo and the Public Works Services Department (“PWSD”) have been gathering and analyzing data on the City’s water and sanitary sewer operations to determine appropriate rate adjustments in order to fund operations, maintenance, water supply costs, capital expenditures, and maintain a sufficient Reserve Fund balance. At the September 1, 2020, City Council meeting, the City Council directed the PWSD to proceed with the implementation of water and sewer rate adjustments for calendar years 2021 through 2025 based on the completed Cost Study update.

It is recommended that the City Council accept the completed Water and Sewer Rate Cost of Service Study Update, direct the Public Works Services Department to follow Proposition 218 balloting procedures to establish water and sewer rates, and conduct a public hearing at the December 15, 2020, City Council meeting.

BACKGROUND

The City provides and maintains water and sewer services to more than 56,000 residents. Utility rate increases are necessary to fund ongoing operations, maintenance,

and capital improvements, and to maintain adequate Reserve Fund balances for the water and sanitary sewer systems, in order to provide quality services to Arcadia residents and businesses. In February 2014, the City Council awarded a Professional Services Agreement to Carollo for the preparation of the Water and Sewer Cost of Service Study and the development of a financial model that would determine how best to recover projected ongoing operational costs, capital improvements to water and sewer infrastructure, and water supply costs over a five-year period. The PWSD and Carollo gathered and analyzed data on the City's water and sanitary sewer operations and established a seasonal tiered water rate structure that would meet the City's primary objectives of providing revenue stability, while encouraging water use efficiency.

On January 19, 2016, the City Council adopted a seasonal tiered water rate structure and approved a five-year water and sewer rate adjustment schedule for calendar years 2016 through 2020. The PWSD annually reviews water and sewer operating budgets, revenues, expenditures, and Reserve Fund balances to determine whether the approved maximum rate adjustment is necessary. The City of Arcadia's water and sewer rates are among the lowest in the area and have remained so even with annual rate adjustments over the past five years.

Although the Governor declared the drought emergency to be over in 2017, local regions continue to suffer from long-term drought impacts. In the Main Basin, from which the City draws most of its water, basin levels have not recovered to minimum operating levels. In response, the Main Basin Watermaster adopted a Drought Management Plan that includes a Resource Development Assessment ("RDA"), which is a pass-through fee based on each individual producer's annual amount of water pumped from the Main Basin. The purpose of the RDA is to restore ground water levels by purchasing imported water from the State Water Project, separate from the purchase of Replacement Water. The RDA has continued to increase annually and is anticipated to cost the City over \$2 million dollars in Fiscal Year 2021-22. The Main Basin Watermaster implemented the RDA in Fiscal Year 2016-2017; therefore, this cost was not accounted for in the 2015 Cost Study, and the City has not been able to recover the costs of this charge from ratepayers.

The goal of the 2015 Cost Study was to utilize Reserve Funds to minimize larger rate adjustments. Due to changes in water use trends resulting from the last drought emergency, increases to operations and maintenance budgets, mainly due to the cost of the RDA and Replacement Water, and funding capital improvements, an update to the 2015 Cost Study is necessary. In July 2019, the City Council approved a Professional Services Agreement with Carollo to complete an update to the 2015 Cost Study and to recommend a new five-year water and sewer rate adjustment for calendar years 2021 through 2025.

DISCUSSION

The Cost Study Update relies on the City's financial and rate models, which were exclusively developed for the City by Carollo during the 2015 Cost Study, and they were subsequently updated and refined in 2017. These models have again been updated to include actual revenues and operational expenditures, capital improvement costs, and customer usage data, along with additional items that were necessary to develop financial projections for Fiscal Years 2020-21 through 2024-25. The current sewer and tiered water rate structures remain the same, but minor modifications have been recommended to the seasonal tier allotments. These changes include increasing and decreasing allotments based on the analysis of actual tiered customer usage data during the last five years. Adjusting the tier allotments is necessary in order to realign tier usage with meter size and current customer demand patterns. The tier allotments are now more proportional across all tiers and meter sizes, which makes the proposed rate structure fairer and more legally defensible.

The following goals were identified in the 2015 Cost Study and carried forward through the Cost Study Update:

- Generate enough revenue to fund continued operations and maintenance of the City's sewer and water supply and distribution system, including increases in water supply costs driven by the Main Basin's Drought Management Plan to restore the health of the basin.
- Provide for equipment replacement and improvements to the water and sewer systems infrastructure through capital improvements.
- Review reserve policies and set rates to adequately maintain a Reserve Fund to make necessary repairs in the event of an emergency.

Based on discussions and previous direction from the City Council, rate adjustments have been designed to eliminate the ongoing use of Reserve Funds to fund operations and capital improvement expenditures.

Water Rates

Operations and maintenance expenditures comprise most of the expenses within the Water budget, with the single largest line item being water supply costs. The updated Cost Study financial model was used to forecast water sales and expenditures that include looking at the cost of current and future water supplies, including the rising cost of replacement water, system operation costs, and Watermaster's imposed RDA fee.

In addition to regular replacement water costs, the RDA fee has increased annually since Fiscal Year 2016-17, from \$40 per acre-foot to \$175 per acre-foot in Fiscal Year 2020-21. To date, the City has paid over \$6 million dollars in RDA fees without passing

any of those charges on to ratepayers. The RDA fee will continue for the foreseeable future and is estimated to cost the City approximately \$2 million annually. The RDA fee has been included in the Cost Study Update and the proposed five-year water rate adjustments has accounted for this cost.

The previous annual rate adjustments were designed to use Reserve Funds to lessen the amount of annual water rate adjustments. Accordingly, the City Council agreed to lower the water Reserve Fund balance from \$20 million to \$12 million over the five-year period. The updated Cost Study has estimated the value of the City’s water system replacement at \$236 million. Based on industry standards for such a valuation, the Cost Study determined that \$7.1 million in capital reserve (or 3% of the replacement value) is required, combined with about \$3.8 million required to fund operation and maintenance costs for at least 90 days. As such, the total reserve required for an emergency is \$11 million.

Based on those factors and taking into account the current pandemic, the Cost Study Update recommends that the City increase water revenues by 5% for calendar years 2021 and 2022, and 6% for each of the following calendar years through 2025, in order to fund expected operations, maintenance, and CIP expenditures, and maintain a sufficient Reserve Fund balance. The proposed water rates shown in the tables below will not exceed the estimated amount necessary to fund the operation of the City Water System.

The table below shows the proposed increase to the current fixed bimonthly meter charge for all customer classes to adequately reflect the actual cost of service incurred:

Proposed Meter Charge (\$/Meter Size)						
Meter Size (in inches)	Current Rate	2021	2022	2023	2024	2025
5/8"	\$30.33	\$31.96	\$33.56	\$35.57	\$37.71	\$39.97
3/4"	\$32.40	\$34.15	\$35.86	\$38.01	\$40.29	\$42.71
1"	\$36.55	\$38.53	\$40.46	\$42.88	\$45.46	\$48.18
1 1/2"	\$46.93	\$49.48	\$51.96	\$55.07	\$58.38	\$61.88
2"	\$59.39	\$62.62	\$65.75	\$69.70	\$73.88	\$78.31
3"	\$88.45	\$93.29	\$97.95	\$103.83	\$110.06	\$116.66
4"	\$ 129.97	\$137.09	\$143.95	\$152.58	\$161.74	\$171.44
6"	\$ 254.53	\$268.51	\$281.93	\$298.85	\$316.78	\$335.79
8"	\$ 399.85	\$421.83	\$442.92	\$469.49	\$497.66	\$527.52
10"	\$ 607.45	\$640.85	\$672.89	\$713.27	\$756.06	\$801.43

Additionally, the Cost Study Update has proposed a few minor adjustments to some of the tier break points, which are necessary to realign tier usage with each meter size to current water demand patterns. These tier break points are shown seasonally in the following tables:

Bimonthly Tier Break Points (in HCF) for Winter Water Usage (November through April)					
Tier	Meter Size				
	5/8"	3/4"	1"	1 1/2"	2"
Tier 1	0 - 22	0 - 22	0 - 22	0 - 22	0 - 22
Tier 2	23 - 32	23 - 34	23 - 42	23 - 48	23 - 60
Tier 3	33 - 42	35 - 44	43 - 58	49 - 70	61 - 90
Tier 4	43+	45+	59+	71+	91+

Bimonthly Tier Break Points (in HCF) for Summer Water Usage (May through October)					
Tier	Meter Size				
	5/8"	3/4"	1"	1 1/2"	2"
Tier 1	0 - 22	0 - 22	0 - 22	0 - 22	0 - 22
Tier 2	23 - 34	23 - 42	23 - 60	23 - 70	23 - 94
Tier 3	35 - 44	43 - 58	61 - 92	71 - 112	95 - 148
Tier 4	45+	59+	93+	113+	149+

A seasonal single-family tiered water rate structure assists in managing customer demand for water by pricing discretionary water uses, such as landscape irrigation, at a higher rate than water used for drinking and sanitation purposes. This is to provide a price signal to customers to use water efficiently and to offer an incentive to reduce excess water use. As water usage increases, so does the cost per unit of additional water; this methodology has proven effective in curtailing wasteful water practices. The table below shows the proposed single-family rates:

Proposed Single-Family Rates for Commodity Charges (\$/HCF)						
Tier	Current Rate	2021	2022	2023	2024	2025
Tier 1	\$1.82	\$1.91	\$2.00	\$2.12	\$2.25	\$2.38
Tier 2	\$2.23	\$2.32	\$2.44	\$2.59	\$2.74	\$2.91
Tier 3	\$2.53	\$2.39	\$2.51	\$2.66	\$2.82	\$2.99
Tier 4	\$2.72	\$3.00	\$3.15	\$3.34	\$3.54	\$3.75

The table below shows the two-tier water allocations based on the number of dwelling units in each multi-family complex, followed by a table showing the proposed multi-family rates:

Bimonthly Tier Allotments (Per Dwelling Unit)	
Tier	Tier (HCF) x Per Dwelling Unit
Tier 1	12
Tier 2	13 +

Proposed Multi-Family Rates for Commodity Charges (\$/HCF)						
Tier	Current Rate	2021	2022	2023	2024	2025
Tier 1	\$1.69	\$1.82	\$1.91	\$2.02	\$2.14	\$2.27
Tier 2	\$1.97	\$2.01	\$2.11	\$2.23	\$2.37	\$2.51

Finally, the following table shows specific uniform rates for Commercial, Government, and Institutional classes:

Proposed Rates for Commodity Charges (\$/HCF)						
	Current Rate	2021	2022	2023	2024	2025
Commercial	\$1.81	\$1.92	\$2.02	\$2.14	\$2.27	\$2.40
Government & Institutional	\$2.13	\$2.27	\$2.38	\$2.52	\$2.67	\$2.83

The net change to a customer’s water bill will be affected by the customer’s ability to use water efficiently. A typical single-family customer with a 1” water meter and 55 Hundred Cubic Feet (“HCF”) usage in the summer will see a \$6.93, or 4.6%, bimonthly increase in their water bill. The exact percent increase will vary among customers based on usage.

Sewer Rates

The City’s sewer system includes 138 miles of pipe and is, on average, 75 years old. The Sewer Master Plan is a comprehensive report outlining a long-range program of capital improvements and preventative maintenance measures to upgrade and maintain the City’s sewer system. Annual sewer rate adjustments are necessary to fund the

operations and maintenance activities of the sewer system to ensure that the system is following state regulations that mandate the elimination of sewer overflows.

The Cost Study Update determined that the current sewer rate structure equitably recovers costs from each customer class but that the City must increase sewer revenues annually in order to fund ongoing capital improvement projects and meet projected operating expenditures. The Cost Study Update has estimated the value of the City’s sewer system replacement at \$90 million. Based on industry standards for such a valuation, the Cost Study determined that \$1.3 million in capital reserve (or 1.5% of replacement value) is required. The Capital Improvement Program will primarily be funded with cash from sewer rates as well as a small amount of reserve usage in certain years. Based on the Cost Study projections, reserves will be held relatively steady between \$1.99 and \$2.26 million.

Therefore, the updated Cost Study is recommending that the City increase sewer revenues by 2% for calendar years 2021 through 2025, in order to fund ongoing operations and achieve a 75-year replacement cycle for the City’s sewer system. The proposed sewer rates shown in the tables below will not exceed the estimated amount necessary to fund the operation of the City Sewer System:

The table below shows Single-Family Residential and Multi-Family Residential Dwellings Bimonthly Rates:

Current Rate	2021	2022	2023	2024	2025
\$16.97	\$17.35	\$17.70	\$18.05	\$18.41	\$18.78

Commercial Dwellings Bimonthly Rates (Fixed Rate + Variable Per HCF Billed Water Usage) are shown in the following table:

Current Rate	2021	2022	2023	2024	2025
\$50.69 + \$0.28 Variable Per HCF	\$52.04 + \$0.28 Variable Per HCF	\$53.09 + \$0.29 Variable Per HCF	\$54.15 + \$0.29 Variable Per HCF	\$55.23 + \$0.30 Variable Per HCF	\$56.33 + \$0.31 Variable Per HCF

The proposed sewer rates are increased proportionally each year to generate the necessary projected level of revenues provided in the Cost Study Update. Should the City find that revenue requirements are less than those projected in the study, the City Council could opt to forgo rate increases in any given year or implement rates lower than the proposed increase for that year.

Implementation of New Rates

In accordance with Proposition 218, the City must engage in a proper voter approval process when increasing rates for the “property-related” service of water delivery. These requirements include mailing a written notice detailing the proposed rate increases to all property owners and tenants who are responsible to pay the utility bill. The PWSD will, at least 45 days before the proposed December 15, 2020, Public Hearing, mail a notice to all water and sewer customers detailing the proposed water and sewer rate increases in accordance with Proposition 218 requirements. The notice will be approved through the City Attorney’s office to ensure that the City is following Proposition 218 regulations. Following the close of the Public Hearing, if there is no majority protest, the City Council can choose to vote on the proposed new water and sewer rate adjustment. The new water and sewer rates will become effective for all billings sent after January 1, 2021.

FISCAL IMPACT

Water and sewer rate increases are necessary to fund ongoing operations and maintenance budgets and the Capital Improvement Program while maintaining an adequate Reserve Fund balance in case of an emergency. The lack of a rate adjustment would not allow the City to recover increasing water supply costs, and operations and maintenance costs for the City’s water and sewer systems.

The Water and Sewer Costs of Service Study Update recommends that the City increase water revenues by 5% for calendar years 2021 and 2022, and 6% for the following three years through 2025 in order to fund expected operations, maintenance, and Capital Improvement Program expenditures. Based on study projections, the City must increase water revenue annually in order to meet expected revenue needs. Below is a chart showing the amount of annual revenue required for the next 5 years:

Year	Water Revenue Requirement
2021 (5%)	\$821,920.77
2022 (5%)	\$685,091.50
2023 (6%)	\$849,359.58
2024 (6%)	\$993,649.42
2025 (6%)	\$1,061,919.27

Additionally, the Cost Study Update recommends that a 2% sewer rate adjustment for calendar years 2021 through 2025 is necessary to fund expected operations, maintenance and Capital Improvement Programs expenditures for the City’s sewer system. Based on study projections, the City must increase sewer revenue annually in order to meet expected revenue needs. Below is a chart showing the amount of annual revenue required for the next 5 years:

Year	Sewer Revenue Requirement
2021 (2%)	\$52,067.63
2022 (2%)	\$48,577.76
2023 (2%)	\$52,382.43
2024 (2%)	\$52,051.79
2025 (2%)	\$52,230.32

At the September 1, 2020, City Council meeting, the City Council requested information on how much potential revenue the City could lose if the proposed water and sewer rates were delayed somewhat. The PWSD ran the City's water and sewer financial models and the approximate projected loss of revenue for a three-month delay is as follows:

<u>2021 Total Projected Water Revenue</u>	
With Rate Adjustment (January 2021)	\$15,796,470
With Rate Adjustment (March 2021)	<u>\$15,674,045</u>
Difference in Delayed Rate Implementation	\$ 122,425
<u>2021 Total Projected Sewer Revenue</u>	
With Rate Adjustment (January 2021)	\$ 2,567,621
With Rate Adjustment (March 2021)	<u>\$ 2,559,236</u>
Difference in Delayed Rate Implementation	\$ 8,385
Projected Water & Sewer Revenue Loss Under Delayed Rate Implementation	\$ 130,810

RECOMMENDATION

It is recommended that the City Council accept the completed Water and Sewer Rate Cost of Service Study Update, direct the Public Works Services Department to follow Proposition 218 balloting procedures to establish water and sewer rates, and conduct a public hearing at the December 15, 2020, City Council meeting.

Approved:



 Dominic Lazzaretto
 City Manager

Attachment: Water and Sewer Rate Cost of Service Study Update



2020 WATER AND SEWER RATE STUDY UPDATE FINAL REPORT

City of Arcadia

October 2020



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Section 1

INTRODUCTION

1.1 Background

1.1.1 About the City of Arcadia

The City of Arcadia (City) operates public water and sewer utilities that are responsible for providing water and sewer services to the City's 56,500 residents, as well as many public and commercial institutions. The water utility currently provides total water deliveries of approximately 5.5 million hundred cubic feet (HCF) per year, or roughly 12,600-acre feet, to the nearly 14,050 water customer accounts. The approximate customer distribution is as follows: 83 percent single-family residential homes, 8 percent apartments and condominiums, and 6 percent commercial and industrial, with the remaining 3 percent of accounts made up of irrigation, City, and government and institutional accounts. The City owns and operates wells in three groundwater basins to provide potable water to its customers. The City's primary water source is the Main San Gabriel Basin (MSGB), from which approximately 75 percent of water is produced. The remaining water is pumped from the East and West Raymond Basins. Additionally, the City typically budgets to purchase a small amount of imported water in each year. Since the last drought that occurred in 2014 through 2016, the operating safe yield of the MSGB has been set to a level lower than historic norms and as such, the City's acre-ft per year allotment has been decreased. As a result of this decrease in inexpensive groundwater supplies, the City has had to rely more heavily on replenishment water purchased from the Metropolitan Water District of Southern California to augment its supplies at a current cost of approximately \$958 per acre-ft for untreated water. Further, the MSGB implemented a resource development assessment charge per acre-ft for all water pumped from the basin that will reach its maximum charge level of \$175 per acre-ft in FY 2020/21. A key component of the previous rate study was the development of rates that reflect the City's water supply characteristics and the relationship between each customer's bill and the cost of producing, treating, and delivering water. This cost of service study update builds on the previous study to maintain the nexus between water supply costs and rates.

The sewer utility currently services approximately 13,800 sewer customer accounts. The approximate customer account distribution is as follows: 85 percent single-family residential homes, 8 percent apartments and condominiums, and 5 percent commercial and industrial, with the remaining 2 percent of accounts made up sewer only accounts. Sewer only accounts are outside the City's water service area, but are connected to the City's sanitary sewer system. The City's 1,081 multi-family sewer accounts provide sewer service for 7,853 individual dwelling units.

1.1.1 Study Purpose

The City retained Carollo Engineers to conduct a water and sewer cost of service study for Fiscal Years 2020/21 through 2024/25. The study builds on the 2015 Cost of Service and Rate Study and included the development of a five-year financial plan and comprehensive cost of service rate analysis, including water and sewer rate structures.

To develop updated user rates, an in-depth study of each utility’s revenue needs, customer usage characteristics, capital improvement program (CIP), and additional future drivers of service costs and revenue was conducted. This report documents the methodology and assumptions used to develop the financial plan and cost of service analysis, outlines the policy decisions reached, and summarizes the proposed water and sewer rates and the resulting customer impacts.

1.1.2 Forward-Looking Statement

The projections and forecasts of this analysis are based on reasonable expectations of future events. Should the proposed revenue increases be delayed or postponed, or cost escalation, operating expenditures, or capital needs exceed forecasted levels prior to FY 2024/25, the City might be required to begin a new rate adoption process to increase rates above currently projected levels. The City may similarly be required to begin a new Proposition 218 process if revenues do not materialize as projected.

1.2 Overview of Water Rate-Setting Process

Carollo’s rate-setting methodology is consistent with industry guidelines established by the M1 Manual, which is published by the American Water Works Association (AWWA), a national industry trade group that makes recommendations on generally accepted practices in the water industry. An overview of this approach is outlined in Figure 1.

1.2.1 Revenue Requirement Analysis

The revenue requirement analysis compares the forecasted revenues of the City (under existing rates and forecasted water demands) to its forecasted operating and capital costs. This step tests the adequacy of the existing rates to recover the City’s forecasted costs. If there are shortfalls, increases to rate revenue are recommended until the tests are passed.

1.2.3 Water Demand Analysis

Forecasting water sales and purchases is a critical component in the rate setting process. As part of the budget process, the City forecasts the expected water usage based on historical demand, proposed changes to rates, regulatory impacts, weather, water resources and water availability, and other variables.

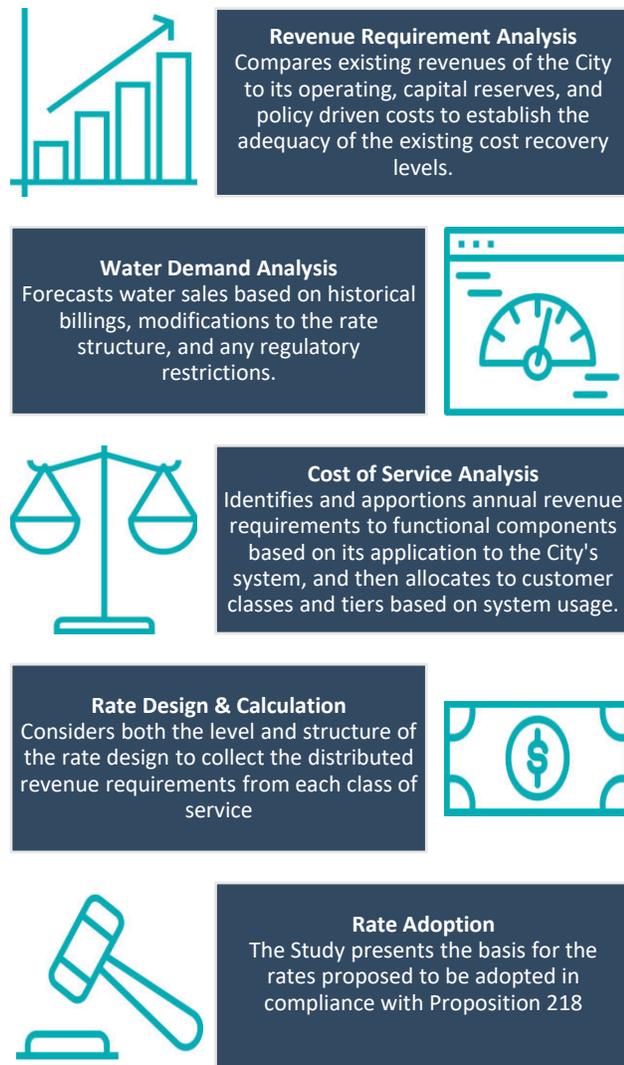


Figure 1 Conceptual Overview of the Rate-Setting Process

Future demands are based on historic sales and escalated for projected growth and per capita demand changes. These forecasted water demands are then compared against forecasted revenue requirements and rates are developed to recover costs.

1.1.4 Cost of Service Analysis

This step builds a link between the City's cost of water service and the proposed rates for each customer. After determining the revenue requirement, this step outlines the cost to deliver each unit of water and to serve each customer. This process takes each item in the water system's budget and allocates the items based on what function is served. For example, some cost items support the ability to deliver additional, more expensive water, while other costs are incurred to provide customer service or to fund capital replacement. Organizing the budget in terms of end function allows the creation of a nexus between the budget item and the rate. This organization bridges the costs incurred by the City and the unique and varied benefits delivered to each customer.

1.1.5 Rate Design & Calculation

The rate design involves developing a rate structure that equitably and proportionately recovers costs from customers. This rate equity is built upon each customer's relative use of the system. The rate structure must be tailored to customer account and demand profiles.

The rate design requires a fine balance of objectives. Rates should be resilient and flexible enough to handle changing cost and demand scenarios while maintaining affordability, equity, and ease of understanding. By collecting different cost drivers from different rate components, the agency can ideally balance these goals.

The rate calculation provides the final nexus between the revenue requirements, functional cost allocation, and final rates that customers are charged. This process connects planned expenditures to the designed rates by establishing rates to match the estimated revenue generation with expenditures.

1.2.2 Sewer Rate Setting

The process used to develop sewer rates mirrors that discussed above for water rates. A revenue requirement analysis is performed to determine the amount of sewer rate revenue needed to cover all of the sewer program's operational and capital costs. Next, an analysis of customer billing data is completed to estimate the sewer discharge and sewer capacity requirements of residential and commercial customers. Next, a cost of service analysis distributed the costs of the sewer system based on function and then to customer class. Lastly, rates are determined based on the costs allocated to each class of customer and each class' sewer discharge and capacity requirements.

1.1.6 Rate Adoption

Public agencies in California are required to meet procedural requirements for adoption of new or increased rates for property-related fees under Proposition 218. The City must hold a public hearing to consider the proposed rates, and must provide written notice to all customers at least 45 days in advance of said hearing. Any property owner or tenant that is directly liable to the public agency for payment of the property-related fees may submit a written protest against the new or increased rates at any time until the close of the public hearing. The City Council may not adopt the proposed new or increased rates if property owners or tenants directly liable for payment submit written protests on behalf of more than 50 percent of the properties upon which the proposed rates will be imposed.

1.3 Existing Water Rate Structure

The City's current water rate structure includes two charges for its retail customers.

- A **bimonthly fixed charge** assessed per meter equivalent.
- A **commodity charge** per HCF.

1.3.1 Fixed Charge

The bi-monthly fixed charge is a combination of a capacity and customer service component. The capacity component is assessed based on meter size, while the customer service component is the same for all accounts. The bi-monthly fixed charge is intended to capture costs associated with providing customer service for each account, as well as the costs of providing the system capacity to serve each account.

The customer service component of the fixed charge is intended to account for costs associated with service that do not vary based on meter size—services such as meter reading, billing costs, and access to customer service representatives. Every customer benefits from these services, regardless of meter size or usage, and the same fee is charged to all customers.

The capacity component of the bi-monthly fixed charge is assessed based on meter equivalent units (MEUs). MEUs are a measure of each connection's capacity requirement. Meter ratios are calculated based on the relative maximum flow of a given meter compared with the maximum flow of a typical SFR meter. The City uses MEU ratios based on the standard maximum flow values for each meter size provided in the AWWA M1 manual.

Table 1 summarizes the current bi-monthly fixed charge imposed by the City, regardless of customer class. The total bimonthly fixed charge is a combination of both the customer and capacity components and the charges for each meter size are the same for all customer classes.

Table 1 Current Bi-Monthly Fixed Charges

Meter Size (inches)	Meter Equivalent Units	Current Bi-Monthly Charge ⁽¹⁾
5/8	1.00	\$30.33
3/4	1.50	32.40
1	2.50	36.55
1.5	5.00	46.93
2	8.00	59.39
3	15.00	88.45
4	25.00	129.97
6	55.00	254.53
8	90.00	399.85
10	140.00	607.45

Notes:

(1) Rates effective January 1, 2020.

1.3.2 Commodity Charges

Commodity charges are per unit rates charged for each individual unit of water used. As the customer uses more water, that customer is charged an increasing amount of commodity charges. The City maintains commodity charges based on four distinct rate classes:

1. Single Family Residential.
2. Multi-Family Residential.
3. Commercial.
4. Government, Institutional, and Irrigation.

1.3.2.1 Single Family Residential

Single Family Residential customers are charged based on a four-tiered inclining block rate structure, with tier allotments that are specific to each meter size and vary seasonally. The unit cost per HCF of water consumed in each tier will remain constant throughout the course of the year. Allotments in excess of Tier 1 are adjusted seasonally to reflect varying outdoor water usage needs during winter and summer. Table 2 shows the winter and summer tier break points under the existing rate structure.

Table 2 Seasonal Bi-Monthly Tier Break Points (Existing Rate Structure)

Meter Size	5/8"	3/4"	1"	1.5"	2"
Winter (November through April)					
Tier 1	22 HCF				
Tier 2	28	36	42	46	60
Tier 3	34	46	58	62	86
Tier 4	>34	>46	>58	>62	>86
Summer (May through October)					
Tier 1	22 HCF				
Tier 2	34	48	62	66	94
Tier 3	44	66	92	96	140
Tier 4	>44	>66	>92	>96	>140

Notes:

(1) One unit equals one HCF.

Seasonal Adjustments

Seasonal adjustments of the tier structure allow allotments to be tailored to consumption patterns and promote year-round efficient water usage recognizing that additional water for outdoor use is required in the summer months. Seasons were determined based on historical consumption patterns as well as long-term weather patterns and the rate structure is designed to account for winter and summer usage.

Table 3 Single Family 2-year Average Usage by Month

Month	Season	2-Year Average Use ^(1,2)	% Of Total Usage
January	Winter	201,818	6%
February	Winter	189,662	6%
March	Winter	203,530	6%
April	Winter	238,464	7%
May	Summer	276,553	8%
June	Summer	312,630	10%
July	Summer	362,766	11%
August	Summer	367,234	11%
September	Summer	341,662	10%
October	Summer	299,430	9%
November	Winter	254,505	8%
December	Winter	227,199	7%
TOTAL		3,275,450 HCF	100%

Notes:

- (1) A 2-year average of FYE 2018 and FYE 2019 usage data was used as the basis for the cost of service analysis as they represent both a dry and wet year, respectively.
(2) All usage in HCF.

The summer months accounted for 67 percent of the total customer demand, while only 33 percent was used during winter months.

The single family commodity rates increase for each tier to account for the profile of usage within each tier (peaking) and based on the water supplies that are used to cover consumption within each tier. As a user's demand progresses through the tiers, a greater share of those demands are covered by the City's more expensive sources of water. Table 4 presents the current volumetric rates for single family users.

Single Family Commodity Rates

Table 4 Current SFR Volumetric Tiered Rates

Tier	Description	Current Volumetric Rate ^(1,2)
Tier 1	Indoor Use	\$1.82
Tier 2	Efficient Outdoor Use	2.23
Tier 3	High Outdoor Use	2.53
Tier 4	Inefficient Outdoor Use	2.72

Notes:

- (1) Rates effective January 1, 2020.
(2) \$/HCF.

1.3.2.2 Multi-Family Residential

Multi-Family Residential customers are charged based on a two-tier inclining block rate structure. Each customer's Tier 1 allotment is set based on the number of dwelling units served by the account and a bi-monthly allotment per dwelling unit of 12 HCF.

1.3.2.3 Commercial, Governmental, Institutional, and Irrigation Rates

All commercial, governmental, institutional and irrigation customers are uniform commodity rates per HCF of water used.

1.4 Existing Sewer Rate Structure

The City's current sewer rate structure consists of rates for residential and commercial customers.

- **Residential Customers** pay a flat bi-monthly charge per residence. Multi-family customers are charged the flat rate per each dwelling unit. The current bi-monthly charge per residence or dwelling unit is \$16.97.
- **Commercial Customers** pay a bi-monthly flat charge per account plus a commodity rate per HCF of water usage. The current bimonthly flat charge is \$50.69 and the commodity rate is \$0.28 per HCF of water usage.

Section 2

WATER DEMAND AND GROWTH

Water sales are the City's primary source of water revenues as well as a primary driver of water expenditures; thus, it is critical to examine and analyze potential shifts in short and long-term water demands. Carollo evaluated the previous four years of billing data to examine historical water demand patterns and potential developing trends.

Figure 2 on the next page shows a summary of the City's water sales over the past four years. Following the recent drought and high level of conservation that ended in 2016, water sales rebounded by 8.6 percent and 9.2 percent in FY 2016/17 and FY 2017/18, respectively. However, sales have not rebounded to pre-drought levels and such a rebound is unlikely due to demand hardening. In FY 2018/19, sales dropped 9.3 percent as compared to FY 2017/18 due to a very wet winter.

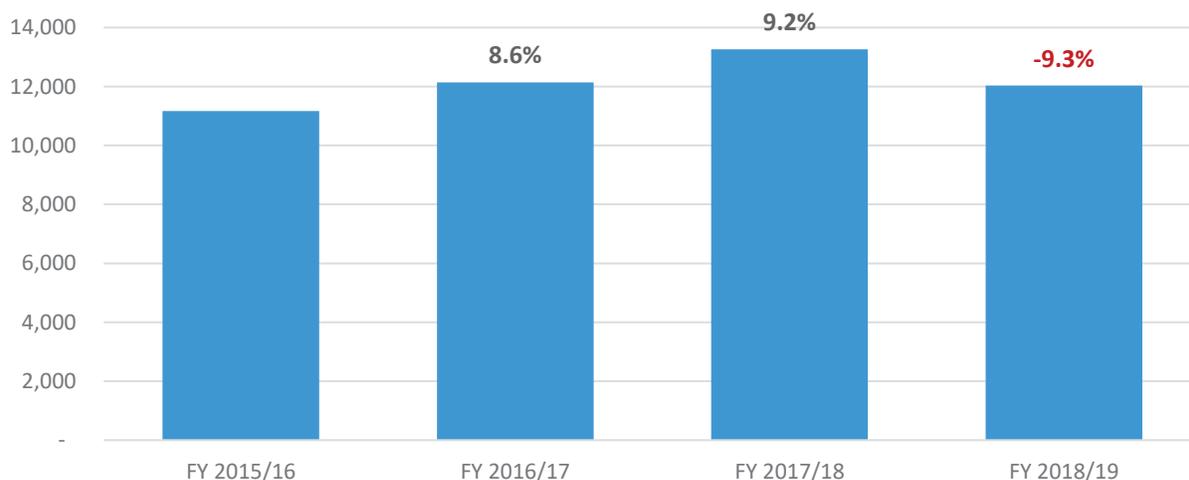


Figure 2 Total Annual Water Sales (AF)

2.1.1 Water Customer Classes

The City's water customers are each assigned to one of eight customer classes. Each class was analyzed independently to determine, and account for, distinct consumption patterns. Monthly and seasonal demand patterns were analyzed to establish overall consumption characteristics and each class's use of the system.

Table 5 Summary of Customer Classes

Customer Class		Consumption Characteristics
Single-Family	SF	Meters typically serve only one residence; consumption peaks in summer months due to increased outdoor usage.
Multi-Family	MF	Each meter serves multiple units; consumption pattern is relatively flat throughout the year due to minimal outdoor use.
Commercial	CA	Meters might serve one or more businesses; consumption is relatively flat throughout the year due to minimal outdoor use.
Irrigation	IM	Used only for outdoor irrigation; consumption peaks heavily in summer. Consumption pattern closely matches GV and AR accounts.
Government and Institutional	GV	Meters serve primarily outdoor usage; consumption peaks heavily in summer due to increased outdoor usage. Consumption pattern closely matches IM and AR accounts.
City of Arcadia	AR	Meters serve primarily outdoor usage; consumption peaks heavily in summer due to increased outdoor usage. Consumption pattern closely matches GV and IM accounts.

Figure 3 shows the percent of annual consumption from each customer class based on a two-year average of billing records for FY 2017/18 and FY 2018/19. Residential accounts (consisting of single and multi-family) are the primary user of water making up roughly 75 percent of annual water sales. The remaining 25 percent is split between commercial, irrigation, government, and institutional, and City of Arcadia accounts.

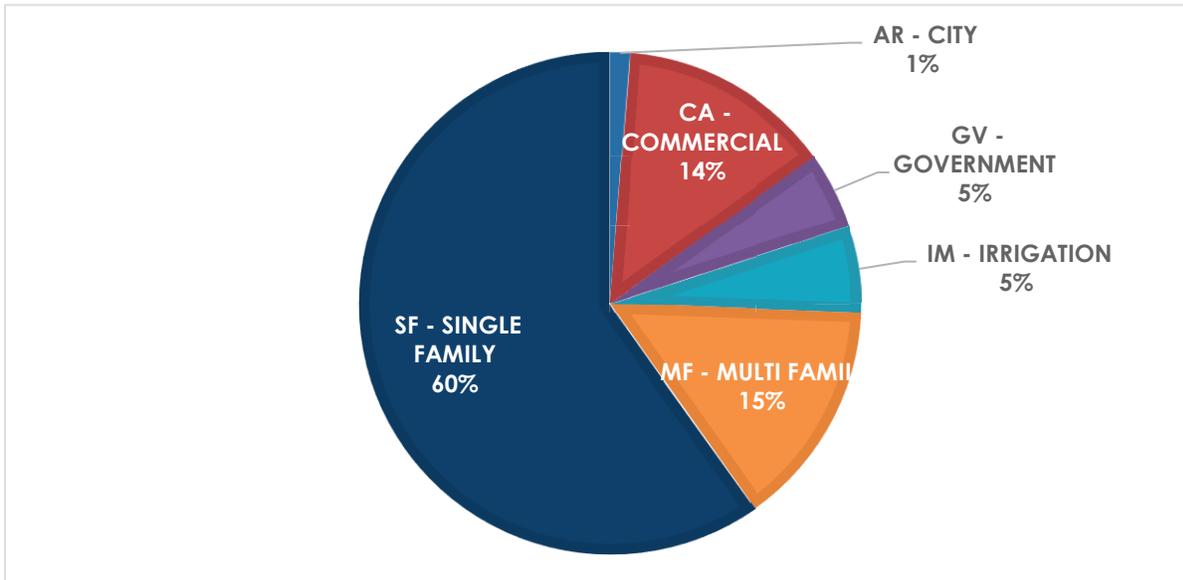


Figure 3 Percent of Annual Consumption per Customer Class

2.1.2 Population and Account Growth

According to the California Department of Finance, the population of the City was 58,891 as of January 1, 2019. City records indicate that the water utility serves 96 percent of the City’s total population, or approximately 56,500 residents. This analysis assumes that population growth will not increase water demand as new developments include high efficiency water fixtures and it is expected that continued conservation efforts will offset any new demands. Additionally, it is assumed that there will be no material account growth through the projection period as the City is almost entirely built-out.

2.1.3 Water Supply

In recent years, all of the water provided by the City has been pumped from three ground water basins that underlie or are adjacent to the City. These include the Main San Gabriel Basin and the East and West Raymond Basins. Additionally, the City maintains a 20 cubic feet per second potable water connection to the Metropolitan Water City of Southern California (MWD) to provide service if needed.

2.1.3.1 Main San Gabriel Basin

The MSGB is a groundwater basin surrounded by the San Gabriel Mountains on the north, the San Jose Hills on the southeast, Puente Hills on the southwest, and the Raymond Fault on the northwest. Approximately 80 municipalities, water districts, and private companies pump groundwater from the MSGB. The Main San Gabriel Basin Watermaster (Watermaster) manages pumping activities from the basin, which includes setting the basin's annual operating safe yield, setting annual allotments for each pumper, managing water replenishment operations, and managing the administration of the basin.

The MSGB is the City's primary source of ground water; historically, approximately 65 percent of the water produced by the City has been sourced from the MSGB. More recently, supply driven reductions in pumping from the East and West Raymond Basins have increased the share of water pumped from the MSGB to over 75 percent of total water production.

The MSGB's operating safe yield (OSY) is the maximum amount of water that can be pumped from the basin without requiring groundwater replenishment from outside sources (primarily untreated water from MWD). The OSY is set by the Watermaster each year based on certain criteria, including groundwater elevations, rainfall, local water in surface reservoirs, local water conserved, and the availability of supplemental water. The OSY has been reduced in recent years, and is currently set at 150,000 AF per year (AFY).

The City's annual pumping allotment is set at 4.23099 percent of the MSGB OSY and the City must purchase replenishment water for any pumping above that amount. Water supply costs have become a primary driver of the City's revenue requirements due to lower OSY's that have resulted in increased replenishment water obligations for the City as well as the MSGB resource development assessment (RDA) charge that is currently set at \$175 per all acre-ft pumped. Based on discussion with City staff, this analysis has been completed under the conservative assumption that the OSY will remain at 150,000 AFY, resulting in annual pumping allotments of 6,346 AFY for the City.

2.1.3.2 The Raymond Basins

The northern half of the City overlies the East and West Raymond Basins. Historically, the City held pumping rights of 3,528 AFY in the East Raymond Basin and 2,118 AFY in the West Raymond Basin and approximately 35 percent of the City's annual water production has been pumped from the Raymond Basins. More recently, the managing body of the Raymond basins has decreased annual pumping rights due to water levels and other conditions in the basins. The City's current pumping rights are 2,321 AFY in the East Basin and 1,483 in the West Basin. In practice, the City has pumped below its total pumping rights due to operational constraints. The City is initiating capital projects to increase production from the West Raymond Basin, in turn decreasing the need for Main Basin pumping and replenishment water purchases. This study assumed total Raymond Basin (East and West) production of 3,200 AFY, approximately 23 percent of total water production. In addition, the City will purchase a minimum amount of imported MWD treated water as necessary.

Figure 4 shows historical and projected water production from each source.

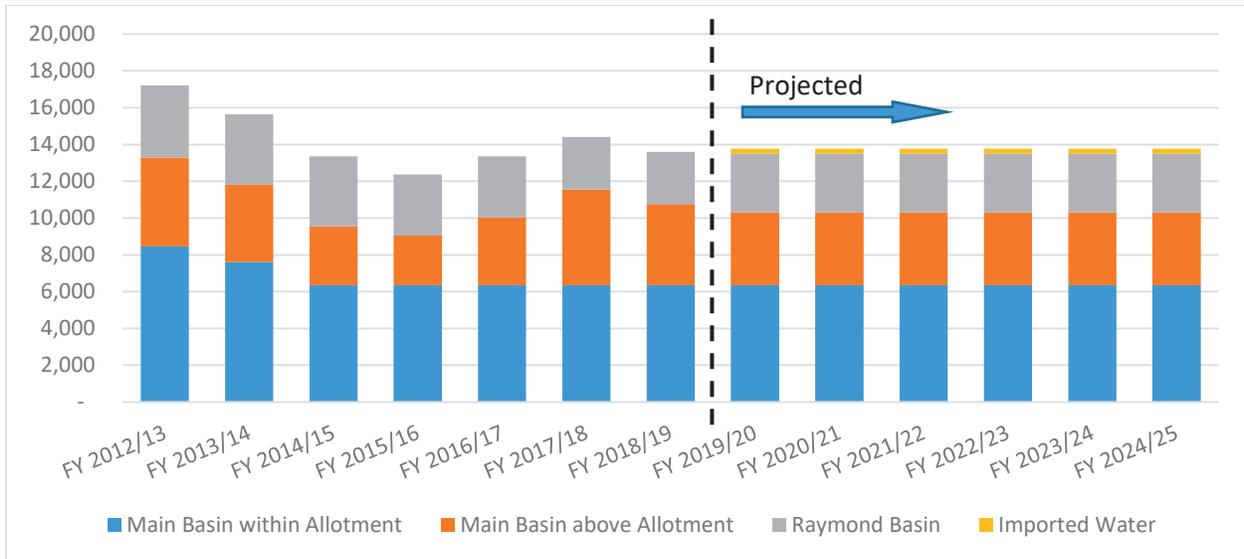


Figure 4 Historical Water Production (acre-ft), by Source

2.1.4 Projected Water Production Costs

Water production and costs have been forecasted based on the demand projection and supply constraints discussed above. These projections assume that production from the East and West Raymond Basins will remain at 3,200 AFY the current annual pumping rights, that the City will purchase a minimal amount of imported treated water (250 AF) each year, and that all additional water needs will be pumped from the MSGB. Additionally, the study assumes that the MSGB OSY will remain at 150,000 AFY. If more pumping is needed than is allotted from these supplies, then City will need to purchase additional untreated replenishment water from MWD to meet its total supply needs.

The City’s water supply constraints create an environment in which water conservation can substantially lower annual water supply costs. The primary mechanism by which costs can be lowered is by decreasing customer demand. Any supply needs greater than the allotment from the East and West Raymond Basins and MSGB requires the need for replenishment water to be purchased from MWD, which is much more expensive than water produced within the City’s allotment. The recent decreases in the City’s MSGB allotment, and the Watermaster’s expectation that the OSY will remain below the long-term average, have increased the importance of conservation efforts to promote basin sustainability and to control costs. Less demand for water will result in less replenishment water purchased from MWD, leading to lower supply costs. Table 6 summarizes projected water production and associated costs through FY 2024/25.

Projected water demands for each customer class are included for reference in Appendix D.

Table 6 Projected Water Production and Costs

Item	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Projected Water Sales (AF)	12,645	12,645	12,645	12,645	12,645
System Losses/ Unaccounted for Water ⁽¹⁾	8.1%	8.1%	8.1%	8.1%	8.1%
Projected Water Production (AF)	13,766	13,766	13,766	13,766	13,766
Change from Previous Year	0.0%	0.0%	0.0%	0.0%	0.0%
Main Basin Production (within allotment) (AF)	6,346	6,346	6,346	6,346	6,346
Main Basin Production (above allotment - Replenishment need) (AF)	3,969	3,969	3,969	3,969	3,969
Raymond Basin Production (AF)	3,200	3,200	3,200	3,200	3,200
Imported Treated Water, MWD (AF)	250	250	250	250	250
Replenishment Water Cost	\$3.92	\$4.03	\$4.16	\$4.28	\$4.41
All Other Main Basin Costs	2.06	2.06	2.06	2.06	2.06
Raymond Basin Costs	0.24	0.24	0.24	0.24	0.24
MWD Standby Cost	0.002	0.002	0.002	0.002	0.002
Treated Water Cost	0.28	0.29	0.30	0.30	0.31
CDPH Permit Administration	0.06	0.06	0.06	0.06	0.06
Total Water Supply Costs	\$6.56	\$6.69	\$6.82	\$6.95	\$7.09
Cost per AF (no replenishment)	\$248	\$248	\$248	\$248	\$249
Replenishment Water (\$/AF)	\$1,030	\$1,060	\$1,090	\$1,122	\$1,155
Blended Cost per AF	\$477	\$486	\$495	\$505	\$515

Notes:

- (1) Based on a comparison of the past 5-years of the City's water production records and customer billings, the system's annual losses and unaccounted for water has ranged between 8.1% percent and 11.5-percent. Staff indicated that the lower end of that range, 8.1 percent was most appropriate for future projections.
- (2) All monetary values are in millions of dollars.
- (3) Totals may not tie due to rounding.

Section 3

WATER REVENUE REQUIREMENT ANALYSIS

The revenue requirement analysis is a test of a utility's fiscal health, scrutinizing the adequacy of current revenues against funding needs. This test sets the basis for rate planning and reviews the viability of the utility's revenues against expenses, debts, and reserve policies. Where cash flows and balances are insufficient, the revenue requirement analysis recommends the needed additional cash flows to meet all funding goals.

Carollo compiled the City's projected fiscal year (FY) 2020/21 budget expenses as the base year for O&M costs.¹ Carollo collected actual and budgeted revenues and expenditures, water production costs, reserve fund balances and policies, budgeted capital improvement plan expenditures, current and future annual debt service, and other relevant financial data to forecast funding needs. Once this forecast is established, three tests define the annual revenues necessary.

1. The **Cash Flow Sufficiency Test** looks for a net positive cash flow at the end of each fiscal year. This test looks at whether revenues exceed expenses. When they do not, this test recommends additional revenue.
2. The **Debt Service Coverage Test** assesses the ability of the utility to cover debt service payments. As the City currently has no debts associated with its water or sewer funds, this test was not necessary for this study.
3. The **Reserves Target Test** considers the City's reserve balances and looks at operating, capital, and other funds' performance against City policy minimums. When the reserves targets are not met, this test recommends additional revenue.

Each of the tests is evaluated in each year of the projection to assess the need for revenue increases. As noted, because the City does not currently have any debt, the Debt Service Coverage test does not impact the results of this analysis. If the City elects to issue debt to fund capital projects in the future, the debt coverage obligation should be evaluated and may become a driver of future rate revenue needs.

3.1 Projected Revenues

The City collects most of its water revenues through bimonthly fixed Service Charge per meter and potable commodity rates per HCF consumed. These items made up 93 percent of operating revenues in FYE 2019. As detailed in Section 1, there is a fixed and a variable component to the current rate structure. Currently, the fixed rate component approximately 22.5 percent of total rate revenue, or about \$3.3 million in FY 2019/20. The variable rate component generated \$11.4 million in revenues in FY 2019/20.

The City's other revenues include charges for other services, interest earnings, and other miscellaneous revenues. Table 7 shows revenues from FY 2020/21 budgeted to FY 2024/25 projections. Each revenue item was projected based on an assumed growth factor as outlined in Appendix A.

For sound financial operations of the City's water system, the revenues generated must be sufficient to meet the expenditures or cash obligations of the utility. The revenue needs are defined as the amount of revenues that must be recovered through water rates in order to cover annual expenditures, less any offsetting revenues. Offsetting revenues include interest earnings and other non-operating revenues as outlined in Table 7.

¹ The City's fiscal year begins on July 1 and ends on June 30 of the following year.

Table 7 Projected Water Revenues

Revenue Item	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
User Rate Revenues (Without Further Increases)	\$14.69	\$14.69	\$14.69	\$14.69	\$14.69
Other Charges for Services ⁽¹⁾	0.14	0.14	0.14	0.14	0.14
Interest Earnings	0.16	0.11	0.09	0.08	0.08
Other Revenues ⁽²⁾	0.43	0.42	0.42	0.42	0.42
Total Revenues	\$15.43	\$15.36	\$15.34	\$15.33	\$15.33

Notes:

- (1) Other Charges for services include backflow charges, meter inspection fees, miscellaneous fines, and charges for maps and publications.
- (2) Other Revenues include rents and royalties, sale of property, and miscellaneous revenues.
- (3) All monetary values are in millions of dollars.
- (4) Totals may not tie due to rounding.

3.2 Projected Expenditures

The City's FY 2020/21 operating budget served as the basis for forecasting future operating expenses. The budget was compared to prior year actual financial information to identify any anomalies or one-time expenditures not appropriate for forecasting in future years. City staff also reviewed the budget for costs that may need to be adjusted due to future operational changes. Unless manually calculated, future years were forecasted using escalation factors appropriate for the type of expense. The escalation factors used as the basis for the study forecast are shown in Appendix A.

Operating expenses are grouped by division, including Water Administration, Water Main and Replacement, Water Meter Customer Service, and Water Production/Quality. The City typically tracks the water supply costs presented previously in Table 6 within the Water Production/Quality division, however they are presented separately throughout this report as they are a major component of revenue requirements. Table 8 shows expenditures from FY 2020/21 to FY 2024/25 projections. Line-item O&M budget detail is provided in Appendix A.

Table 8 Projected Water Operating Expenditures

Expense Division	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Water Administration	\$3.36	\$3.44	\$3.52	\$3.59	\$3.67
Water Main and Replacement	1.52	1.55	1.58	1.61	1.64
Water Meter Customer Service	0.86	0.88	0.89	0.91	0.93
Water Production/Quality	2.65	2.78	2.83	2.87	2.93
Dues and Assessments (Supply Cost)	6.56	6.69	6.82	6.95	7.09
Total Operating Expenses	\$15.03	\$15.41	\$15.72	\$16.01	\$16.33

Notes:

- (1) Based on projected end of year figures.
- (2) All monetary values are in millions of dollars.
- (3) Totals may not tie due to rounding.

Operating expenses are projected to increase to \$16.33 million by FY 2024/25, representing an 8.7 percent overall increase from the FY 2020/21 level of \$15.03 million. This total expenditure change represents an average annual increase of 2.1 percent. The projected annual operating expenditures are significantly influenced by the amount of replenishment water purchased in each year. The projected operating expenditures have been developed with the water demand assumptions discussed previously in this report.

If usage increases significantly, operating expenditures could be higher than expected. For example, if water consumption increased by 1 percent per year beginning in FY 2020/21, operating expenditures could reach over \$17.5 million by FY 2024/25. Conversely, if the MSGB OSY is raised above 150,000 AFY, operating expenditures could fall, as the need for replenishment water would be diminished.

3.2.1 Capital Projects

The City's CIP includes a variety of capital projects that involve repairing or replacing existing water system assets, as well as purchasing or replacing other small equipment. The City's planned CIP expenditures average about \$2.37 million per year. Table 9 identifies the five-year CIP used in the revenue requirement analysis, the projects and costs were developed by the City for the most recent capital improvement budget. Project costs shown in the table have been escalated to the midpoint of construction.

Table 9 Water CIP

Water CIP Project	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Annual Meter Replacement Program	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
Public Works Facility Improvements	-	0.04	0.02	0.01	0.01
SCADA System Upgrades and Computerized Utilities System	0.03	0.03	0.03	0.03	0.03
Valve Replacement Program	-	0.15	0.15	0.15	0.15
Well Inspection and Rehabilitation Program	-	0.25	0.25	0.25	0.25
New Well Design (20/21) Construction (21/22)	1.80	-	-	-	-
City Parking Lot Rehabilitation Program	-	-	-	0.07	0.07
Live Oak Well Emergency Generator	-	0.65	-	-	-
Destroy Existing Out of Service Wells	-	-	0.14	-	-
Longden Facility Improvements	-	-	0.75	-	-
St. Joseph Treatment Facility - Design	-	-	-	-	0.40
St. Joseph Perimeter Wall Extension	-	0.04	-	-	-
Water Main Replacement	0.80	0.40	0.40	0.40	0.40
Urban Water Management Plan	0.04	-	-	-	-
Chapman Blending Project	1.41	-	-	-	-
Equipment Acquisition Total	0.03	0.15	0.24	0.36	0.24
Total Water CIP	\$4.35	\$1.96	\$2.23	\$1.52	\$1.80

Notes:

- (1) All monetary values are in millions of dollars.
- (2) Totals may not tie due to rounding.

3.2.2 Capital Funding

The CIP will be funded using existing funds held in the City's water Facilities Reserve as well as revenues directly from water Service Fees. Throughout the next five years, the City expects to fund almost all capital expenditures by first spending down the Facilities Reserve and then utilizing pay as you go (PAYGO) financing. All capital projects for FY 2020/21 will be funded using existing reserves. By FY 2021/22, capital projects are forecasted as PAYGO and funded directly through revenues from water rates.

At that time, PAYGO funding is expected to become a significant driver of annual revenue needs. The City's water utility does not have any outstanding debt obligations and no future debt is expected as the City intends to cash fund all future capital projects.

3.3 Reserve Needs

In addition to the operating and capital expenses, discussed above, there are also revenue requirements related to maintaining the City's water reserve funds. It is good practice to maintain funds to meet unexpected emergency capital outlays or other expenses, or to hedge against revenue shortfalls due to decreases in demands. As a component of this study, Carollo worked with City staff to refine the targeted reserve balance based on system characteristics and revenue needs. The recommended target reserve is the sum of an operating reserve component and a facilities reserve component.

Operating Reserve

Water agencies maintain operating reserves to ensure availability of funds during fluctuations in operating costs or revenues. These could include month-to-month or seasonal shifts in revenue collection or more pronounced operational changes such as decreased revenues due to a drought or increased water purchase costs in the event that one of the City's local supplies becomes unavailable. Operating reserve targets are typically set based on a number of days' worth of operating expenses. While all agencies face unique circumstances that dictate their specific policies, operating reserves typically target between 45 and 180 days of operating expenses. Ideally, a greater percentage of a water utility's revenues being derived from variable rates (commodity revenues) would correspond to higher operating reserve.

Based on the City's characteristics, the recommended operating reserve is 90 days of operating expenses. Thus, the revenue requirement analysis targets a total minimum operating fund balance equivalent to 90 days of operating expenses. The minimum reserve amount is adjusted annually as dictated by changes to the City's operating expenditures. The 90 day operating reserve equates to approximately \$3.7 million for FY 2020/21 and would increase to approximately \$4.0 million by FY 2024/25 as operating expenses increase due to inflation.

The City should continue to monitor revenues and reserve levels on an annual basis. The reserve target may also be adjusted further as policy dictates to minimize rates or to smooth future rate increases. Should the water utility reach and maintain desired reserve levels, it is recommended that the City implement a reserve policy to formally define desired funding levels, needs, and uses.

Facilities Reserve

Water agencies maintain capital or facilities reserves to provide funds for continuity of construction in the event that revenues decrease and to provide an immediate source of funds for capital projects in the event of an emergency. While it would be impractical to reserve against major system-wide failures such as those resulting from a catastrophic earthquake, it is reasonable and prudent to identify and quantify possible failures of individual system components. Facilities reserve targets are often set based on a percentage of the physical system's overall value, typically between 1 and 3 percent.

Due to the volatility of water revenues and the expense to rectify the types of failures that could occur in the water system (reservoir, well, or booster station failures) the recommended Facilities Reserve is 3 percent of the water system's replacement value. An analysis of the water system's capital assets determined the replacement value of the water system to be approximately \$236 million. The recommended 3-percent reserve equates to approximately \$7.1 million. This amount would give the City sufficient funds to undertake emergency repairs in the event of a failure of one of the water system's key components, or to provide continuity of construction in the event of revenue shortfalls.

Equipment Reserve

The City also maintains an Equipment reserve to fund purchases of capital equipment such as vehicles and mobile equipment or capital replacement items such as pumps, valves, computer systems, etc. The Equipment reserve will be drawn down to pay for equipment purchases throughout the study period (FY 2020/21 through FY 2024/25). After that time, the City will set aside cash from rate revenues to fund equipment purchases in each year.

3.4 Recommended Rate Revenue Requirements

Based on the study projections, the City must increase water revenues annually in order to meet projected revenue needs due to annual increases in expenditures and to fund the CIP. Both the bimonthly fixed charges and the volumetric rates will be increased.

Operating Costs

Operating costs are expected to increase in each year driven by the inflationary increases discussed previously. The City has worked to increase operational efficiency in an effort to control operating cost increases. Over the study period, operating costs (including water supply costs) are expected to increase at an average of 2.1 percent per year.

Capital Funding

As noted above, the majority of capital expenditures through FY 2021/22 will be funded with existing reserves. However, the onset of rate funded capital improvements in FY 2022/23 contributes to the need for revenue increases within the next five years. The proposed revenue increases allow the City to build the necessary revenue generation capacity to fund capital projects in the long term.

Water Supply Costs

The extent of the proposed revenue adjustments is largely contingent upon the amount of replenishment water that the City is required to purchase, which is driven by the OSY and by water demands. If weather and basin conditions lead to the Watermaster increasing the OSY in subsequent years, the City might be able to implement lower rate increases. However, if the OSY is decreased further, the City might need to implement higher rate increases, defer capital projects, or further draw down reserves in order to support the cost of replenishment water.

Revenue Increases

Increases in water supply costs, capital funding, and operating cost increases, have driven a need for water rate revenue increases. Currently, reserves are being utilized to fund existing shortfalls. Based on the study projections, the City will need to increase revenues by 5 percent in FY 2020/21 (January 1, 2021) and in FY 2021/22 (January 1, 2022). In FY 2022/23 through FY 2024/25, annual 6 percent increases are forecasted to fund expected operation and capital expenditures. Table 10 provides a summary of the recommended water rate revenue increases for the rate study period.

As shown in Table 10 the City will need to rely on reserves to fund capital projects and to make up for cash flow shortfalls due to cash funding of CIP projects. Total reserves would fall below the \$12 million target in FY 2020/21 and reach a minimum of \$7.63 million in FY 2022/23. The use of reserve balances offsets the need to further increase rates. Long-term projections show that reserves could rebound to the \$12 million target in FY 2026/27 if increases in O&M costs, customer usage, and annual capital costs remain at the status quo following the end of this rate cycle in FY 2024/25 and the City is able to implement inflationary rate increases.

The last section of the tables shows the determination of the “Required Rate Revenues through Rate Design”. This number represents the amount of revenue that would be generated by the rates if they were in place for each full fiscal year. However, as of the completion of this analysis, the City anticipates implementation of rate increases on January 1, 2021, and in January of each following year. Because the rate increases will be implemented in the middle of each fiscal year, the rate revenue requirements for each year include an “Adjustment for Mid-year Increase.” This line item adjusts the required rate revenue to reflect a full year increase to match the full year of projected usage that is used to calculate the rates for each year.

Table 10 Recommended Water Rate Revenue Requirement

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Pre-Rate Increase Revenues					
Rate Revenues (prior to rate increases) ⁽¹⁾	\$14.69	\$14.69	\$14.69	\$14.69	\$14.69
Other Revenues ⁽¹⁾	0.74	0.67	0.65	0.64	0.64
Total Revenues	\$15.43	\$15.36	\$15.34	\$15.33	\$15.33
Expenditures					
Operating Costs ⁽²⁾	\$8.47	\$8.73	\$8.90	\$9.06	\$9.24
Water Supply Costs ⁽³⁾	6.56	6.69	6.82	6.95	7.09
Rate Funded Capital ⁽⁴⁾	-	-	1.51	1.16	1.56
Total Expenditures	\$15.03	\$15.41	\$17.23	\$17.17	\$17.89
Cash Flows (prior to rate increases)	\$0.40	(\$0.05)	(\$1.89)	(\$1.84)	(\$2.56)
Rate Revenue Increase	5.0%	5.0%	6.0%	6.0%	6.0%
<i>Month of Adoption</i>	<i>January</i>	<i>January</i>	<i>January</i>	<i>January</i>	<i>January</i>
Revenues from Rate Increases	\$0.37	\$1.12	\$1.99	\$2.99	\$4.05
Resulting Cash Flows	\$0.76	\$1.07	\$0.10	\$1.15	\$1.50
Consolidated Reserves Balance					
Beginning Balance	\$12.68	\$9.09	\$8.24	\$7.63	\$8.42
Operating Cash Flow	0.76	1.07	0.10	1.15	1.50
Equipment Acquisition	(0.03)	(0.15)	(0.24)	(0.36)	(0.24)
Use of Reserve for Capital	(4.33)	(1.77)	(0.47)	-	-
Total Reserves Ending Balance	\$9.09	\$8.24	\$7.63	\$8.42	\$9.68
Reserve Components					
<i>Operating Reserve</i>	\$1.67	\$2.74	\$2.63	\$3.42	\$4.03
<i>Facilities Reserve</i>	7.10	5.47	5.00	5.00	5.65
<i>Equipment Reserve</i>	0.19	0.04	-	-	-
<i>Available For Other Projects</i>	\$0.14	\$0.00	\$0.00	\$0.00	\$0.00
Expected Fiscal Year Rate Revenues	\$15.06	\$15.81	\$16.68	\$17.68	\$18.74
Adjustment for Mid-Year Increase	0.37	0.39	0.49	0.52	0.55
Required Rate Revenues for Rate Design	\$15.43	\$16.20	\$17.17	\$18.20	\$19.29

Notes:

- (1) From Table 7.
- (2) From Table 8
- (3) From Table 6
- (4) Total from Table 9 adjusted to reflect "Use of Reserve for Capital" and "Equipment Acquisition" shown below in this table (Table 10)
- (5) All monetary values are in millions of dollars.
- (6) Totals may not tie due to rounding.

Section 4

WATER COST OF SERVICE ANALYSIS

The purpose of a cost-of-service analysis is to provide a rational basis for distributing the full costs of the City of Arcadia's Public Water Utility service to each customer class in proportion to the benefits received from and burdens or demands they place on the system. Carollo developed a detailed cost allocation that serves as the basis for the proposed rate adjustments. This analysis yields an appropriate method for allocating costs, which could be sustained unless substantial changes in cost drivers or customer consumption patterns occur.

The cost of service allocation completed in this study is established on the base-extra capacity method as defined by the AWWA. Under the base-extra capacity method, revenue requirements are allocated based on the demand placed on the water system.

The first step in the cost of service analysis is the functional allocation which assigns annual revenue requirements by major function. The City groups its operating costs in functional divisions based on the activities that it undertakes to operate and maintain the water system. The functional divisions include:

Water Administration: Includes the costs of administration, management, and technical support for the operation of the water Utility.

Water Main and Replacement: Includes the costs of operating and maintaining the City's water distribution infrastructure.

Water Meter Customer Service: Includes the costs of reading, installing and maintaining water meters as well as customer service and billing activities.

Water Production and Quality: Includes the costs to operate and maintain the City's water production and treatment infrastructure as well as the costs that are paid to outside entities for water supply.

4.1 Functional Cost Components

The Utility's primary functions are related to base demand, peak demand, customer costs (customer and capacity), and water supply costs. These functional cost pools include the rate paid for water supplied by outside agencies, the system's existing operations and maintenance (O&M) expenditures, and rate-funded capital costs. The cost of service analysis has been completed using FY 2020/21 revenue requirements as the test year.

The City's budget was analyzed line-item by line-item and expenditures were distributed between the available functions:

Customer: Customer costs are fixed expenditures that relate to the City's support activities, which include utility billing, customer service, and administrative support. These expenditures are common to all customers and uniformly recovered from each customer through the monthly delivery charge.

Capacity: Capacity costs are annual expenditures that the City will incur each year regardless of the quantity of water sold. Capacity costs are fixed expenditures that include meter- and capacity-related costs, such as meter maintenance, that are included based on the meter's hydraulic capacity.

Base: Base costs are operating and capital costs incurred by the water system to provide a basic level of service to each customer. It is assumed that allocated costs benefit all customers uniformly and do not vary based on peak or overall volume of water used. This category also includes the costs for the planned minimal purchase of imported water. Because that purchase is driven by City policy, the costs are spread evenly over each unit of water purchased by customers.

Max Day: Max day costs are operating and capital costs incurred by the water system to provide a maximum day level of service to each customer. These costs are tied to the amount of maximum day demand, as calculated in the cost of service analysis.

Max Hour: Max hour costs are operating and capital costs incurred by the water system to provide a maximum hour level of service to each customer. These costs are tied to the amount of system-wide maximum hour demand, as calculated in the cost of service analysis.

Supply 1: Supply 1 costs include water costs for Raymond Basin and Main Basin – within allotment. These costs are further allocated to each customer class through the supply allocation.

Supply 2: Supply 2 costs include water cost for Main Basin – outside of allotment. These costs represent the City's highest cost source of water. They are further allocated to each customer class through the supply allocation.

Table 11 details the overall allocation by expense category and division to each functional component. The allocations presented are the result of a detailed allocation that assigned each individual expense account, within each division, to each functional cost component. A table showing the line item detail of the functional allocation is included in Appendix B.

Table 11 Water Functional Allocation

Division / Line-Item	Customer	Capacity	Base	Max Day	Max Hour	Supply 1	Supply 2
Water Admin							
Salaries & Wages	100%	-	-	-	-	-	-
Supplies	100%	-	-	-	-	-	-
Operating Expenses	48%	43%	-	10%	-	-	-
Water Main & Replacement							
Salaries & Wages	-	-	52%	28%	20%	-	-
Supplies	-	-	52%	28%	20%	-	-
Operating Expenses	-	-	52%	28%	20%	-	-
Special Programs	-	64%	19%	10%	7%	-	-
Water Meter Customer Service							
Salaries & Wages	25%	75%	-	-	-	-	-
Supplies	25%	75%	-	-	-	-	-
Operating Expenses	25%	75%	-	-	-	-	-
Special Programs	63%	37%	-	-	-	-	-

Table 11 Water Functional Allocation (continued)

Division / Line-Item	Customer	Capacity	Base	Max Day	Max Hour	Supply 1	Supply 2
Water Production / Quality							
Salaries & Wages	-	-	65%	35%	-	-	-
Supplies	-	-	65%	35%	-	-	-
Operating Expenses	-	-	8%	2%	-	21%	69%
Special Programs	-	-	53%	27%	20%	-	-

Notes:

(1) Totals may not tie due to rounding.

4.2 Customer Class Peak Factor Analysis

Water agencies must maintain a fair and equitable methodology for recovering costs both across and within customer classes. To accomplish this, peak factors are a standard industry practice for identifying relative demands on the utility system. The following peak factor calculations exhibit how Arcadia's customers place demands on the system and provide a basis for recovering costs. This methodology is outlined in AWWA M1 Manual and is industry standard practice for allocation costs.

For the remainder of this report, all City (AR), Government (GV), and Irrigation (IM) customers have been grouped together into the Government, Institutional, and Irrigation rate class, whom are all charged the same commodity rate.

4.2.1 Functional Allocation Peak Factors

With the City's costs outlined from its budget, water production and distribution costs, as well as other costs to be recovered through commodity rates, must be assigned to either the Base, Max Day, Max Hour, or Supply categories, as defined in Appendix B. The first step to allocating variable costs among these categories is the development of system demand factors. Table 12 illustrates total system demand factors for the City in HCF based on FY 2018/19 usage data. Average day demand is calculated based on total usage divided by 365 days. Max day production, max hour production, and average day of max month production were obtained from water production data provided by City staff.

Table 12 System Demand Factors (FY 2018/19)

System Demand Factor	HCF or Peak Factor ⁽¹⁾	Note/Source
Average Day Demand (ADD) ⁽¹⁾	15,091	Annual demand / 365 Days
Max Day Demand (MDD) ⁽²⁾	29,977	From SCADA data, max day production occurred in September 2019
MHD / MDD ("Max Hour/Max Day Factor")	1.25	Standard Max Hour / Max Day Factor
Max Hour Demand (MHD)	37,471	MDD times 1.25
Average Day Demand of Max Month	19,491	Max month demand of 592,921 divided by 30.42 average days per month
MDD / MM ("Max Day/Max Month Factor")	1.54	
MDD / ADD ("Max Day/Average Day Factor")	0.50	
MHD / ADD ("Max Hour/Average Day Factor")	2.48	

Notes:

(1) Average day demand calculated as projected sales of 5,508,266 HCF divided by 365.

(2) City staff provided daily water production data for 2015 through 2019, based on that information the maximum daily production occurred in September 2019.

The resulting Max Day/Average Day and Max Hour/Average Day Factors that are calculated from the system demand factors are used to determine the extra capacity allocations, which allocate base, max day, and max hour costs within the functional allocation analysis, as presented in Table 13. To develop the "Base / Max Day" functional allocation factor presented in Table 13. The Max Day/Average Day Factor is divided between base and max day, where base represents 1.00 of the ratio, and max day represents the remainder. The resulting "Base / Max Day" allocation factor is 65 percent to base and 35 percent to max day. The same methodology is applied to the "Base / Max Day / Max Hour" functional allocation factor using the Max Hour/Average Day Factor, which results in 52 percent to base, 28 percent to max day, and 20 percent to max hour.

Table 13 Extra Capacity Allocations

Factor	Ratio	Extra Capacity Allocation (%)
MDD / ADD	1.54	100%
Base	1.00	65%
Max Day	0.54	35%
MHD / ADD	1.92	100%
Base	1.00	52%
Max Day	0.54	28%
Max Hour	0.38	20%

4.2.2 Customer Class Allocation Peak Factors

With the budget costs allocated to either Base, Max Day, and/or Max Hour, as well as the other functional cost categories outlined in Table 11, the next step of the cost of service analysis is to allocate each of these revenue requirement categories to a customer class. This forms the basis for recovering each function cost category from each customer class in a fair and equitable manner based on system usage.

For both the Max Day and Max Hour allocations, the max day and max hour demand for each class is be calculated as follows:

1. Develop Max Day and Max Hour peaking factors.
2. Calculate max day and max hour demand.
3. Calculate extra capacity needed above average day demand.

4.2.2.1 Max Day Demand Peak Analysis

The Max day peaking factor is calculated for each customer class as shown in Equation 1 below.

Equation 1 [Max Day Peaking Factor Calculation](#)

$$\begin{aligned} \text{Max Day Peaking Factor} \\ &= \frac{\text{Avg. Day Demand of Max Billing Period}}{\text{Avg. Day Demand of FYE 2019}} \times \frac{\text{System Max Day Demand}}{\text{System Max Month Demand}} \\ &\times \text{Weekly Usage Adjustment Factor} \end{aligned}$$

The max day peaking factor is then multiplied by the average day demand for each class to determine the max day demand for each customer class as shown in Table 14. ADD minus max day demand equals the extra capacity that each customer class places on the system. The percent of max day extra capacity that each customer places on the system is used to allocate the total max day revenue requirement to be recovered between each class.

Table 14 Max Day Demand Calculation

Customer Class	ADD ⁽²⁾	% of ADD	Weekly Usage Adjustment Factor ⁽³⁾	MDD Peaking ⁽⁶⁾	MDD Capacity ⁽⁷⁾	Extra Capacity ⁽⁸⁾	% Max Day Extra Capacity
Single Family Residential - Tier 1	3,628	24.0%	1.00	1.64	5,963	2,335	6.8%
Single Family Residential - Tiers 2, 3, & 4	5,394	35.7%	2.33 ⁽⁴⁾	5.50	29,643	24,249	70.9%
Multi-Family Residential - Tier 1	1,386	9.2%	1.00	1.58	2,195	808	2.4%
Multi-Family Residential - Tier 2	824	5.5%	1.20 ⁽⁵⁾	2.34	1,932	1,108	3.2%
Commercial	2,092	13.9%	1.00	1.88	3,934	1,842	5.4%
Government, Institution, Irrigation	1,767	11.7%	1.40 ⁽⁵⁾	3.19	5,641	3,874	11.3%
Total	15,091	100.0%			49,308	34,216	100.0%

Notes:

- (1) All figures are in HCF unless noted otherwise.
- (2) ADD calculated as the total annual demands for each customer (Table 19) class divided by 365 days.
- (3) Weekly usage adjustments applied only to classes, tiers, or consumption portions that are designated as outdoor usage.
- (4) For residential customers, irrigation is allowed for a maximum of 3 days per week in the summer months.
- (5) For commercial, governmental, institutional, and irrigation customers, irrigation on properties can occur any day with approval if necessary and efficient. This assumes irrigation during business days when personnel are present (5 days per week).
- (6) Equals the product of (ADD of max billing period / ADD of FYE 2021) x (System MDD / System Max Month Demand) X Weekly Usage Adjustment Factor.
- (7) MDD Capacity is equal to the product of the MDD Peaking Factor and ADD.
- (8) Extra Capacity is equal to the MDD Capacity minus ADD.
- (9) Totals may not tie due to rounding.

4.2.2.2 Max Hour Demand Peak Analysis

Similarly, a Max Hour Peaking Factor is calculated for each customer class on Equation 2.

Equation 2 Max Hour Peaking Factor Calculation

$$\text{Max Hour Peaking Factor} = \text{Max Day Peaking Factor} \times \frac{\text{System Max Hour Demand}}{\text{System Max Day Demand}}$$

The max hour peaking factor is then multiplied by the average day demand for each class to determine the max hour demand for each customer class as shown in Table 15. Average day demand minus max hour demand equals the extra capacity that each customer class places on the system. The percent of max hour extra capacity that each customer places on the system is used to allocate the total max hour revenue requirement to be recovered between each class.

Table 15 Max Hour Demand Calculation

Customer Class	ADD ⁽²⁾	MHD Peaking Factor ⁽³⁾	Total MHD Capacity ⁽⁴⁾	Extra Capacity ⁽⁵⁾	% Max Hour Extra Capacity
Single Family Residential - Tier 1	3,628	2.05	7,454	5,119	18.7%
Single Family Residential - Tiers 2, 3, & 4	5,394	6.87	37,054	12,805	46.7%
Multi-Family Residential - Tier 1	1,386	1.98	2,743	1,935	7.1%
Multi-Family Residential - Tier 2	824	2.93	2,415	1,307	4.8%
Commercial	2,092	2.35	4,917	3,075	11.2%
Government, Institution, Irrigation	1,767	3.99	7,051	3,177	11.6%
Total	15,091		61,634	27,418	100.0%

Notes:

- (1) All figures are in HCF unless noted otherwise.
- (2) ADD calculated as the total annual demands for each customer (Table 19) class divided by 365 days.
- (3) Equals the product of (MDD Peaking Factor (Table 14) x (System MHD / System MDD)).
- (4) MHD Capacity is equal to the product of the MHD Peaking Factor and ADD.
- (5) Extra Capacity is equal to the MHD Capacity minus ADD.
- (6) Totals may not tie due to rounding.

4.3 Functional Allocation Results

Table 16 summarizes the results of the functional cost allocation analysis based on the forecasted expenses for FY 2020/21. The results presented are the result of the line-item allocation of the City's revenue requirements including operating expenditures, capital expenditures, and offsetting revenues. The full detail of the functional allocation is included for reference in Appendix B.

Table 16 Allocation Results

Category	Cost of Service Allocation Results	Rate Component
Customer	15.1%	Fixed Service Charge – recovered on a per account basis.
Capacity	7.5%	Fixed Service Charge – recovered on a MEU basis.
Base	20.1%	Commodity Charge – recovered on all units of water.
Max Day	9.7%	Commodity Charge – recovered from all units of water, corresponding to tier usage level.
Max Hour	4.7%	Commodity Charge – recovered from all units of water, corresponding to tier usage level.
Supply 1	10.1%	Commodity Charge – recovered from all units of water, corresponding to tier usage level.
Supply 2	32.9%	Commodity Charge – recovered from all units of water, corresponding to tier usage level.
Total	100%	

Notes:

- (1) Totals may not tie due to rounding.

Using the percentage results outlined in Table 16, the total projected revenue requirement calculated (Table 10) is divided between each of the functional categories. The results of this allocation are summarized in Table 17.

Table 17 Functional Allocation Results

Category	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Customer	\$2.32	\$2.44	\$2.59	\$2.74	\$2.91
Capacity	1.16	1.22	1.29	1.37	1.45
Base	3.11	3.26	3.46	3.66	3.88
Max Day	1.49	1.56	1.66	1.76	1.86
Max Hour	0.72	0.76	0.80	0.85	0.90
Supply 1	1.56	1.63	1.73	1.84	1.95
Supply 2	5.07	5.32	5.64	5.98	6.34
Total	\$15.43	\$16.20	\$17.17	\$18.20	\$19.29

Notes:

(1) All monetary values are in millions of dollars.

(2) Totals may not tie due to rounding.

4.4 Supply Allocation

The available water supplies are allocated based on unit costs. Raymond Basin and Main Basin – within allotment (i.e., Supply 1), the lower cost sources, is used to fulfill all base demand requirements. Main Basin – outside of allotment (i.e., Supply 2), the more expensive source, is used to fulfill peak demand requirements. The available supply from each priority is the basis to allocate costs to each customer class and then usage to each tier (where applicable).

In practice, this means that the costs of outside of allotment water are recovered from each class based on each class's incremental peak demands. Further, this approach recovers costs associated with the higher cost source of supply through the upper tiers.

Allocation proportions are based on the projected consumption from each customer class for FYE 2021. The allocation of available supply to each customer class was performed using the four step process described below.

Step 1: Allocate MWD purchased water to all classes based on their proportional amount of total usage. Each year the City budgets to purchase a small amount (250 AF) of treated MWD water to cover any intermittent shutdowns of City production facilities or interruptions of City supplies due to system maintenance. These purchases are minimal, and driven by system maintenance needs rather than water demands. As such, these costs will be allocated straight to the Base functional category, and are not included in the Supply 1 or Supply 2 costs.

Step 2: Allocate Supply 2 water to all classes based on incremental max month usage. The incremental max month demand is assumed to represent the maximum peak monthly usage for each class. The remaining Supply 2 water is available to be allocated to all customers in step three of the supply allocation.

Step 3: Allocate remaining Supply 2 demand to all classes based on incremental maximum 3-month demand. This represents each class's incremental needs during the months when outdoor usage is most prevalent.

Step 4: Allocate the remaining Supply 2 and all of Supply 1 to all classes based on total annual demand. This represents each class's total usage need and allocate the remaining supplies proportionally.

Table 18 shows the results of the supply allocation. As shown, customer classes that place a greater burden on the system during times of peak usage (Government, Institution, Irrigation and Single Family Residential) are responsible for a greater share of the more expensive Supply 2 water. Those that place a lower peak burden on the system (Multi-Family and Commercial) have a greater share of their consumption covered by the lower cost source of supply, Supply 1, as compared to the higher peaking classes. A detailed table of the supply allocation is included for reference in Appendix C.

Table 18 Water Supply Allocation Results

Total Supply Allocation By Class	Base MWD Imported Purchase	Supply 2 Main Basin Out	Supply 1 Raymond Basin + Main Basin In	Class Total
Government, Institution, & Irrigation <i>Percent of Class Allocation</i>	11,711 1.8%	209,990 32.6%	423,145 65.6%	644,846 100%
Commercial <i>Percent of Class Allocation</i>	13,867 1.8%	203,706 26.7%	545,974 71.5%	763,546 100%
Multi-Family Residential <i>Percent of Class Allocation</i>	14,650 1.8%	205,566 25.5%	586,471 72.7%	806,687 100%
Single Family Residential <i>Percent of Class Allocation</i>	59,808 1.8%	969,018 29.4%	2,264,362 68.8%	3,293,187 100%
Total Supply Allocation (HCF)	100,036 1.8%	1,588,279 28.8%	3,819,951 69.4%	5,508,266 100%

Notes:

- (1) All values are in HCF.
- (2) Totals may not tie due to rounding.

4.5 Customer Class Allocation

The functional allocation results presented in Table 17 are next allocated to each customer class based on their projected usage, accounts, meter equivalents, max day use, max hour use, and supply allocations. Functionalized costs are allocated to each customer class based on their respective use of the overall system.

Table 19 Customer Class Characteristics

Category	Accounts ⁽¹⁾	MEUs ⁽¹⁾	Annual Usage ^(2,3)	MDD Extra Capacity ^(2,4)	MHD Extra Capacity ^(2,5)	Supply 1 Usage ^(2,6)	Supply 2 Usage ^(2,6)
Single Family Residential	11,721	32,479	3,293,187	26,584	17,924	2,264,362	969,018
Multi-Family Residential	1,081	4,921	806,687	1,916	3,242	586,471	205,566
Commercial	814	3,596	763,546	1,842	3,075	545,974	203,706
Government, Institution, & Irrigation	432	3,034	644,846	3,874	3,177	423,145	209,990
Total	14,048	44,029	5,508,266	34,216	27,418	3,819,951	1,588,279

Notes:

- (1) Number of accounts and MEUs based on FY 2018/19 customer billing data.
- (2) All values are in HCF.
- (3) Annual usage projections are set based on an analysis of the past four years of customer billing data. Projected usage for each customer class was set at the average of FY 2018/18 and FY 2018/19 actual usage, to recognize that FY 2017/18 represented a relatively dry year with increased water usage, and that FY 2018/19 represented a relatively wet year with decreased demands.
- (4) Developed in Table 14.
- (5) Developed in Table 15.
- (6) Developed in Table 18 and Appendix C.
- (7) Totals may not tie due to rounding.

4.5.1 Fixed Cost Allocation

The revenue requirements for Customer and Capacity functional categories presented in Table 17 are allocated directly to all accounts and MEUs. The customer revenue requirement is divided by the total projected bills to produce the monthly charge per account. Similarly, the capacity revenue requirement is divided by the total projected MEUs to produce the monthly MEU charge. These two components are combined into the total monthly service charge assessed by account for each customer. This calculation follows in Table 26.

4.5.2 Variable Cost Allocation

The revenue requirements for Base, Max Day, Max Hour, Supply 1, and Supply 2 functional categories presented previously are recovered through commodity rates and must be distributed among each customer class as follows.

4.5.2.1 Base Allocation

The Base functional category supports the City's baseline water service. As a result, the Base category is allocated directly to each customer class based on their percent of total annual usage. Table 20 summarizes the allocation of Base to each customer class. The allocated Base costs (Table 17) are distributed to each customer class based on their share of annual usage.

Table 20 Base Customer Allocation

Category	Annual Usage (HCF) ⁽¹⁾	% Annual Usage	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Single Family Residential	3,293,187	59.8%	\$1.86	\$1.95	\$2.07	\$2.19	\$2.32
Multi-Family Residential	806,687	14.6%	0.45	0.48	0.51	0.54	0.57
Commercial	763,546	13.9%	0.43	0.45	0.48	0.51	0.54
Government, Institution, & Irrigation	644,846	11.7%	0.36	0.38	0.40	0.43	0.45
Total	5,508,266	100%	\$3.11	\$3.26	\$3.46	\$3.66	\$3.88

Notes:

(1) From Table 19.

(2) All monetary values are in millions of dollars.

(3) Totals may not tie due to rounding.

4.5.2.2 Max Day Allocation

The Max Day functional category supports the peak, maximum day water demand of all customers. To determine the amount of max day demand that each customer class places on the system, a max day peaking factor is calculated for each class (see Equation 1). The max day peaking factor is then multiplied by the average day demand for each class to determine the max day demand for each customer class (see Table 14). Average day demand minus max day demand equals the extra capacity that each customer class places on the system. The percent of max day demand that each customer class places on the system is presented in Table 21. The total revenue to be recovered through max day shown in Table 17 is allocated to each class by applying the percent max day usage derived in Table 14.

Table 21 Max Day Customer Allocation

Category	% Max Day Usage	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Single Family Residential	77.7%	\$1.16	\$1.21	\$1.29	\$1.36	\$1.45
Multi-Family Residential	5.6%	0.08	0.09	0.09	0.10	0.10
Commercial	5.4%	0.08	0.08	0.09	0.09	0.10
Government, Institution, & Irrigation	11.3%	0.17	0.18	0.19	0.20	0.21
Total	100%	\$1.49	\$1.56	\$1.66	\$1.76	\$1.86

Notes:

(1) All monetary values are in millions of dollars.

(2) Totals may not tie due to rounding.

4.5.2.3 Max Hour Allocation

The Max Hour functional category supports the max water demand of all customers. Like max day demand, a max hour demand peaking factor is calculated for each class to determine the max hour demand that each customer class places on the system. The max hour peaking factor is then multiplied by the average day demand for each class to determine the max hour demand for each customer class.

Average day demand minus max day demand represents the extra capacity that each customer class places on the system. The percent of max day demand that each customer class places on the system is presented in Table 22. The total revenue to be recovered through max hour shown in Table 17 is allocated to each class by applying the percent max hour usage derived in Table 15.

Table 22 Max Hour Customer Allocation

Category	% Max Hour Usage	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Single Family Residential	65.4%	\$0.47	\$0.50	\$0.53	\$0.56	\$0.59
Multi-Family Residential	11.8%	0.09	0.09	0.10	0.10	0.11
Commercial	11.2%	0.08	0.09	0.09	0.10	0.10
Government, Institution, & Irrigation	11.6%	0.08	0.09	0.09	0.10	0.10
Total	100%	\$0.72	\$0.76	\$0.80	\$0.85	\$0.90

Notes:

- (1) All values are in millions of dollars.
- (2) Totals may not tie due to rounding.

4.5.2.4 Supply 1 Allocation

The Supply 1 functional category supports the supply costs associated with Raymond Basin and Main Basin – within allotment water supplies. Using the results of the Supply Allocation, the percent of Supply 1 demand for each customer class developed in Table 18 is used to proportionally allocate Supply 1 costs (Table 17) to each customer class, as shown in Table 23.

Table 23 Supply 1 Customer Allocation

Category	% Supply 1 Usage	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Single Family Residential	59.3%	\$0.92	\$0.97	\$1.03	\$1.09	\$1.15
Multi-Family Residential	15.4%	0.24	0.25	0.27	0.28	0.30
Commercial	14.3%	0.22	0.23	0.25	0.26	0.28
Government, Institution, & Irrigation	11.1%	0.17	0.18	0.19	0.20	0.22
Total	100%	\$1.56	\$1.63	\$1.73	\$1.84	\$1.95

Notes:

- (1) All values are in millions of dollars.
- (2) Totals may not tie due to rounding.

4.5.2.5 Supply 2 Allocation

The Supply 2 functional category supports the supply costs associated with Main Basin – outside of allotment water supplies. Similar to Supply 1, using the results of the Supply Allocation (Table 18), the percent of Supply 2 demand for each customer class is used to proportionally allocate Supply 2 costs (Table 17) to each customer class, as shown in Table 24.

Table 24 Supply 2 Customer Allocation

Category	% Supply 2 Usage	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Single Family Residential	61.0%	\$3.09	\$3.25	\$3.44	\$3.65	\$3.87
Multi-Family Residential	12.9%	0.66	0.69	0.73	0.77	0.82
Commercial	12.8%	0.65	0.68	0.72	0.77	0.81
Government, Institution, & Irrigation	13.2%	0.67	0.70	0.75	0.79	0.84
Total	100%	\$5.07	\$5.32	\$5.64	\$5.98	\$6.34

Notes:

(1) All values are in millions of dollars.

(2) Totals may not tie due to rounding.

Section 5

WATER RATE DESIGN

The rate design analysis links the customer class costs with the water rates necessary to achieve cost recovery. The focus of this process is to achieve full cost recovery and substantiate that each customer class and individual user is paying their fair and proportionate share of system costs.

With costs equitably allocated to each customer class as outlined in Section 4, the City has some flexibility in designing a rate structure that meets its policy and fiscal objectives. In determining the appropriate rates and rate structure, Carollo analyzed various rate design alternatives, considering the impacts to both the City and its customers. Carollo used the following criteria in selecting an appropriate rate structure:

- Clear and understandable.
- Easily administered.
- Follows cost of service principles.
- Provides revenue stability.
- Provides affordability.
- Complies with legal and regulatory requirements.

Given the numerous and competing elements of rate design, selection of an appropriate rate structure is complex. There is no single structure that meets all objectives equally. Furthermore, priority objectives vary across agencies. Each objective has merit and plays an important role when implementing changes and evaluating the overall effectiveness of proposed changes. These elements and competing objectives were discussed and evaluated at length throughout the financial and rate study process.

Based on discussion with City staff and detailed review of the cost of service analysis and customer usage data, Carollo recommends the following rate design updates:

- Maintain fixed service charge to best reflect how actual system costs are incurred.
- Maintain a four-tier rate structure for Single Family residential customers with seasonally adjusted, meter size specific tier allotments.

- Update Single Family tier limits to better reflect system usage.
- Maintain a two tier rate structure for Multi-Family customers with water allocations based on the number of dwelling units in each multi-family complex.
- Maintain customer class specific uniform rates for other customer classes.

5.1 Proposed Fixed Charge

The City's current bimonthly fixed charge is a cost recovery mechanism that facilitates recovery of fixed expenditures, including meter and customer related costs. This charge includes a portion of the capacity related costs to provide a stable source of revenue independent of monthly water demand.

The fixed charge is a combination of the Customer and Capacity functional components. The Customer component covers costs that apply to all accounts in the system, regardless of usage or the size of the connection to the system. The Capacity component is applied to each customer based on their water meter size and its associated number of MEUs. Unit costs for each fixed component are calculated by dividing the allocated Customer and Capacity costs by the number of accounts and number of MEUs, respectively, as shown in Table 25.

Table 25 Water Fixed Unit Costs

Functional Component	FY 2020/21 Cost (millions) ⁽¹⁾	Units ⁽²⁾		FY 2019/20 Bi-Monthly Unit Cost
Customer	\$2.32	14,048	Accounts	\$27.57
Capacity	\$1.16	44,029	MEUs	\$4.38

Notes:

(1) From Table 17.

(2) From Table 19.

(3) Totals may not tie due to rounding.

The bi-monthly fixed charges are determined by adding the bi-monthly customer component to the bi-monthly capacity component as shown in Table 26. To determine the capacity component for each meter size, the meter unit cost is multiplied by the meter capacity ratios previously developed by the City to calculate the meter capacity cost. These ratios are based on the typical maximum flow for each meter size identified in the AWWA M1 Manual.

Table 26 Bi-Monthly Fixed Charge Components (FY 2020/21)

Meter Size	Capacity Ratio	Capacity Component	Customer Component	Total Bi-Monthly Charge ⁽¹⁾
5/8"	1.00	\$4.38	\$27.57	\$31.96
3/4"	1.50	6.57	27.57	34.15
1"	2.50	10.95	27.57	38.53
1.5"	5.00	21.90	27.57	49.48
2"	8.00	35.04	27.57	62.62
3"	15.00	65.71	27.57	93.28
4"	25.00	109.51	27.57	137.09
6"	55.00	240.93	27.57	268.50
8"	90.00	394.25	27.57	421.82
10"	140.00	613.27	27.57	640.85

Notes:

(1) Totals may not tie due to rounding.

Table 27 summarizes the proposed bi-monthly fixed charge for the five-year rate setting period.

Table 27 Proposed Bi-Monthly Fixed Charge

Meter Size	Current Rate	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Increase	N/A	5.0% overall with COS⁽¹⁾	5.0%	6.0%	6.0%	6.0%
5/8"	\$30.33	\$31.96	\$33.56	\$35.57	\$37.71	\$39.97
3/4"	32.40	34.15	35.86	38.01	40.29	42.71
1"	36.55	38.53	40.46	42.88	45.46	48.18
1.5"	46.93	49.48	51.96	55.07	58.38	61.88
2"	59.39	62.62	65.75	69.70	73.88	78.31
3"	88.45	93.29	97.95	103.83	110.06	116.66
4"	129.97	137.09	143.95	152.58	161.74	171.44
6"	254.53	268.51	281.93	298.85	316.78	335.79
8"	399.85	421.83	442.92	469.49	497.66	527.52
10"	607.45	640.85	672.89	713.27	756.06	801.43

Notes:

- (1) Proposed rates for FY 2020/21 include a cost of service (COS) adjustment based on the updated analysis. Proposed rates for FY 2021/22 are calculated by applying the revenue requirement increase of 5.0 percent, and FY 2022/23 through FY 2024/25 are calculated by applying the revenue requirement increases of 6.0 percent per year to the COS adjusted rates.
- (2) Bi-monthly charges are rounded to the nearest \$0.01.

5.2 Commodity Rates

The commodity rates are developed for each customer class group and are designed to recover the costs proportionate to water demands. Cost of service based rates were developed for each customer class based on the principle of maintaining vertical and horizontal customer-class equity. Customer classes, such as single-family residential or commercial, only pay for their assigned share of costs of service, and within each customer class, each account will pay a fair share of the costs assigned to that customer class. Customer related commodity costs are calculated based on the class group's average annual water usage and its annualized summer consumption. The water commodity rate for each customer class group is calculated based on the customer class' cost (required revenues) and the forecasted annual water demands. The proposed bimonthly commodity based rates are shown in Table 28.

Table 28 Proposed Water Rates

Customer Class	Current Rate	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Increase	N/A	5.0% overall with COS⁽¹⁾	5.0%	6.0%	6.0%	6.0%
Single Family Residential						
Tier 1	\$1.82	\$1.91	\$2.00	\$2.12	\$2.25	\$2.38
Tier 2	2.23	2.32	2.44	2.59	2.74	2.91
Tier 3	2.53	2.39	2.51	2.66	2.82	2.99
Tier 4	2.72	3.00	3.15	3.34	3.54	3.75
Multi-Family Residential						
Tier 1	\$1.69	\$1.82	\$1.91	\$2.02	\$2.14	\$2.27
Tier 2	1.97	2.01	2.11	2.23	2.37	2.51
Commercial	\$1.81	\$1.92	\$2.02	\$2.14	\$2.27	\$2.40
Government, Institutional, and Irrigation	\$2.13	\$2.27	\$2.38	\$2.52	\$2.67	\$2.83

Notes:

- (1) Proposed rates for FY 2020/21 include a cost of service (COS) adjustment based on the updated analysis. Proposed rates for FY 2021/22 are calculated by applying the revenue requirement increase of 5.0 percent, and FY 2022/23 through FY 2024/25 are calculated by applying the revenue requirement increases of 6.0 percent per year to the COS adjusted rates.
- (2) Rates are rounded to the nearest \$0.01.

5.2.1 Single Family Residential Rates

It is important that the proposed water rate structure passes the true cost of providing water service on to the customers who utilize that service and in doing so promotes efficient water usage. Continuing the use of a tiered rate structure for single-family customers is critical in order to achieve these objectives. The study reviewed Single Family tiered usage to determine what adjustments should be made to continue accurately allocating costs to each tier.

The proposed Single Family rate structure is designed to proportionately allocate a greater share of the costs of service to those whose higher water usage generates additional costs to the water utility and incidentally promotes efficient water usage and conservation, while avoiding and minimizing administrative impacts associated with a more complex rate structure such as individual water budgets. The proposed rate structure is an inclining block rate structure designed to reflect the City's various sources of supply coupled with a single-family home's specific consumption patterns.

5.2.1.1 Tier Allotments

The Single Family residential customer class has been split to recognize each of the available meter sizes. As was adopted in the 2015 Cost of Service Study, the tier allocations were determined by analyzing the relationship between meter size, MEUs, and consumption patterns. The proposed rates retain this structure.

Historically and in the proposed rate structure, the City's fixed service charges have been based on the size of each customer's water meter. Charges are higher for larger meters based on the MEUs associated with each size of meter. By paying these higher fixed charges, customers with larger meters have reserved additional system capacity as compared to those with smaller meters. As such, the tier breaks for each meter size can reflect the incremental capacity maintained by each meter size. Setting the tier allotments in

this manner allows for demands from users with each meter size to be satisfied with a similar blend of water from the City's water sources. Additionally, this analysis provides that each meter size is being apportioned an equivalent allocation of peak costs based on system characteristics, rather than demand alone. Rather than adjusting allotments based only on MEUs, an analysis of the customers' seasonal usage used to determine the incremental water needs for each meter size.

Seasonal adjustments of the tier structure allow rates to be tailored to consumption patterns and effectively recover the costs of providing water for each tier throughout the year. They also allow for the capacity reserved by each meter size to be reflective of the varied capacity need during the winter and summer months. Allotments are decreased in the winter months to reflect that if used efficiently, less water is needed for outdoor uses in the winter months. During the winter months, users move more quickly through Tier 2 and Tier 3, paying for a greater share of more expensive water supplies. During the summer, Tier 2 and Tier 3 are expanded to reflect the additional capacity that is required for and reserved by each meter size during the hotter and dryer part of the year. As a secondary benefit, the seasonal adjustments help to promote year-round efficient water usage.

As was adopted in the 2015 Cost of Service Study, seasons were determined based on historical consumption patterns as well as long-term weather patterns. The rate structure accounts for winter and summer usage. Bills for water usage in the months of November through April will be calculated using winter allotments. Bills for water usage in the months of May through October will be calculated using the higher summer allotments.

An analysis of Single Family Residential water demand for FY 2017/18 and FY 2018/19 was performed to assess the current tier break points. Based on the analysis adjustments to some of the tier breakpoints are necessary to realign tier usage with each meter size to current demand patterns. The following tier break adjustments are proposed in Table 29. These updated tier break points reflect the actual usage of the Single Family Residential customer class in FY 2017/18 and FY 2018/19.

Tier 1, Indoor Usage: Tier 1 is intended to provide a basic allotment of water for indoor usage. The Tier 1 break point will remain set at 11 HCF per month (22 HCF bi-monthly). The allotment is not seasonally adjusted as indoor usage is not impacted by seasonal weather patterns. This allotment would provide a household of 5 people with approximately 55 gallons per person per day, consistent with State guidance.

Tiers 2, 3, and 4, Outdoor Usage: Tiers 2, 3, and 4 are intended to cover outdoor water usage. The breakpoints were initially developed for the 2015 through an analysis of usage by meter size, assumed irrigable area, and typical water needs for native landscaping and turf. The pricing for each tier is increased by allocating progressively more expensive water to the upper tiers.

Tier 2, Efficient Outdoor Usage: Tier 2 is intended to provide an allotment of water to each customer for efficient landscape use such as minimal turf or native plants. The break points are seasonally adjusted to recognize that more water is required in the summer months due to the weather. Tier 2 break points were adjusted for specific meter sizes based on the consumption characteristics observed in the FY 2017/18 and FY 2018/19 customer billing data.

Tier 3, High Outdoor Usage: Tier 3 is intended to provide an allotment of water to each customer for high water use landscaping use such a full turf yard. The break points are set such that the sum of the Tier 2 and Tier 3 allotments would support high use landscaping. The break points are seasonally adjusted to recognize that more water is required in the summer months due to the weather. Tier 3 break points were adjusted for specific meter sizes based on the consumption characteristics observed in the FY 2017/18 and FY 2018/19 customer billing data.

Tier 4, Inefficient Outdoor Usage: Tier 4 is intended to recover the costs of water usage beyond what is considered to be efficient. The need to provide water for this level of consumption drives additional purchases of replenishment water and impacts the operation of the system by driving a higher seasonal and daily peak.

Table 29 Proposed Updated Seasonal Bi-Monthly Tier Break Points

Meter Size	5/8"	3/4"	1"	1.5"	2"
Winter (November through April)					
Tier 1	22 HCF				
Tier 2	32	34	42	48	60
Tier 3	42	44	58	70	90
Tier 4	>42	>44	>58	>70	>90
Summer (May through October)					
Tier 1	22 HCF				
Tier 2	34	42	60	70	94
Tier 3	44	58	92	112	148
Tier 4	>44	>58	>92	>112	>148

Notes:

(1) One unit equals one HCF.

5.2.1.2 Tiered Rates Cost Components

The recommended rate calculation approach is based on a rate component “layering” methodology using the remaining cost components that are not recovered through the fixed charges – water supply (Supply 1 and Supply 2), Base, Max Day, and Max Hour. Costs are allocated to each tier based on specific parameters that define the incremental burden of satisfying demands in each tier. For example, Max Day costs are allocated to each tier based on tier specific peak factors that were determined through an analysis of customer billing data. The following section outlines the specific allocation process for each cost component. Figure 5 below summarized the cost components that are collected through each tier’s rate.

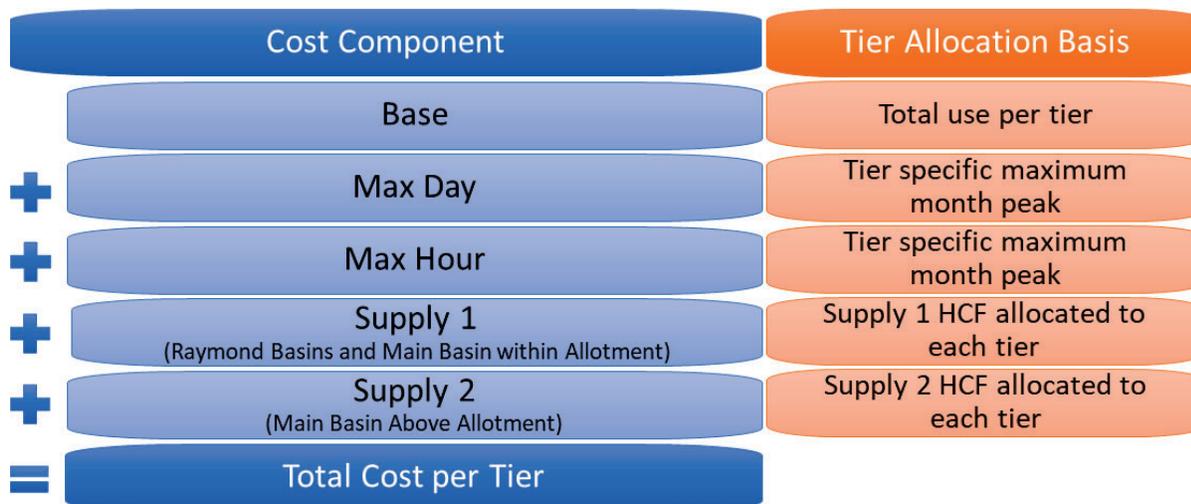


Figure 5 Single Family Tiers’ Cost Components

5.2.1.3 Proposed Single Family Volumetric Rates

As discussed above, single Family commodity rates recover costs allocated to Base, Max Day, Max Hour, Supply 1, and Supply 2 functional categories. The rates are calculated by allocating the Single Family class' share of each cost to each of the tiers, then dividing the total cost allocated to each tier by the consumption per tier. The following tables outline the allocation costs from each functional category to each tier and the calculation of the proposed rates for FY 2020/21. Proposed rates for FY 2021/22 are calculated by applying the revenue requirement increase of 5.0 percent to the FY 2020/21 cost of service adjusted rates, and 6.0 percent per year from FY 2022/23 through FY 2024/25.

The base cost component is allocated to each Single Family tier based on the max month/average month usage within each tier. These calculations are shown in Appendix E. The weighting factor is then used to proportionally allocate the total base cost to each Single Family tier, as shown in Table 30.

Table 30 Single Family Base Rate Component Allocation

Tier	Base Cost Allocation to Tier	FY 2020/21 Costs (million)
Single Family Base Costs	100%	\$1.86
Tier 1	40%	\$0.75
Tier 2	30%	0.56
Tier 3	12%	0.22
Tier 4	18%	0.33

Notes:

- (1) All monetary values in millions of dollars.
- (2) Totals may not tie due to rounding.

The Single Family max day rate is allocated to each tier based on specific weighting factors as shown in Table 31. To allocate the max day revenue to Tier 1, the total revenue to recover is divided by the sum-product of each tier's allocation weight and demand, multiplied by the allocation weight for Tier 1, as shown in Appendix E. Table 31 presents the max day rate component allocated to each tier.

Table 31 Single Family Max Day Rate Component Allocation

Tier	Max Day Cost Allocation to Tier	FY 2020/21 Costs(million)
Single Family Max Day Costs	100%	\$1.16
Tier 1	31%	\$0.36
Tier 2	34%	0.39
Tier 3	14%	0.17
Tier 4	20%	0.23

Notes:

- (1) All monetary values in millions of dollars.
- (2) Totals may not tie due to rounding.

Similar to the max day rate component, the Single Family max hour rate is allocated to each tier based on specific weighting factors as shown in Table 32. To allocate the max hour revenue to Tier 1, the total revenue to recover is divided by the sum-product of each tier's allocation weight and demand, multiplied by the allocation weight for Tier 1, as shown in Appendix E. Table 32 presents the max hour rate component allocated to each tier.

Table 32 Single Family Max Hour Rate Component Allocation

Tier	Max Hour Cost Allocation to Tier	FY 2020/21 Costs (million)
Single Family Max Hour Costs	100%	\$0.47
Tier 1	31%	\$0.15
Tier 2	34%	0.16
Tier 3	14%	0.07
Tier 4	20%	0.10

Notes:

- (1) All monetary values in millions of dollars.
(2) Totals may not tie due to rounding.

Usage in each of the single family tiers is satisfied with a blend of water from the City's water supply source. As usage progresses up through the tiers, it is satisfied with an increasing share of water from the more expensive source of supply, main basin pumping above allotment, defined in this report as Supply 2. The blend of supply 1 and Supply 2 water in each tier is based on an allocation of supplies to each tier that relies on the peak profile of each tier. Additionally, the allocation is set such that no water from the City's most inexpensive source, the Raymond Basins, is used to cover usage in Tier 4.

Supplies are allocated to each tier using a three-step process. First, water from Supply 1 and Supply 2 is allocated to Tier 4 to cover excessive outdoor usage. The blend of Supply 2 (more expensive water) and Supply 1 (lower cost water) is determined by adjusting the overall blend of Supply 1 and Supply 2 water available to the Single Family class, adjusted such that no water from the Raymond basins (the City's lowest cost resource) is allocated to Tier 4. Next, the remaining supplies are allocated among Tiers 1, 2, and 3 based on each tier's usage and peak factor.

Table 33 shows the allocation of supplies to each tier. The amount of Supply 1 and Supply 2 water allocated covers all usage in each tier less each tier's proportional allocation of MWD treated imported water. Additional detail of the supply allocation to each tier is included for reference in Appendix E.

The Supply 1 and Supply 2 costs allocated to each Single Family tier are shown in Table 34 and Table 35.

Table 33 Single Family Tier Supply Allocations

Tier	MWD Imported	Supply 1	Supply 2	Tier Total
Allocated HCF⁽¹⁾				
Tier 1	24,050	1,038,304	261,920	1,324,274
Tier 2	18,045	690,918	284,649	993,612
Tier 3	7,240	271,560	119,876	398,676
Tier 4	10,472	263,580	302,572	576,624
Total	59,808	2,264,361	969,018	3,293,187
Percent Share per Tier⁽²⁾				
Tier 1	40%	46%	27%	40%
Tier 2	30%	31%	29%	30%
Tier 3	12%	12%	12%	12%
Tier 4	18%	12%	31%	18%
Total	100%	100%	100%	100%

Notes:

- (1) Water supplies allocated to single family in Table 18 are allocated to each tier as shown in Appendix E.
- (2) Percent share of water from each supply based on the above supply allocations.
- (3) Totals may not tie due to rounding.

Table 34 Single Family Supply 1 Rate Component Allocation

Tier	Supply 1 Cost Allocation to Tier ⁽¹⁾	FY 2020/21 Costs (million) ⁽²⁾
Single Family Supply 1 Costs	100%	\$0.92
Tier 1	46%	\$0.42
Tier 2	31%	0.28
Tier 3	12%	0.11
Tier 4	12%	0.11

Notes:

- (1) From Table 33.
- (2) Total single family share of supply 1 costs from Table 23.
- (3) All monetary values in millions of dollars.
- (4) Totals may not tie due to rounding.

Table 35 Single Family Supply 2 Rate Component Allocation

Tier	Supply 2 Cost Allocation to Tier ⁽¹⁾	FY 2020/21 Costs (million) ⁽²⁾
Single Family Supply 2 Costs	100%	\$3.09
Tier 1	27%	\$0.84
Tier 2	29%	0.91
Tier 3	12%	0.38
Tier 4	31%	0.97

Notes:

- (1) From Table 33.
- (2) Total single family share of supply 2 costs from Table 24.
- (3) All monetary values in millions of dollars.
- (4) Totals may not tie due to rounding.

The combination of the Base, Max Day, Max Hour, Supply 1, and Supply 2 costs allocated to each Single Family tier divided by the total projected usage within each tier equals the total rate for each tier as shown in Table 36.

Table 36 Proposed Single Family Rates

Tier	FY 2020/21 Total Costs (millions) ⁽¹⁾	Consumption (HCF) ⁽²⁾	FY 2020/21 Proposed Rate (\$/HCF)
Tier 1	\$2.52	1,324,274	\$1.91
Tier 2	2.31	993,612	\$2.32
Tier 3	0.95	398,676	\$2.39
Tier 4	1.73	576,624	\$3.00

Notes:

- (1) Total of allocated costs for each tier from Table 30, Table 31, Table 32, Table 34, and Table 35.
- (2) Consumption per tier outlined in Appendix E.
- (3) Totals may not tie due to rounding.

5.2.2 Multi-Family Residential Rates

Multi-family rates are calculated using a similar process to that discussed above for Single Family. The following tables outline the allocation costs from each functional category to each tier and the calculation of the proposed rates for FY 2020/21. Proposed rates for FY 2021/22 are calculated by applying the revenue requirement increase of 5.0 percent to the FY 2020/21 cost of service adjusted rates, and 6.0 percent per year from FY 2022/23 through FY 2024/25.

Base, Max Day, and Max Hour rate components are allocated to each Multi-Family Residential tier similarly to the Single Family allocation. These rate components are shown in Table 37, Table 38, and Table 39.

Table 37 Multi-Family Base Rate Component Allocation

Tier	Base Allocation ⁽¹⁾	FY 2020/21 ⁽²⁾
Multi Family Base Costs	100%	\$0.45
Tier 1	63%	\$0.29
Tier 2	37%	0.17

Notes:

- (1) Base costs are allocated to each tier based on the total amount of usage within each tier as outlined in Appendix E.
- (2) All monetary values in millions of dollars.
- (3) Totals may not tie due to rounding.

Table 38 Multi-Family Max Day Rate Component Allocation

Tier	Max Day Allocation ⁽¹⁾	FY 2020/21 ⁽²⁾
Multi Family Max Day Costs	100%	\$0.08
Tier 1	58%	\$0.05
Tier 2	42%	0.04

Notes:

- (1) Max day allocation based on analysis of usage by tier and tier peak factors shown in Appendix E.
- (2) Total multi-family share of max day costs from Table 21.
- (3) All monetary values in millions of dollars.
- (4) Totals may not tie due to rounding.

Table 39 Multi-Family Max Hour Component Allocation

Tier	Max Hour Allocation ⁽¹⁾	FY 2020/21 ⁽²⁾
Multi Family Max Hour Costs	100%	\$0.09
Tier 1	58%	\$0.05
Tier 2	42%	0.04

Notes:

- (1) Max hour allocation based on analysis of usage by tier and tier peak factors shown in Appendix E.
- (2) Total multi-family share of max day costs from Table 22.
- (3) All monetary values in millions of dollars.
- (4) Totals may not tie due to rounding.

Supplies are allocated to each tier based on peak factors to assign a blend of water from each supply to cover usage in each tier. Table 40 shows the allocation of water supplies to each tier. Supply 1 and Supply 2 costs are allocated to each Multi-Family tier based on Table 41 and Table 42. The amount of Supply 1 and Supply 2 water allocated covers all usage in each tier less each tier's proportional allocation of MWD imported water. Additional detail of the supply allocation to each tier is included for reference in Appendix E.

Table 40 Multi-Family Tier Supply Allocation

Tier	MWD Imported	Supply 1	Supply 2	Tier Total
Allocated HCF⁽¹⁾				
Tier 1	9,189	377,856	118,922	505,967
Tier 2	5,462	208,614	86,644	300,720
Total	14,651	586,470	205,566	806,687
Percent Share per Tier⁽¹⁾				
Tier 1	63%	64%	58%	63%
Tier 2	37%	36%	42%	37%
Total	100%	100%	100%	100%

Notes:

- (1) Water supplies allocated to multi-family in Table 18 are allocated to each tier as shown in Appendix E.
- (2) Percent share of water from each supply based on the above supply allocations.
- (3) Totals may not tie due to rounding.

Table 41 Multi-Family Supply 1 Rate Component Allocation

Tier	Supply 1 Allocation ⁽¹⁾	FY 2020/21 ⁽²⁾
Multi Family Supply 1 Costs	100%	\$0.24
Tier 1	64%	\$0.15
Tier 2	36%	0.09

Notes:

- (1) From Table 40.
- (2) Total multi-family share of supply 1 costs from Table 23.
- (3) All monetary values in millions of dollars.
- (4) Totals may not tie due to rounding.

Table 42 Multi-Family Supply 2 Component Allocation

Tier	Supply 2 Allocation ⁽¹⁾	FY 2020/21 ⁽²⁾
Multi Family Supply 2 Costs	100%	\$0.66
Tier 1	58%	\$0.38
Tier 2	42%	0.28

Notes:

- (1) From Table 40.
- (2) Total multi-family share of supply 2 costs from Table 24.
- (3) All monetary values in millions of dollars.
- (4) Totals may not tie due to rounding.

The combination of the Base, Max Day, Max Hour, Supply 1, and Supply 2 costs allocated to each Multi-Family tier divided by the total projected usage within each tier equals the total rate for each tier as shown in Table 43.

Table 43 Proposed Multi-Family Rates

Tier	FY 2020/21 Total Costs (millions) ⁽¹⁾	Consumption (HCF) ⁽¹⁾	FY 2020/21 Rate (\$/HCF)
Tier 1	\$0.92	505,967	\$1.82
Tier 2	\$0.60	300,720	\$2.01

Notes:

- (1) Total of allocated costs for each tier from Table 37, Table 38, Table 39, Table 41, and Table 42.
- (2) Consumption per tier outlined in Appendix E.
- (3) Totals may not tie due to rounding.

5.2.3 Commercial Rates

The Commercial customer class uses water relatively consistently throughout the course of the year, exhibiting a much lower peak than the other customer classes and the overall system average. The proposed commercial volumetric rates reflect the lowered peak burden placed on the water system by commercial customers.

Commercial rates are calculated by dividing the sum of all Base, Max Day, Max Hour, Supply 1, and Supply 2 costs that are allocated to the class customers by the total projected usage for the class. Table 44 shows the calculation of Commercial rates for FY 2020/21. Proposed rates for FY 2021/22 are calculated by applying the revenue requirement increase of 5.0 percent to the FY 2020/21 cost of service adjusted rates, and 6.0 percent per year from FY 2022/23 through FY 2024/25.

Table 44 Proposed Commercial Rates Calculation

Commercial Rates Calculation	FY 2020/21
Base Costs (millions) ⁽¹⁾	\$0.43
Max Day Costs (millions) ⁽²⁾	0.08
Max Hour Costs (millions) ⁽³⁾	0.08
Supply 1 Costs (millions) ⁽⁴⁾	0.22
Supply 2 Costs (millions) ⁽⁵⁾	0.65
Total Variable Costs (millions)	\$1.46
FY 2020/21 Usage (HCF) ⁽⁶⁾	763,546
FY 2020/21 Rate (\$/HCF)	\$1.92

Notes:

- (1) Commercial share of base costs from Table 20.
- (2) Commercial share of max day costs from Table 21.
- (3) Commercial share of max hour costs from Table 22.
- (4) Commercial share of supply 1 costs from Table 23.
- (5) Commercial share of supply 2 costs from Table 24.
- (6) Commercial consumption from Table 19.
- (7) Totals may not tie due to rounding.

5.2.4 Government, Institutional, and Irrigation Rates

The Government, Institutional, and Irrigation customer class uses significantly more water during the summer months due as it serves predominantly private and public outdoor irrigation usage. Thus, it exhibits a higher peak than the other customer classes and the overall system average. The proposed Government, Institutional, and Irrigation volumetric rates reflect the higher peak burden placed on the water system by the customers' demand patterns.

Government, Institutional, and Irrigation rates are calculated by dividing the sum of all Base, Max Day, Max Hour, Supply 1, and Supply 2 costs that are allocated to the class customers by the total projected usage for the class. Table 45 shows the calculation of Government, Institutional, and Irrigation rates for FY 2020/21. Proposed rates for FY 2021/22 are calculated by applying the revenue requirement increase of 5.0 percent to the FY 2020/21 cost of service adjusted rates, and 6.0 percent per year from FY 2022/23 through FY 2024/25.

Table 45 Proposed Government, Institutional, and Irrigation Rates

Government, Institutional, and Irrigation Rates Calculation	FY 2020/21
Base Costs (millions) ⁽¹⁾	\$0.36
Max Day Costs (millions) ⁽²⁾	0.17
Max Hour Costs (millions) ⁽³⁾	0.08
Supply 1 Costs (millions) ⁽⁴⁾	0.17
Supply 2 Costs (millions) ⁽⁵⁾	0.67
Total Variable Costs (millions)	\$1.46
FY 2020/21 Usage (HCF) ⁽⁶⁾	644,846
FY 2020/21 Rate (\$/HCF)	\$2.27

Notes:

- (1) Government, Institutional, and Irrigation share of base costs from Table 20.
- (2) Government, Institutional, and Irrigation share of max day costs from Table 21.
- (3) Government, Institutional, and Irrigation share of max hour costs from Table 22.
- (4) Government, Institutional, and Irrigation share of supply 1 costs from Table 23.
- (5) Government, Institutional, and Irrigation share of supply 2 costs from Table 24.
- (6) Government, Institutional, and Irrigation consumption from Table 19.
- (7) Totals may not tie due to rounding.

Section 6

WATER CUSTOMER CLASS BILL IMPACTS

Carollo analyzed the impact of the above proposed water rates for Single Family, Multi-Family, Commercial, and Government, Institutional, and Irrigation customers bi-monthly bills compared to the currently adopted rates.

6.1 Single Family Residential Bill Impact

A typical Single Family customer has a 1" meter and uses 37 HCF in the winter, and 55 HCF in the summer per bi-monthly bill. These customers would see a \$5.31 per bill increase in the winter and a \$6.93 per bill increase in the summer with the proposed rates in FY 2020/21, as shown in Figure 6 and Figure 7.

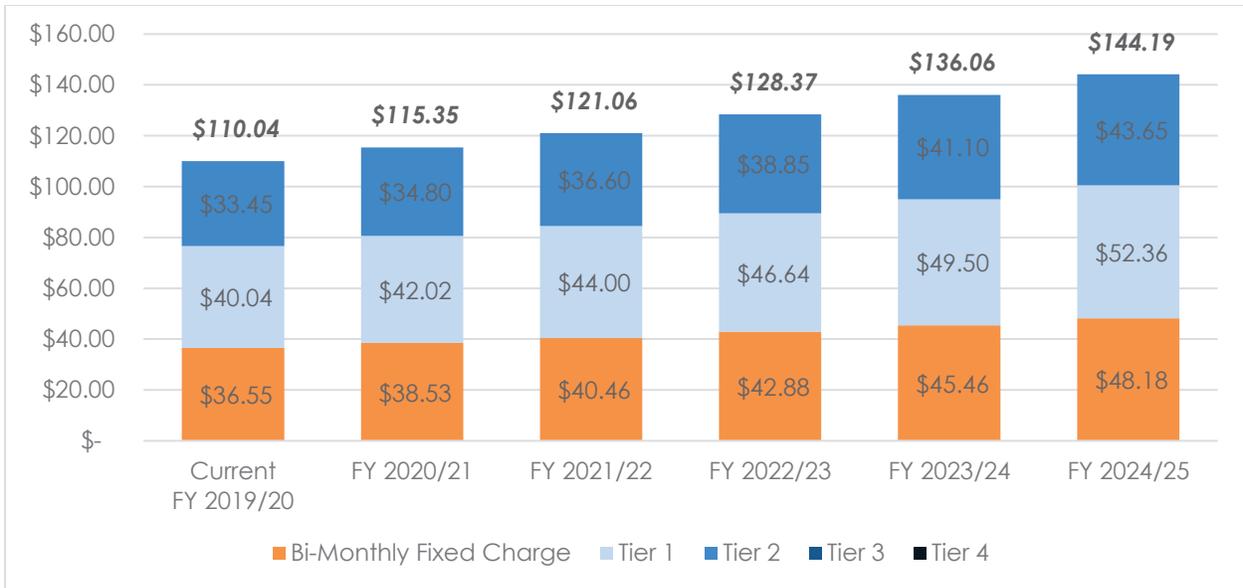


Figure 6 Single Family Customer Bi-Monthly Bill Impact – 1”, Winter

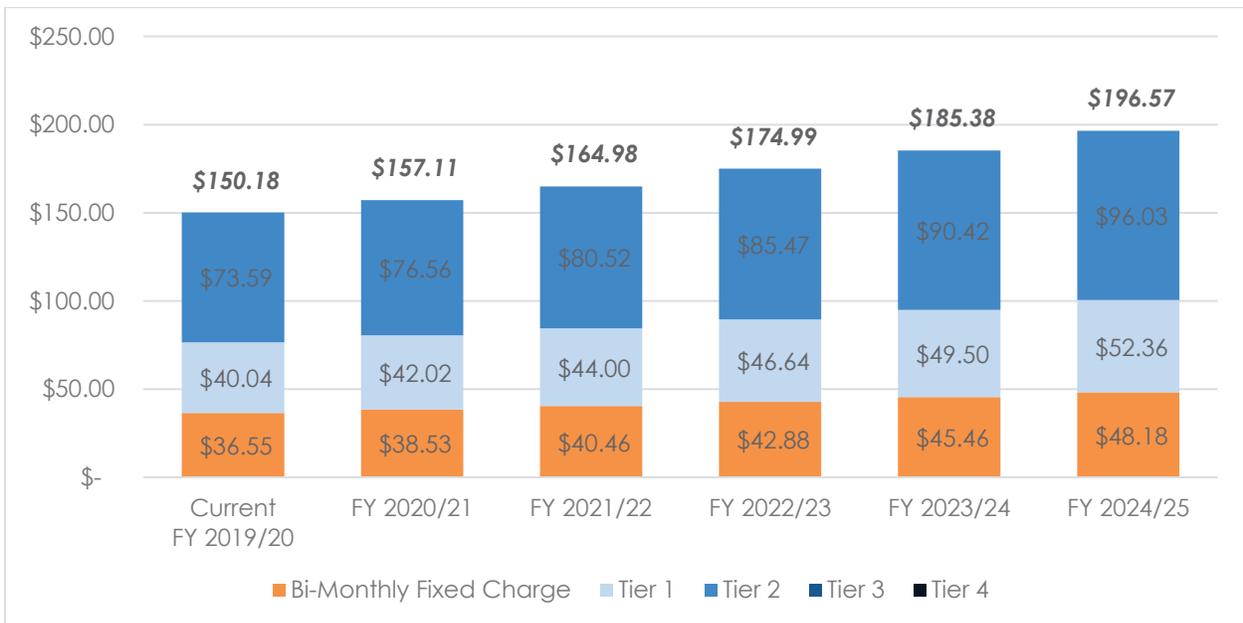


Figure 7 Single Family Customer Bi-Monthly Bill Impact – 1”, Summer

6.2 Multi-Family Residential Bill Impact

A typical Multi-Family customer has a 1” meter service 4 dwelling units and uses 68 HCF bi-monthly. These customers would see a \$9.03 per bill increase with the proposed rates in FY 2020/21 as shown in Figure 8.

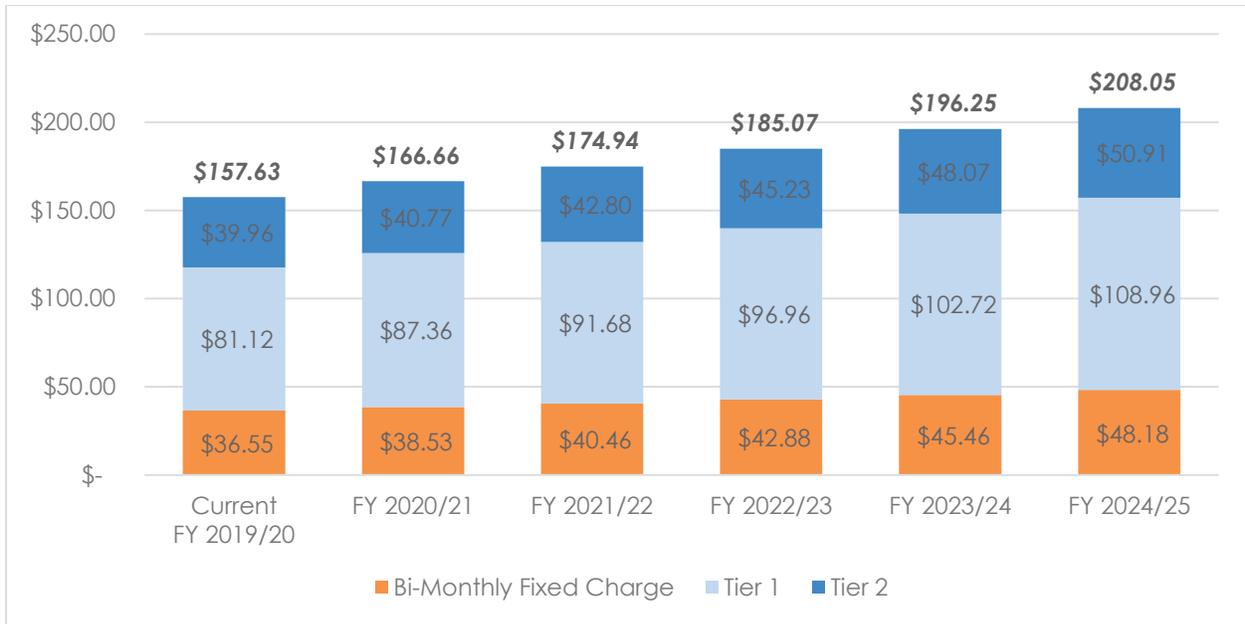


Figure 8 Multi-Family Customer Bi-Monthly Bill Impact

6.3 Commercial Bill Impact

A typical Commercial customer has a 1" meter and uses 156 HCF bi-monthly. These customers would see a \$19.18 per bill increase with the proposed rates in FY 2020/21 as shown in Figure 9.

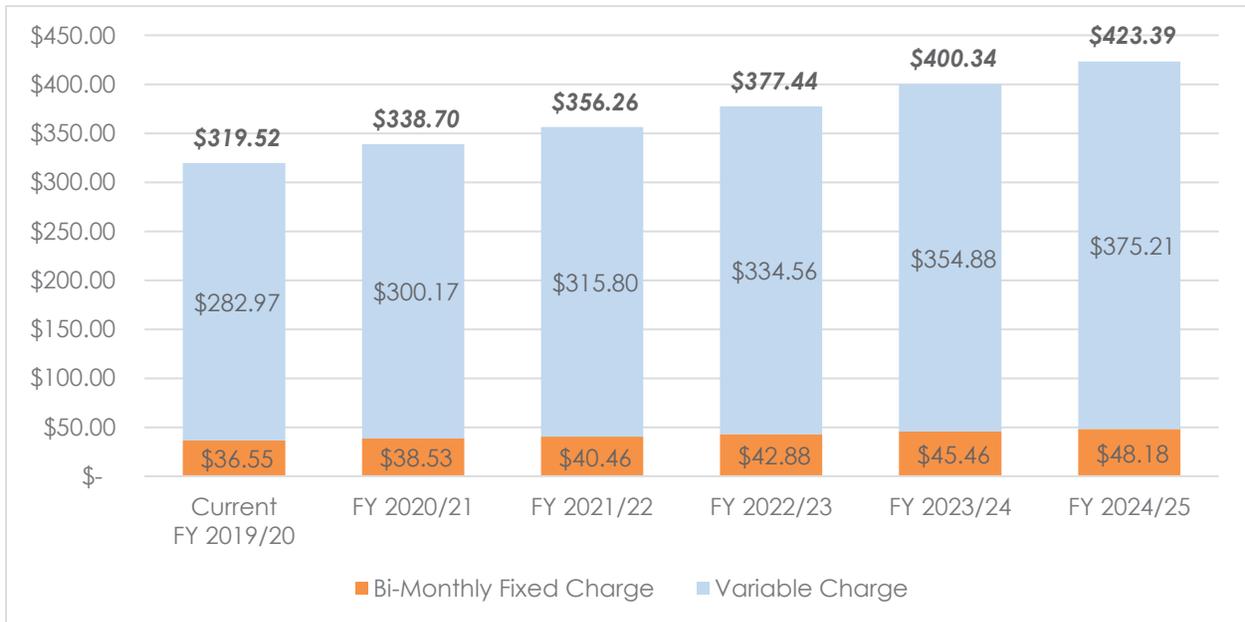


Figure 9 Commercial Customer Bi-Monthly Bill Impact

6.4 Government, Institutional, and Irrigation Bill Impact

A typical Government, Institutional, and Irrigation customer has a 2” meter and uses 249 HCF bi-monthly. These customers would see a \$38.06 per bill increase with the proposed rates in FY 2020/21 as shown in Figure 10.

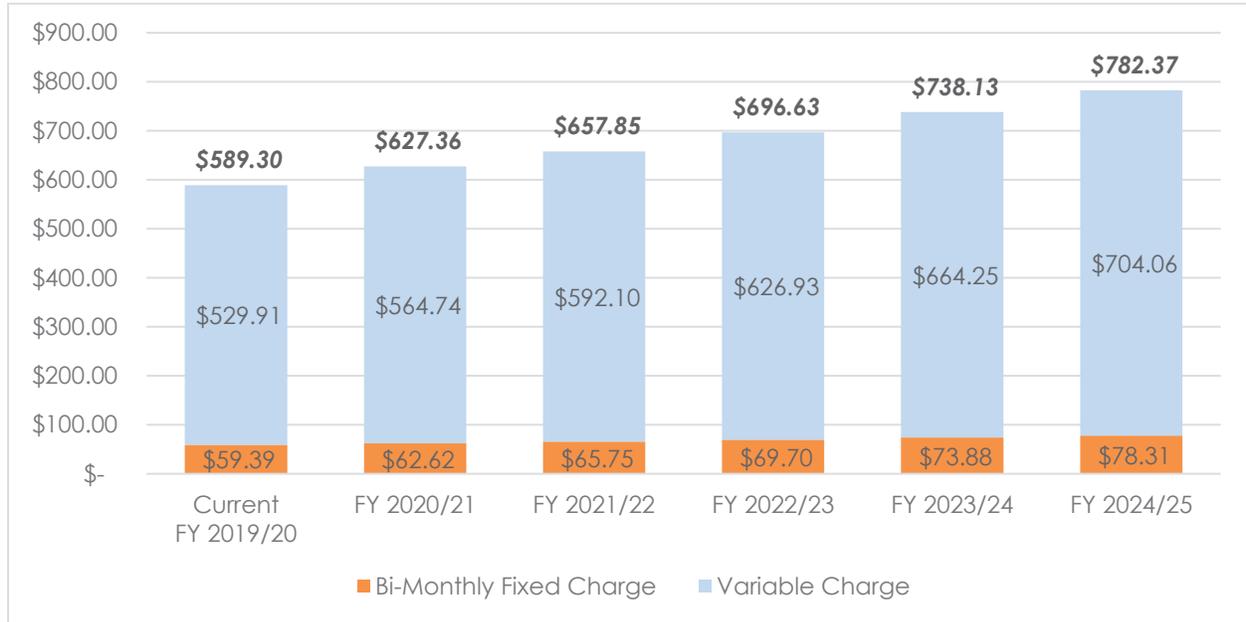


Figure 10 Government, Institutional, and Irrigation Customer Bi-Monthly Bill Impact

6.5 Regional Water Rate Comparison

Carollo conducted a water rate survey of neighboring agencies. Although every agency has differing priorities, including fiscal and policy objectives when setting rates, it is common to establish benchmarks between neighboring agencies. Figure 11 compares a typical bi-monthly bill for a Single Family customer (1” meter, 37 HCF winter usage) with the current and proposed rates against nine neighboring agencies.

When comparing rates between utilities, it is important to be mindful of differing factors that make each utility unique, including location, source of supply, consumer profile and demographics, age of the system, and various other operational and capital related needs that all play a part in rate design.

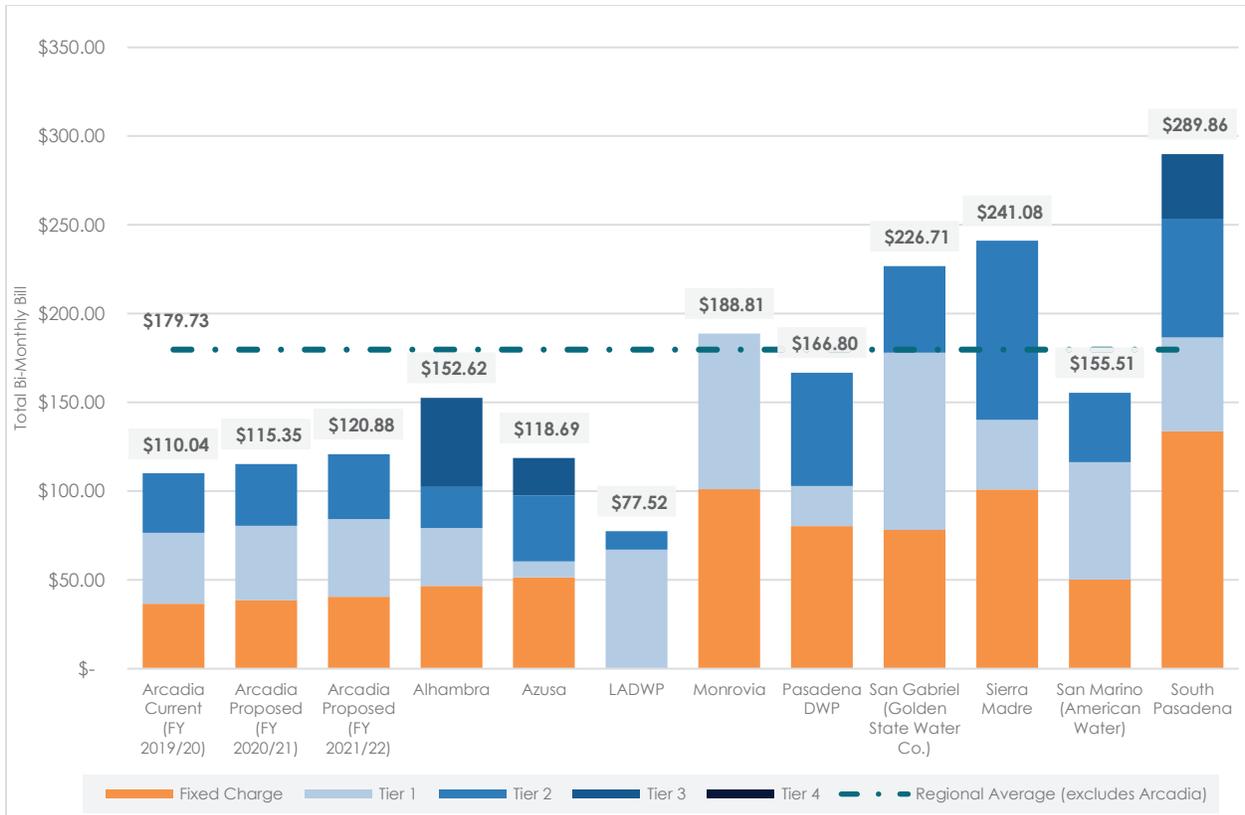


Figure 11 Regional Water Rate Comparison, Single Family (1" meter, 37 HCF bi-monthly winter usage)

Section 7

SEWER REVENUE REQUIREMENTS

The sewer revenue requirement analysis follows the same methodology as previously outlined in the water revenue requirements discussion.

7.1 Projected Sewer Revenues

The City's primary source of sewer revenues are sewer Service Fees from residential, commercial, and industrial customers, which make up 97 percent of total sewer revenues. The City's other sewer revenues include interest earnings and other miscellaneous revenues. Table 46 shows revenues from FY 2020/21 budgeted to FY 2024/25 projections. Each revenue item was projected based on an assumed growth factor as outlined in Appendix E.

Table 46 Projected Sewer Revenues

Revenue Item	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sewer Service Fees	\$2.48	\$2.52	\$2.58	\$2.63	\$2.68
Other Revenues	0.07	0.07	0.07	0.07	0.07
Total Revenues	\$2.54	\$2.59	\$2.64	\$2.70	\$2.75

Notes:

- (1) All monetary values are in millions of dollars.
- (2) Totals may not tie due to rounding.

7.2 Projected Sewer Expenditures

For sound financial operations of the City's sewer system, the revenues generated must be sufficient to meet the expenditures or cash obligations of the utility. The revenue needs are defined as the amount of revenues that must be recovered through sewer rates in order to cover annual expenditures, less any offsetting revenues. Offsetting revenues include interest earnings and other non-operating revenues shown as "Other Revenues" above in Table 46.

The City's FY 2020/21 operating budget served as the basis for forecasting future operating expenses. The budget was compared to prior year actual financial information to identify any anomalies or one-time expenditures not appropriate for forecasting in future years. City staff also reviewed the budget for costs that may need to be adjusted due to future operational changes. Unless manually calculated, future years were forecasted using escalation factors appropriate for the type of expense. The escalation factors used as the basis for the study forecast are shown in Appendix E.

Table 47 shows expenditures from FY 2020/21 budgeted to FY 2024/25 projections. Line-item O&M budget detail is provided in Appendix E.

Table 47 Projected Sewer Operating Expenditures

Expense Item	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Salaries & Wages	\$0.94	\$0.97	\$0.99	\$1.01	\$1.03
Supplies	0.01	0.01	0.01	0.01	0.02
Operating Expenses	0.48	0.49	0.50	0.51	0.52
Total Operating Expenditures	\$1.46	\$1.49	\$1.52	\$1.55	\$1.58

Notes:

(1) All monetary values are in millions of dollars.

(2) Totals may not tie due to rounding.

Sewer operating expenses are projected to increase to \$1.58 million by FY 2024/25, representing a 9 percent overall increase from the FY 2019/20 level of \$1.46 million. This total expenditure change represents an average annual increase of 2.2 percent.

7.2.1 Capital Projects

The City's sewer CIP includes a variety of capital projects that involve repairing or replacing existing sewer system assets, as well as purchasing or replacing other small equipment. The City's planned sewer CIP expenditures average about \$1.1 million per year. Table 48 identifies the five-year CIP used in the revenue requirement analysis. The capital projects and costs were developed by the City for the latest capital improvement budget. Project costs shown in the table have been escalated to the midpoint of construction.

The City is expected to cash fund these projects through use of reserves and annual rate revenues. The City's sewer utility does not have any outstanding debt obligations. No future debt is expected as the City intends to cash fund all future capital projects.

Table 48 Sewer CIP

Sewer CIP Projects	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25 ⁽¹⁾
Annual Sewer CCTV Inspection	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Public Works Facility Improvements	-	0.02	0.01	-	-
SCADA System Upgrades and Computerized Utilities System Mapping	0.01	0.01	0.01	0.01	0.01
Miscellaneous Sewer Main Repair Project	0.10	-	0.10	-	0.10
Cost of Service Study	-	-	-	-	-
Sewer Main CIPP Lining	-	-	0.25	0.25	0.25
Sewer Easement Along 210 Freeway	-	-	0.15	-	-
Sewer Main Replacement Program	0.90	0.75	0.75	0.75	0.75
Equipment Expenditures	-	0.02	0.01	0.01	0.01
Total Sewer CIP	\$1.06	\$0.85	\$1.33	\$1.07	\$1.17

Notes:

(1) All values are in millions of dollars.

(2) Totals may not tie due to rounding.

7.2.2 Capital Funding

The CIP will be funded using cash from existing funds held in the City's reserve funds held for the sewer system as well as revenues directly from sewer rates. The City's sewer utility does not have any outstanding debt obligations. No future debt is expected as the City intends to cash fund all future capital projects.

7.3 Reserve Needs

In addition to the operating and capital expenses, discussed above, there are also revenue requirements related to maintaining the City's sewer reserve funds.

Operating Reserve

The revenue requirement analysis targets a total minimum operating fund balance equivalent to 90 days of operating expenses. The minimum reserve amount is adjusted annually driven by changes to the City's operating expenditures. The City should continue to monitor revenues and reserve levels on an annual basis. The reserve target may also be adjusted further as policy dictates, to minimize rates, or to smooth future rate increases. Should the City reach and maintain desired reserve levels, it is recommended that it implement a reserve policy to formally define desired funding levels, needs, and uses.

Sewer Capital Projects Fund

The Capital Projects Fund is a fund maintained by the City that is used to fund capital improvements to the sewer system and to provide a source of funds for capital projects in the event of an emergency.

One component of the Capital Projects Fund is a targeted emergency capital reserve. This is set at \$1.3 million, based on 1.5 percent of the estimated system replacement value of \$90 million. If an event were to require emergency funding for the sewer system greater than the analyzed reserve levels, the sewer Capital Projects fund could presumably borrow from the water Facilities Reserve. If this occurred, the City would need to put in place proper repayment structures to refund the water Facilities Reserve, and to avoid possible equity concerns.

7.4 Recommended Sewer Rate Revenue Requirements

Based on the study projections, the City must increase sewer revenues annually in order to meet projected revenue needs due to annual increases in expenditures and to fund the CIP.

Operating Costs

Operating costs are expected to increase in each year driven by the inflationary increases discussed previously. The City has worked to increase operational efficiency in an effort to control operating cost increases. Over the study period, operating costs are expected to increase at an average of 2.6 percent per year.

Capital Funding

The CIP will be primarily funded with cash from sewer rates as well as a small amount of reserve drawdown in certain years. In most years, operating cash flows will be sufficient to fund the CIP without any net drawdown of reserves. Based on the study projections, reserves will be held relatively steady over the course of the study varying between \$1.99 and 2.26 million. The proposed revenue increases allow the City to build the necessary revenue generation capacity to fund capital projects in the long term. Long-term projections show that reserves could be maintained at the target and anticipated capital projects could be funded with continued inflationary rate increases if increases in O&M costs, customer usage, and annual capital costs remain at the status quo following the end of this rate cycle in FY 2024/25.

Revenue Increases

Increases in water supply costs, capital funding, and operating cost increases, have driven a need for sewer rate revenue increases. Currently, reserves are being utilized to fund existing shortfalls. Based on the study projections, the City will need to increase revenues by 2 percent in each year of the study period (FY 2020/21 through FY 2024/25). Rate increases will be implemented on January 1 of each year beginning on January 1, 2021. Table 49 provides a summary of the recommended sewer rate revenue increases for the rate study period.

Table 49 Recommended Sewer Rate Revenue Requirement

Item	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Pre-Rate Increase Revenues					
Rate Revenues (prior to increases) ⁽¹⁾	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52
Other Revenues ⁽¹⁾	0.04	0.03	0.02	0.02	0.03
Total Revenues	\$2.55	\$2.54	\$2.54	\$2.54	\$2.54
Expenditures					
Operating Costs ⁽²⁾	\$1.40	\$1.46	\$1.49	\$1.52	\$1.55
Total Expenditures	\$1.40	\$1.46	\$1.49	\$1.52	\$1.55
Cash Flows (prior to increases)	\$1.15	\$1.08	\$1.05	\$1.02	\$0.99
Rate Revenue Increase	2.0%	2.0%	2.0%	2.0%	2.0%
<i>Month of Adoption</i>	January	January	January	January	January
Revenues from Rate Increase	\$0.05	\$0.10	\$0.15	\$0.21	\$0.26
Resulting Operating Cash Flows	\$1.10	\$1.13	\$1.15	\$1.17	\$1.20

Table 49 Recommended Sewer Rate Revenue Requirement (continued)

Item	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Consolidated Reserves Balance					
Beginning Balance	\$1.94	\$1.99	\$2.26	\$2.08	\$2.18
Operating Cash Flows	1.10	1.13	1.15	1.17	1.20
Use of Reserves for Capital	(1.06)	(0.85)	(1.33)	(1.07)	(1.17)
Ending Balance	\$1.99	\$2.26	\$2.08	\$2.18	\$2.20
Expected Fiscal Year Rate Revenues					
Expected Fiscal Year Rate Revenues	\$2.57	\$2.62	\$2.67	\$2.72	\$2.78
Adjustment for Mid-Year Increase	0.03	0.03	0.03	0.03	0.03
Required Rate Revenues For Rate Design					
Required Rate Revenues For Rate Design	\$2.59	\$2.64	\$2.70	\$2.75	\$2.80

Notes:

- (1) From Table 46Table 7.
- (2) From Table 47.
- (3) All monetary values are in millions of dollars.
- (4) Totals may not tie due to rounding.

Section 8

SEWER COST OF SERVICE ANALYSIS

After revenue requirements for the City's sewer system were determined, a cost of service analysis was completed to validate the City's existing sewer rate structure and to update the rates based on the projected revenue requirements. The sewer cost of service analysis follows a methodology similar to that used for the water cost of service analysis.

8.1 Functional Allocation

The City's sewer budget was analyzed line-item by line-item and expenditures were distributed between the functions of Customer and Flow as shown in Appendix G.

- **Customer:** Expenditures are fixed expenditures that relate to operational support activities including accounting, billing, customer service, and administrative and technical support. These expenditures are essentially common-to-all customers and are reasonably uniform across the different customer classes.

- **Flow/Capacity:** Expenditures include those that are incurred based on the actual amount of flow discharged into the system, as well as those associated with potential discharges into the sewer system. These costs include operating and maintaining the sewer system, as well as capital costs, since the system is sized based on flow requirements.

Approximately 94 percent of the City's sewer costs fall in the Flow/Capacity function, with the remaining costs allocated to the customer function.

8.2 Customer Class Allocation

Costs are allocated to each customer class based on each class's characteristics and the results of the functional allocation. Customer costs are allocated to each class based on the number of accounts, Flow/Capacity costs are allocated to each class based on annual sewer flows. Table 50 shows the characteristics of each sewer customer class. The average estimated sewer flow per Residential connection is 9.14 HCF, equal to approximately 225 gallons per day, based on an analysis of winter water use, which was performed to estimate annual sewer flows. This value is consistent with typical residential sewer flows from similar agencies.

Table 50 Sewer Customer Class Characteristics

Customer Class	Accounts	EDUs ⁽²⁾	Annual Water Usage ⁽³⁾	Winter Water Usage (HCF) ⁽⁴⁾	Return to Sewer Factor ⁽⁵⁾	Estimated Annual Sewer Flow ⁽⁶⁾
Residential ⁽¹⁾	13,066	19,838	3,706,996	896,735	83%	2,228,197
Commercial	756	2,268	587,792	163,849	90%	442,393
Total	14,161	22,648	4,400,011	1,060,585		2,670,590

Notes:

- (1) Residential data include single family, multi-family, and sewer only users. Water consumption for sewer only accounts has been assumed at the average single family usage.
- (2) Single Family Equivalent Dwelling Units (EDUs) are based on one EDU per single family account. Multi-family EDUs are based on the total number of individual units shown in the City's billing data. Each commercial account is assumed to be equivalent to 3 EDUs, based on an analysis of estimated sewer flows per residence or commercial account. The analysis found that on a per connection basis, commercial flows are approximately 5.2 times higher than residential. A commercial EDU factor of 3 is assumed to recognize the potential variation of flows and capacity requirements from commercial accounts.
- (3) FY 2018/19 water usage for accounts with sewer service.
- (4) FY 2018/19 water usage for accounts with sewer service in December, January, February, and March. This is used as a proxy for assumed non-irrigation water usage.
- (5) Estimated return to sewer (RTS) factor for water usage in the months of December, January, February, and March. The residential RTS is based on assuming single family indoor usage of 11 HCF per month and a 90 percent RTS for multifamily accounts. The commercial RTS is assumed at a typical level of 90 percent.
- (6) Calculated based on winter water usage and winter return to sewer factor.

Table 51 shows cost allocation for each customer group based on the forecasted revenue requirement. Customer costs are allocated to each class based on the number of accounts, Flow/Capacity costs are allocated to each class based on the Estimated Annual Sewer Flow from Table 50.

Table 51 Sewer Customer Class Cost Allocation (FY 2020/21 Revenue Requirements)

Customer Class	Customer	Flow/Capacity	Total
Residential	\$0.12	\$1.99	\$2.12
Commercial	0.01	0.40	0.41
Total	\$0.14	\$2.39	\$2.52

Notes:

(1) All monetary values in millions of dollars.

(2) Totals may not tie due to rounding.

Section 9

SEWER RATE DESIGN

The rate design analysis determines how the customer class costs identified above in Table 51 are recovered from each customer class through sewer rates. The focus of this process is to achieve full cost recovery and substantiate that each customer class is paying its fair and proportionate share of system costs.

9.1 Proposed Sewer Rates

The results of the cost of service analysis indicate that the current sewer rate structure equitably recovers costs from each customer class. It is recommended that the City retain the current rate structure, and update it to reflect the increased revenue requirements and the updated cost of service analysis.

As detailed in the following sections, Residential does not have a variable rate. Residential sewer flows are viewed to be consistent (homogeneous) and are already built into the calculated rate. Because the Commercial class more heterogeneous than the Residential class, a fixed and variable structure provides greater proportionality and reflect of a commercial user's use of the system. As sewer flows are not metered, water demands are used as a proxy for sewer flows.

9.1.1 Residential Fixed Charges

Residential fixed charges are calculated by dividing the total costs allocated to the Residential class by the total number of residences served (single family residences or multi-family dwelling units). Table 52 shows the calculation of the proposed bi-monthly charge for FY 2020/21.

Table 52 Sewer Residential Fixed Charge Calculation

Residential Rate Calculation	FY 2020/21
Residential Customer Costs (millions) ⁽¹⁾	\$0.12
Residential Flow/Capacity Costs (millions) ⁽²⁾	1.99
Total Residential Costs (millions)	\$2.12
Residences Served⁽³⁾	20,324
Bi-monthly Fixed Charge per Residence	\$17.35

Notes:

- (1) Residential share of Customer costs from Table 51.
(2) Residential share of Flow/Capacity costs from Table 51.
(3) Totals may not tie due to rounding.

9.1.2 Commercial Rates

Commercial fixed charges are calculated based on the Customer costs allocated to the commercial class and a portion of the allocated Flow/Capacity costs. The commercial fixed charge is set to recover the average flow associated with 3 residential EDUs. Flow/Capacity costs are assigned to the fixed charge by multiplying the number of commercial EDUs by the average flow per EDU and further multiplying that product by the overall unit cost per HCF of sewer flow. The bi-monthly fixed charge is calculated by dividing the sum of the Customer costs and fixed portion of Flow/Capacity costs by the number of Commercial accounts. The allocation of commercial Flow/Capacity costs to the fixed charge and variable rate is shown in Table 53.

Table 53 Sewer Commercial Fixed Charge Cost Allocation

Commercial Flow/Capacity Cost Allocation	FY 2020/21
Commercial Flow/Capacity Costs (millions) ⁽¹⁾	\$0.40
Estimated Commercial Sewer Flows (HCF) ⁽²⁾	442,393
Unit Cost per HCF of Flow (\$/HCF)	\$0.89
Average Monthly Flow per Residential EDU (HCF) ⁽³⁾	9.14
Commercial Accounts ⁽¹⁾	775
Commercial EDU Factor	3
Commercial Flows for Fixed Charge Allocation (HCF) ⁽⁴⁾	21,228
Flow/Capacity Costs to Collect through Fixed Charge (millions)⁽⁵⁾	\$0.23
Flow/Capacity Costs to Collect through Variable Rate (millions)⁽⁶⁾	\$0.17

Notes:

- (1) Commercial share of Flow/Capacity costs from Table 51.
(2) Estimated commercial flows from Table 50.
(3) Average monthly flow per residential based on information in Table 50 and discussed in Section 8.2.
(4) Product of (Average Monthly Flow per Residential EDU) x (Commercial Accounts) x (Commercial EDU Factor).
(5) Product of (Commercial Flows for Fixed Charge Allocation) x (Unit Cost per HCF of Flow).
(6) Commercial Flow/Capacity Costs from Table 51 minus Flow/Capacity Costs to Collect through Fixed Charge.
(7) Totals may not tie due to rounding.

Table 54 and Table 55 show the calculation of the Commercial fixed charges and variable rates, respectively.

Table 54 Sewer Commercial Fixed Charge Calculation

Commercial Fixed Charge Calculation	FY 2020/21
Customer Costs (millions) ⁽¹⁾	\$0.01
Flow/Capacity Costs to Collect Through Fixed Charge (millions) ⁽²⁾	0.23
Total Costs for Fixed Charge (millions)	\$0.24
Number of Accounts ⁽³⁾	775
Bi-monthly Fixed Charge per Account	\$52.04

Notes:

- (1) Commercial share of Customer costs from Table 51.
(2) From Table 53.
(3) Commercial accounts from Table 50.
(4) Totals may not tie due to rounding.

Table 55 Sewer Commercial Variable Charge Calculation

Commercial Variable Rate Calculation	FY 2020/21
Flow/Capacity Costs to Collect Through Variable Charge (millions) ⁽¹⁾	\$0.17
Billed Water Usage (HCF) ⁽²⁾	602,193
Variable Charge (\$/HCF of water use)	\$0.28

Notes:

- (1) From Table 53.
(2) Commercial billed water usage from Table 50.
(3) Totals may not tie due to rounding.

9.1.3 Proposed Sewer Rates

Table 56 shows the proposed sewer rates for each year of the analysis. Proposed rates for FY 2020/21 include a cost of service (COS) adjustment based on the updated analysis. Proposed rates for FY 2021/22 through FY 2024/25 are calculated by applying the revenue requirement increases of 3.0 percent per year to the COS adjusted rates.

Table 56 Proposed Sewer Rates

Customer Class	Current Rate	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Increase	N/A	2.0% overall with COS⁽¹⁾	2.0%	2.0%	2.0%	2.0%
Residential (Bimonthly Fixed)	\$16.97	\$17.35	\$17.70	\$18.05	\$18.41	\$18.78
Commercial (Bimonthly Fixed)	50.69	52.04	53.09	54.15	55.23	56.33
Commercial (Variable, per HCF)	0.28	0.28	0.29	0.29	0.30	0.31

Notes:

- (1) Proposed rates for FY 2020/21 include a cost of service (COS) adjustment based on the updated analysis. Proposed rates for FY 2021/22 through FY 2024/25 are calculated by applying the revenue requirement increases of 3.0 percent per year to the COS adjusted rates.
(2) Rates are rounded to the nearest \$0.01.

Appendix A

WATER OPERATIONS & MAINTENANCE BUDGET ANALYSIS

The O&M budget analysis looks at each category of costs and applies an escalation factor to project revenues and expenses into the future, at least through the time period of the rate study. In this case, these costs were escalated through FY 2024/25.

Table A1 Cost Escalation Factors

Cost Escalator	Description
Labor Inflation	Labor rates are assumed to increase at the long-term average of 2 percent.
Construction Cost Inflation	Estimated at 0 percent for the O&M budget analysis, as inflation is included in the CIP projection.
Utilities	This escalator applies to costs such as electricity and fuel, and it is set at 2 percent.
General Inflation	This escalator is set at the long-term inflation rate of 2 percent.
Customer Account Growth	This escalator is used for revenues stemming from water sales and fixed charges. It is assumed at 0 percent over the long-term.
Metered Water Demand	This escalator is assumed at 0 percent over the long-term.
Interest Income	Estimated at 1 percent based on discussions with City staff.

Cost Escalator	Constant
General Inflation	2.0%
Labor Inflation	2.0%
Utilities Inflation	2.0%
Construction Inflation	0.0%
Depreciation Funding	0.0%
Interest Income	1.0%
Customer Growth	0.0%
General Inflation + Customer Growth	2.0%
No Annual Increase	0.0%
One Time Expense	-100.0%
Delivered Water Demand	0.0%
Utilities + Delivered Water Demand	2.0%

All water revenues are projected off of FY 2018/19 end-of-year actuals, while expenses are projected off of FY 2020/21 budgeted costs as shown in the table below.

Table A2 Projected Water O&M Revenues & Expenditures

Revenues		Revenues		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
				Actual (Post-Rate Increase)	Projection (Pre-Rate Increase)					
User Rate Revenues										
Water Sales Revenue Without Additional Increases - For Reference										
Water Sales Prior to New Increases		Delivered Water Demand		\$ 12,661,158	\$ 13,729,872	\$ 14,690,963	\$ 14,690,963	\$ 14,690,963	\$ 14,690,963	\$ 14,690,963
				Includes Adopted Increase						
Escalator										
3512	Water Sales	Delivered Water Demand		\$ 12,661,158	\$ 13,729,872	\$ 14,690,963	\$ 15,425,511	\$ 16,196,786	\$ 17,168,593	\$ 18,198,709
	XXXX	Customer Growth		-	-	-	-	-	-	-
	Other User Rate Revenues	General Inflation		-	-	-	-	-	-	-
Total User Rate Revenues				\$ 12,661,158	\$ 13,729,872	\$ 14,690,963	\$ 15,425,511	\$ 16,196,786	\$ 17,168,593	\$ 18,198,709
Other Charges for Services										
3201	Miscellaneous Fines	No Annual Increase		\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
3501	Maps & Publications	No Annual Increase		1,228	800	1,000	1,000	1,000	1,000	1,000
3505	Engineering Charges	No Annual Increase		-	-	-	-	-	-	-
3510	Meter Services	No Annual Increase		-	-	-	-	-	-	-
3540	Meter Inspection Fees	No Annual Increase		43,911	40,000	50,000	50,000	50,000	50,000	50,000
3541	Demand Response	No Annual Increase		210	210	210	210	210	210	210
3546	Backflow Charges	No Annual Increase		96,845	80,000	90,000	90,000	90,000	90,000	90,000
Total Other Charges for Services				\$ 143,395	\$ 122,210	\$ 142,410				
Grant Income										
3420	Federal Funds	One Time Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3447	EPA-Restoration Program	One Time Expense		-	-	-	-	-	-	-
3450	Grants-Other Agencies	One Time Expense		-	-	-	-	-	-	-
	Other Grant Income	One Time Expense		-	-	-	-	-	-	-
Total Grant Income				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Earnings										
3301	Interest	-Funding Page-		\$ 410,958	\$ 212,781	\$ 161,682	\$ 108,862	\$ 86,680	\$ 79,368	\$ 80,268
3305	Interest	-Funding Page-		(60,451)	-	-	-	-	-	-
3307	Interest	-Funding Page-		-	-	-	-	-	-	-
Total Interest Earnings				\$ 350,506	\$ 212,781	\$ 161,682	\$ 108,862	\$ 86,680	\$ 79,368	\$ 80,268
Other Revenues										
3306	Unrealized Gain/Loss	No Annual Increase		\$ 389,314	\$ 389,314	\$ 389,314	\$ 389,314	\$ 389,314	\$ 389,314	\$ 389,314
3320	Rent & Royalties	No Annual Increase		27,600	27,600	27,600	27,600	27,600	27,600	27,600
3505	Engineering Charges	No Annual Increase		-	-	-	-	-	-	-
3801	Miscellaneous	No Annual Increase		2,227	2,227	2,227	2,227	2,227	2,227	2,227
3818	Sale of Property	One Time Expense		10,529	10,000	15,000	-	-	-	-
Total Other Revenues				\$ 429,671	\$ 429,141	\$ 434,141	\$ 419,141	\$ 419,141	\$ 419,141	\$ 419,141
Total Revenues				\$ 13,584,729	\$ 14,494,004	\$ 15,429,196	\$ 16,095,924	\$ 16,845,018	\$ 17,809,513	\$ 18,840,529

		Escalator		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Expenditures										
DIVISION: 7201 WATER-ADMIN										
SALARIES & WAGES										
7201	4010 REGULAR EMPLOYEES	Labor Inflation		\$ 886,221	\$ 928,200	\$ 938,300	\$ 946,200	\$ 965,124	\$ 984,426	\$ 1,004,115
7201	4011 SPECIALIST PAY	Labor Inflation		1,640	1,600	1,600	1,600	1,632	1,665	1,698
7201	4013 VACATION PAYOFF	Labor Inflation		723	10,000	5,000	5,000	5,100	5,202	5,306
7201	4014 VACATION SELL BACK	Labor Inflation		12,934	15,000	12,000	12,000	12,240	12,485	12,734
7201	4015 ALLOWANCES	Labor Inflation		1,832	2,100	2,200	2,200	2,244	2,289	2,335
7201	4016 DEF COMP-CITY PAID	Labor Inflation		-	-	-	-	-	-	-
7201	4019 STAND BY PAY	Labor Inflation		-	-	-	-	-	-	-
7201	4021 LONGEVITY PAY	Labor Inflation		10,518	10,800	11,200	11,200	11,424	11,652	11,886
7201	4032 TEMPORARY	Labor Inflation		18,234	15,000	15,000	15,000	15,300	15,606	15,918
7201	4130 OVERTIME	Labor Inflation		-	-	-	-	-	-	-
7201	4241 P.E.R.S	Labor Inflation		291,797	350,300	370,900	393,800	401,676	409,710	417,904
7201	4242 .5% CITY CONTRIBUTION	Labor Inflation		2,456	2,800	2,500	2,500	2,550	2,601	2,653
7201	4244 MEDICAL/DENTAL	Labor Inflation		146,522	149,100	149,100	149,100	152,082	155,124	158,226
7201	4245 LONG TERM DISABILITY	Labor Inflation		903	800	1,000	1,000	1,020	1,040	1,061
7201	4247 LIFE INSURANCE	Labor Inflation		1,721	1,800	1,900	1,900	1,938	1,977	2,016
7201	4248 RETIREE MEDICAL	Labor Inflation		30,045	37,400	31,300	31,900	32,538	33,189	33,853
7201	4250 FICA/HOSPITAL INSURANCE	Labor Inflation		14,261	13,900	14,200	14,300	14,586	14,878	15,175
7201	4299 VACANCY RATE	Labor Inflation		-	(46,200)	(64,500)	(45,700)	(46,614)	(47,546)	(48,497)
	NEW Pension Bond Debt	[Input]		-	-	-	-	-	-	-
Total: SALARIES & WAGES				1,419,805	1,492,600	1,491,700	1,542,000	1,572,840	1,604,297	1,636,383
SUPPLIES										
7201	5110 OFFICE SUPPLIES	General Inflation		\$ 17,203	\$ 16,000	\$ 17,800	\$ 17,800	\$ 18,156	\$ 18,519	\$ 18,890
7201	5111 WATER BILL POSTAGE	General Inflation		49,932	48,000	48,000	48,000	48,960	49,939	50,938
7201	5120 DRAFTING SUPPLIES	General Inflation		1,130	3,000	2,500	2,500	2,550	2,601	2,653
7201	5125 PRINT SHOP	General Inflation		19,666	23,000	23,000	23,000	23,460	23,929	24,408
Total: SUPPLIES				87,932	90,000	91,300	91,300	93,126	94,989	96,888
OPERATING EXPENSES										
7201	6145 WATER CONSERVATION COST	General Inflation		\$ 31,525	\$ 40,000	\$ 71,500	\$ 71,500	\$ 72,930	\$ 74,389	\$ 75,876
7201	6160 CONTRACT SERVICES	General Inflation		174,809	161,400	170,000	170,000	173,400	176,868	180,405
7201	6210 TELEPHONE	General Inflation		-	-	-	-	-	-	-
7201	6505 GENERAL LIABILITY	General Inflation		111,700	112,700	118,000	118,700	121,074	123,495	125,965
7201	6507 WORKERS' COMPENSATION	General Inflation		84,400	92,200	92,200	92,200	94,044	95,925	97,843
7201	6540 TAXES	General Inflation		7,091	-	-	-	-	-	-
7201	6730 OFFICE EQUIPMENT	General Inflation		-	1,000	1,000	1,000	1,020	1,040	1,061
7201	6750 VEHICLE MAINTENANCE	General Inflation		3,273	3,000	1,100	1,100	1,122	1,144	1,167
7201	6751 VEHICLE FUEL USAGE	General Inflation		-	-	300	300	306	312	318
7201	6752 VEHICLE 3RD PARTY SVC	General Inflation		-	-	700	700	714	728	743
7201	6760 BUILDING REPAIR & MAINT	General Inflation		2,299	2,000	2,000	2,000	2,040	2,081	2,122
7201	6904 RENTS	General Inflation		878,410	916,300	946,400	965,000	984,300	1,003,986	1,024,066
7201	6930 MEMBERSHIP & PUBLICATIONS	General Inflation		3,348	5,200	5,200	5,200	5,304	5,410	5,518
7201	6940 OFFICIAL MEETINGS	General Inflation		4,143	2,800	2,800	2,800	2,856	2,913	2,971
7201	6970 TRAINING	General Inflation		4,000	5,000	4,000	4,000	4,080	4,162	4,245
7201	6971 TUITION REIMBURSEMENT	General Inflation		5,463	14,000	9,000	9,000	9,180	9,364	9,551
7201	6987 DUES & ASSESSMENTS	General Inflation		12,752	14,800	14,800	14,800	15,096	15,398	15,706
7201	6990 DEPRECIATION	General Inflation		-	-	-	-	-	-	-
7201	6995 GENERAL FUND CHARGES	General Inflation		408,600	408,600	422,800	431,300	439,926	448,725	457,699
Total: OPERATING EXPENSES				1,731,812	1,779,000	1,861,800	1,889,600	1,927,392	1,965,940	2,005,259
SPECIAL PROGRAMS										
7201	XXXXX Special Programs XXXXX	General Inflation		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total: SPECIAL PROGRAMS				\$ -						
DIVISION: 7201 WATER-ADMIN				\$ 3,239,549	\$ 3,361,600	\$ 3,444,800	\$ 3,522,900	\$ 3,593,358	\$ 3,665,225	\$ 3,738,530

DIVISION: 7204		WATER-MAIN & REPLACEMENT								
SALARIES & WAGES										
7204	4010	REGULAR EMPLOYEES	Labor Inflation	\$ 585,398	\$ 599,400	\$ 610,800	\$ 618,300	\$ 630,666	\$ 643,279	\$ 656,145
7204	4014	VACATION SELL BACK	Labor Inflation	6,656	9,000	9,000	9,000	9,180	9,364	9,551
7204	4019	STAND BY PAY	Labor Inflation	9,537	10,000	10,000	10,000	10,200	10,404	10,612
7204	4021	LONGEVITY PAY	Labor Inflation	11,549	12,200	12,200	12,200	12,444	12,693	12,947
7204	4032	TEMPORARY	Labor Inflation	2,619	10,000	13,300	13,300	13,566	13,837	14,114
7204	4130	OVERTIME	Labor Inflation	23,107	25,000	25,000	25,000	25,500	26,010	26,530
7204	4241	P.E.R.S	Labor Inflation	191,971	230,700	246,000	262,100	267,342	272,689	278,143
7204	4242	.5% CITY CONTRIBUTION	Labor Inflation	168	200	200	200	204	208	212
7204	4244	MEDICAL/DENTAL	Labor Inflation	132,281	129,900	129,900	129,900	132,498	135,148	137,851
7204	4245	LONG TERM DISABILITY	Labor Inflation	832	800	900	900	918	936	955
7204	4247	LIFE INSURANCE	Labor Inflation	642	600	700	700	714	728	743
7204	4250	FICA/HOSPITAL INSURANCE	Labor Inflation	9,586	9,500	9,800	9,900	10,098	10,300	10,506
7204	4299	VACANCY RATE	Labor Inflation	-	(31,100)	(30,300)	(31,000)	(31,620)	(32,252)	(32,897)
Total: SALARIES & WAGES				974,346	1,006,200	1,037,500	1,060,500	1,081,710	1,103,344	1,125,411
SUPPLIES										
7204	5260	FIELDS	General Inflation	\$ 4,924	\$ 4,500	\$ 5,000	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306
7204	5280	UNIFORM	General Inflation	7,877	9,000	9,000	9,000	9,180	9,364	9,551
7204	5410	TOOLS	General Inflation	5,048	5,000	5,000	5,000	5,100	5,202	5,306
Total: SUPPLIES				17,848	18,500	19,000	19,000	19,380	19,768	20,163
OPERATING EXPENSES										
7204	6750	VEHICLE MAINTENANCE	General Inflation	\$ 109,376	\$ 110,000	\$ 55,200	\$ 55,200	\$ 56,304	\$ 57,430	\$ 58,579
7204	6751	VEHICLE FUEL USAGE	General Inflation	-	-	22,900	\$ 24,800	25,296	25,802	26,318
7204	6752	VEHICLE 3RD PARTY SVC	General Inflation	-	-	28,300	\$ 28,300	28,866	29,443	30,032
7204	6760	BUILDING REPAIR & MAINT	General Inflation	501	500	500	500	510	520	531
7204	6771	WAREHOUSE & SHOP	General Inflation	6,114	4,500	4,500	4,500	4,590	4,682	4,775
7204	6995	GENERAL FUND CHARGES	General Inflation	232,000	232,000	244,500	249,400	254,388	259,476	264,665
Total: OPERATING EXPENSES				347,991	347,000	355,900	362,700	369,954	377,353	384,900
SPECIAL PROGRAMS										
7204	7540	REPAIRS TO MAINS	General Inflation	\$ 35,016	\$ 40,000	\$ 38,000	\$ 38,000	\$ 38,760	\$ 39,535	\$ 40,326
7204	7550	REPAIRS TO SERVICES	General Inflation	58,427	55,000	50,000	50,000	51,000	52,020	53,060
7204	7560	REPAIRS TO HYDRANTS	General Inflation	8,318	12,000	17,000	17,000	17,340	17,687	18,041
Total: SPECIAL PROGRAMS				101,761	107,000	105,000	105,000	107,100	109,242	111,427
DIVISION: 7204 WATER-MAIN & REPLACEMENT				\$ 1,441,946	\$ 1,478,700	\$ 1,517,400	\$ 1,547,200	\$ 1,578,144	\$ 1,609,707	\$ 1,641,901

DIVISION: 7205		WATER-METER CUSTOMER SV								
		SALARIES & WAGES								
7205	4010	REGULAR EMPLOYEES	Labor Inflation	\$ 209,579	\$ 210,800	\$ 221,000	\$ 227,300	\$ 231,846	\$ 236,483	\$ 241,213
7205	4014	VACATION SELL BACK	Labor Inflation	1,670	2,000	2,000	2,000	2,040	2,081	2,122
7205	4019	STAND BY PAY	Labor Inflation	2,962	4,000	2,000	2,000	2,040	2,081	2,122
7205	4021	LONGEVITY PAY	Labor Inflation	2,351	2,400	2,400	2,400	2,448	2,497	2,547
7205	4130	OVERTIME	Labor Inflation	2,115	2,500	2,500	2,500	2,550	2,601	2,653
7205	4241	P.E.R.S	Labor Inflation	64,821	78,900	86,600	93,900	95,778	97,694	99,647
7205	4242	.5% CITY CONTRIBUTION	Labor Inflation	164	200	200	200	204	208	212
7205	4244	MEDICAL/DENTAL	Labor Inflation	46,626	47,100	47,100	47,100	48,042	49,003	49,983
7205	4245	LONG TERM DISABILITY	Labor Inflation	305	300	300	300	306	312	318
7205	4247	LIFE INSURANCE	Labor Inflation	286	300	300	300	306	312	318
7205	4250	FICA/HOSPITAL INSURANCE	Labor Inflation	3,468	3,200	3,300	3,400	3,468	3,537	3,608
7205	4299	VACANCY RATE	Labor Inflation	-	(10,500)	(10,800)	(11,200)	(11,424)	(11,652)	(11,886)
Total: SALARIES & WAGES				334,345	341,200	356,900	370,200	377,604	385,156	392,859
		SUPPLIES								
7205	5410	TOOLS	General Inflation	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061
Total: SUPPLIES				1,000	1,000	1,000	1,000	1,020	1,040	1,061
		OPERATING EXPENSES								
7205	6750	VEHICLE MAINTENANCE	General Inflation	\$ 21,906	\$ 19,000	\$ 9,900	\$ 9,900	\$ 10,098	\$ 10,300	\$ 10,506
7205	6751	VEHICLE FUEL USAGE	General Inflation	-	-	6,300	7,000	7,140	7,283	7,428
7205	6752	VEHICLE 3RD PARTY SVC	General Inflation	-	-	1,900	1,900	1,938	1,977	2,016
7205	6771	WAREHOUSE & SHOP	General Inflation	442	500	500	500	510	520	531
7205	6995	GENERAL FUND CHARGES	General Inflation	384,900	384,900	395,300	403,200	411,264	419,489	427,879
Total: OPERATING EXPENSES				407,247	404,400	413,900	422,500	430,950	439,569	448,360
		SPECIAL PROGRAMS								
7205	7510	REPAIRS TO METERS	General Inflation	\$ 7,851	\$ 12,000	\$ 30,500	\$ 30,500	\$ 31,110	\$ 31,732	\$ 32,367
7205	7570	METERS & SERVICE CONN	General Inflation	-	-	-	-	-	-	-
7205	7610	METER READING SUPPLIES	General Inflation	18,168	19,600	53,000	53,000	54,060	55,141	56,244
Total: SPECIAL PROGRAMS				26,019	31,600	83,500	83,500	85,170	86,873	88,611
DIVISION: 7205 WATER-METER CUSTOMER SV				\$ 768,612	\$ 778,200	\$ 855,300	\$ 877,200	\$ 894,744	\$ 912,639	\$ 930,892
DIVISION: 7206		WATER-PRODUCTION/QUALITY								
		SALARIES & WAGES								
7206	4010	REGULAR EMPLOYEES	Labor Inflation	\$ 268,936	\$ 302,500	\$ 302,900	\$ 316,900	\$ 323,238	\$ 329,703	\$ 336,297
7206	4014	VACATION SELL BACK	Labor Inflation	8,377	7,000	7,000	7,000	7,140	7,283	7,428
7206	4019	STAND BY PAY	Labor Inflation	16,268	11,000	13,000	13,000	13,260	13,525	13,796
7206	4021	LONGEVITY PAY	Labor Inflation	4,847	4,500	6,000	6,000	6,120	6,242	6,367
7206	4130	OVERTIME	Labor Inflation	9,451	10,000	10,000	10,000	10,200	10,404	10,612
7206	4241	P.E.R.S	Labor Inflation	84,154	114,200	120,800	133,000	135,660	138,373	141,141
7206	4242	.5% CITY CONTRIBUTION	Labor Inflation	164	200	200	200	204	208	212
7206	4244	MEDICAL/DENTAL	Labor Inflation	42,287	60,900	60,900	60,900	62,118	63,360	64,628
7206	4245	LONG TERM DISABILITY	Labor Inflation	329	400	400	400	408	416	424
7206	4247	LIFE INSURANCE	Labor Inflation	301	300	400	400	408	416	424
7206	4250	FICA/HOSPITAL INSURANCE	Labor Inflation	4,961	4,800	4,900	5,100	5,202	5,306	5,412
7206	4299	VACANCY RATE	Labor Inflation	-	(15,500)	(36,800)	(15,700)	(16,014)	(16,334)	(16,661)
Total: SALARIES & WAGES				440,073	500,300	489,700	537,200	547,944	558,903	570,081
		SUPPLIES								
7206	5260	FIELDS	General Inflation	\$ 513	\$ 200	\$ 200	\$ 200	\$ 204	\$ 208	\$ 212
7206	5410	TOOLS	General Inflation	800	800	800	800	816	832	849
Total: SUPPLIES				1,313	1,000	1,000	1,000	1,020	1,040	1,061
		OPERATING EXPENSES								
7206	6210	TELEPHONE	General Inflation	\$ 6,651	\$ 8,800	\$ 6,200	\$ 6,300	\$ 6,426	\$ 6,555	\$ 6,686
7206	6614	WATER	General Inflation	2,088	2,200	2,400	2,400	2,448	2,497	2,547
7206	6750	VEHICLE MAINTENANCE	General Inflation	42,307	39,000	21,200	21,700	22,134	22,577	23,028
7206	6751	VEHICLE FUEL USAGE	General Inflation	-	-	11,600	13,100	13,362		
7206	6752	VEHICLE 3RD PARTY SVC	General Inflation	-	-	6,700	6,900	7,038		
7206	6760	BUILDING REPAIR & MAINT	General Inflation	65,236	65,000	65,000	65,000	66,300	67,626	68,979
7206	6771	WAREHOUSE & SHOP	General Inflation	6,114	5,000	6,000	6,000	6,120	6,242	6,367
7206	6903	PERMITS FEES	General Inflation	6,025	6,700	6,700	6,700	6,834	6,971	7,110
7206	6987	DUES & ASSESSMENTS	-- Consumption Forc. --	5,651,036	6,075,384	6,560,335	6,687,951	6,819,395	6,954,783	7,094,232
7206	6995	GENERAL FUND CHARGES	General Inflation	252,900	252,900	266,600	271,900	277,338	282,885	288,542
Total: OPERATING EXPENSES				6,032,357	6,454,984	6,952,735	7,087,951	7,227,395	7,350,135	7,497,491
		SPECIAL PROGRAMS								
7206	7206	BULK MAILING	General Inflation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7206	7410	POWER PURCHASED	ties + Delivered Water Deman	1,358,357	1,600,000	1,500,000	1,500,000	1,530,000	1,560,600	1,591,812
7206	7420	PUMPING SUPPLIES	General Inflation	56,958	70,000	65,000	135,000	137,700	140,454	143,263
7206	7425	WATER TESTING	General Inflation	28,693	35,000	40,000	40,000	40,800	41,616	42,448
7206	7440	UNSCHEDULED REPAIR	General Inflation	87,338	135,000	135,000	135,000	137,700	140,454	143,263
		WELLS								
7206	7450	REPAIRS TO PUMP	General Inflation	16,075	26,000	26,000	26,000	26,520	27,050	27,591
		FACILITIES								
7206	7530	REPAIRS TO RESERVOIRS	General Inflation	5,000	5,000	5,000	5,000	5,100	5,202	5,306
Total: SPECIAL PROGRAMS				1,552,420	1,871,000	1,771,000	1,841,000	1,877,820	1,915,376	1,953,684
DIVISION: 7206 WATER-PRODUCTION/QUALITY				8,026,163	8,827,284	9,214,435	9,467,151	9,654,179	9,825,455	10,022,317
Total Expenditures				\$ 13,476,270	\$ 14,445,784	\$ 15,031,935	\$ 15,414,451	\$ 15,720,425	\$ 16,013,026	\$ 16,333,640

Appendix B WATER FUNCTIONAL ALLOCATION



City of Arcadia
Water Financial & Rate Model
Functional Allocation

Cost Allocation Basis FY 2020/21

Allocation Index	Notes	Customer	Capacity	Fire Protection	Base	Max Day	Max Hour	Supply 1		As All Others
								Raymond Basin + Main Basin In	Main Basin Out	
Customer Only	Applies to customer service functions only.	100%								0%
Capacity Only	Applies to capacity maintenance functions only.		100%							0%
Base Only	Applies to base supply functions only.				100%					0%
Max Day Only	Applies to max day supply functions only.					100%				0%
Max Hour Only	Applies to max hour functions only.						100%			0%
Source of Supply	Based on supply cost allocation. See "Source of Supply" tab.				5%			22%	73%	0%
Base / Max Day	Based on system peaking analysis. See "Units of Service" tab.				65%	35%				0%
Base / Max Day / Max Hour	Based on system peaking analysis. See "Units of Service" tab.				52%	28%	20%			0%
Max Day / Max Hour	Based on system peaking analysis. See "Units of Service" tab.					80%	20%			0%
Customer / Capacity	25/75 split between Customer Service and Capacity Maintenance functions.	25%	75%							0%
Allocated CIP	Allocation of FY 2019/20 through FY 2022/23 CIP	0%	14%		53%	24%	9%			0%
As Fixed Assets	Allocation of Physical Assets Replacement Cost	0%	3%	0%	54%	25%	18%			0%
As All Others	Weighted average reallocated based on the resulting functional allocation.	0%	0%		0%	0%	0%	0%		100%
Resulting Allocation		15.1%	7.5%		20.1%	9.7%	4.7%	10.1%	32.9%	



	FY 2020/21	Allocation Basis	Customer	Capacity	Fire Protection	Base	Max Day	Max Hour	Raymond Basin + Main Basin In	Main Basin Out	As All Others
Operating Expenses											
WATER-ADMIN											
SALARIES & WAGES											
REGULAR EMPLOYEES	\$ 938,300	Customer Only	\$ 938,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPECIALIST PAY	1,600	Customer Only	1,600	-	-	-	-	-	-	-	-
VACATION PAY OFF	5,000	Customer Only	5,000	-	-	-	-	-	-	-	-
VACATION SELL BACK	12,000	Customer Only	12,000	-	-	-	-	-	-	-	-
ALLOWANCES	2,200	Customer Only	2,200	-	-	-	-	-	-	-	-
DEF COMP-CITY PAID	-	Customer Only	-	-	-	-	-	-	-	-	-
STAND BY PAY	-	Customer Only	-	-	-	-	-	-	-	-	-
LONGEVITY PAY	11,200	Customer Only	11,200	-	-	-	-	-	-	-	-
TEMPORARY	15,000	Customer Only	15,000	-	-	-	-	-	-	-	-
OVERTIME	-	Customer Only	-	-	-	-	-	-	-	-	-
P.E.R.S	370,900	Customer Only	370,900	-	-	-	-	-	-	-	-
.5% CITY CONTRIBUTION	2,500	Customer Only	2,500	-	-	-	-	-	-	-	-
MEDICAL/DENTAL	149,100	Customer Only	149,100	-	-	-	-	-	-	-	-
LONG TERM DISABILITY	1,000	Customer Only	1,000	-	-	-	-	-	-	-	-
LIFE INSURANCE	1,900	Customer Only	1,900	-	-	-	-	-	-	-	-
RETIREE MEDICAL	31,300	Customer Only	31,300	-	-	-	-	-	-	-	-
FICA/HOSPITAL INSURANCE	14,200	Customer Only	14,200	-	-	-	-	-	-	-	-
VACANCY RATE	(64,500)	Customer Only	(64,500)	-	-	-	-	-	-	-	-
Pension Bond Debt	-	As All Others	-	-	-	-	-	-	-	-	-
Total SALARIES & WAGES	\$ 1,491,700		\$ 1,491,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUPPLIES											
OFFICE SUPPLIES	\$ 17,800	Customer Only	\$ 17,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WATER BILL POSTAGE	48,000	Customer Only	48,000	-	-	-	-	-	-	-	-
DRAFTING SUPPLIES	2,500	Customer Only	2,500	-	-	-	-	-	-	-	-
PRINTSHOP	23,000	Customer Only	23,000	-	-	-	-	-	-	-	-
Total SUPPLIES	\$ 91,300		\$ 91,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES											
WATER CONSERVATION COST	\$ 71,500	Max Day Only	\$ -	\$ -	\$ -	\$ -	\$ 71,500	\$ -	\$ -	\$ -	\$ -
CONTRACT SERVICES	170,000	As All Others	-	-	-	-	-	-	-	-	170,000
TELEPHONE	-	Customer Only	-	-	-	-	-	-	-	-	-
GENERAL LIABILITY	118,000	Customer Only	118,000	-	-	-	-	-	-	-	-
WORKERS' COMPENSATION	92,200	Customer Only	92,200	-	-	-	-	-	-	-	-
TAXES	-	Customer Only	-	-	-	-	-	-	-	-	-
OFFICE EQUIPMENT	1,000	Customer Only	1,000	-	-	-	-	-	-	-	-
VEHICLE MAINTENANCE	1,100	Customer Only	1,100	-	-	-	-	-	-	-	-
BUILDING REPAIR & MAINT	2,000	Customer Only	2,000	-	-	-	-	-	-	-	-
RENTS	946,400	As All Others	-	-	-	-	-	-	-	-	946,400
MEMBERSHIP & PUBLICATIONS	5,200	Customer Only	5,200	-	-	-	-	-	-	-	-
OFFICIAL MEETINGS	2,800	Customer Only	2,800	-	-	-	-	-	-	-	-
TRAINING	4,000	Customer Only	4,000	-	-	-	-	-	-	-	-
TUITION REIMBURSEMENT	9,000	Customer Only	9,000	-	-	-	-	-	-	-	-
DUES & ASSESSMENTS	14,800	Customer Only	14,800	-	-	-	-	-	-	-	-
DEPRECIATION	-	Customer Only	-	-	-	-	-	-	-	-	-
GENERAL FUND CHARGES	422,800	Customer / Capacity	105,700	317,100	-	-	-	-	-	-	-
Total OPERATING EXPENSES	\$ 1,860,800		\$ 355,800	\$ 317,100	\$ -	\$ -	\$ 71,500	\$ -	\$ -	\$ -	\$ 1,116,400
SPECIAL PROGRAMS											
Special Programs XXXXX	\$ -	As All Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total SPECIAL PROGRAMS	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total WATER-ADMIN	\$ 3,443,800		\$ 1,938,800	\$ 317,100	\$ -	\$ -	\$ 71,500	\$ -	\$ -	\$ -	\$ 1,116,400



	FY 2020/21	Allocation Basis	Customer	Capacity	Fire Protection	Base	Max Day	Max Hour	Raymond Basin + Main Basin In	Main Basin Out	As All Others
Operating Expenses											
WATER-MAIN & REPLACEMENT											
SALARIES & WAGES											
REGULAR EMPLOYEES	\$ 610,800	Base / Max Day / Max Hour	\$ -	\$ -	\$ -	\$ 318,140	\$ 170,500	\$ 122,160	\$ -	\$ -	\$ -
VACATION SELL BACK	9,000	Base / Max Day / Max Hour	-	-	-	4,688	2,512	1,800	-	-	-
STAND BY PAY	10,000	Base / Max Day / Max Hour	-	-	-	5,209	2,791	2,000	-	-	-
LONGEVITY PAY	12,200	Base / Max Day / Max Hour	-	-	-	6,354	3,406	2,440	-	-	-
TEMPORARY	13,300	Base / Max Day / Max Hour	-	-	-	6,927	3,713	2,660	-	-	-
OVERTIME	25,000	Base / Max Day / Max Hour	-	-	-	13,021	6,979	5,000	-	-	-
P.E.R.S	246,000	Base / Max Day / Max Hour	-	-	-	128,131	68,669	49,200	-	-	-
.5% CITY CONTRIBUTION	200	Base / Max Day / Max Hour	-	-	-	104	56	40	-	-	-
MEDICAL/DENTAL	129,900	Base / Max Day / Max Hour	-	-	-	67,660	36,260	25,980	-	-	-
LONG TERM DISABILITY	900	Base / Max Day / Max Hour	-	-	-	469	251	180	-	-	-
LIFE INSURANCE	700	Base / Max Day / Max Hour	-	-	-	365	195	140	-	-	-
FICA/HOSPITAL INSURANCE	9,800	Base / Max Day / Max Hour	-	-	-	5,104	2,736	1,960	-	-	-
VACANCY RATE	(30,300)	Base / Max Day / Max Hour	-	-	-	(15,782)	(8,458)	(6,060)	-	-	-
Total SALARIES & WAGES	\$ 1,037,500		\$ -	\$ -	\$ -	\$ 540,391	\$ 289,609	\$ 207,500	\$ -	\$ -	\$ -
SUPPLIES											
FIELDS	\$ 5,000	Base / Max Day / Max Hour	\$ -	\$ -	\$ -	\$ 2,604	\$ 1,396	\$ 1,000	\$ -	\$ -	\$ -
UNIFORM	9,000	Base / Max Day / Max Hour	-	-	-	4,688	2,512	1,800	-	-	-
TOOLS	5,000	Base / Max Day / Max Hour	-	-	-	2,604	1,396	1,000	-	-	-
Total SUPPLIES	\$ 19,000		\$ -	\$ -	\$ -	\$ 9,896	\$ 5,304	\$ 3,800	\$ -	\$ -	\$ -
OPERATING EXPENSES											
VEHICLE MAINTENANCE	\$ 55,200	As All Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,200
BUILDING REPAIR & MAINT	500	Base / Max Day / Max Hour	-	-	-	260	140	100	-	-	-
WAREHOUSE & SHOP	4,500	Base / Max Day / Max Hour	-	-	-	2,344	1,256	900	-	-	-
GENERAL FUND CHARGES	244,500	Base / Max Day / Max Hour	-	-	-	127,350	68,250	48,900	-	-	-
Total OPERATING EXPENSES	\$ 304,700		\$ -	\$ -	\$ -	\$ 129,954	\$ 69,646	\$ 49,900	\$ -	\$ -	\$ 55,200
SPECIAL PROGRAMS											
REPAIRS TO MAINS	\$ 38,000	Base / Max Day / Max Hour	\$ -	\$ -	\$ -	\$ 19,793	\$ 10,607	\$ 7,600	\$ -	\$ -	\$ -
REPAIRS TO SERVICES	50,000	Capacity Only	-	50,000	-	-	-	-	-	-	-
REPAIRS TO HYDRANTS	17,000	Capacity Only	-	17,000	-	-	-	-	-	-	-
Total SPECIAL PROGRAMS	\$ 105,000		\$ -	\$ 67,000	\$ -	\$ 19,793	\$ 10,607	\$ 7,600	\$ -	\$ -	\$ -
Total WATER-MAIN & REPLACEMENT	\$ 1,466,200		\$ -	\$ 67,000	\$ -	\$ 700,034	\$ 375,166	\$ 268,800	\$ -	\$ -	\$ 55,200



FY 2020/21		Allocation Basis	Customer	Capacity	Fire Protection	Base	Max Day	Max Hour	Raymond Basin + Main Basin In	Main Basin Out	As All Others
Operating Expenses											
WATER-METER CUSTOMER SV											
SALARIES & WAGES											
REGULAR EMPLOYEES	\$ 221,000	Customer / Capacity	\$ 55,250	\$ 165,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VACATION SELL BACK	2,000	Customer / Capacity	500	1,500	-	-	-	-	-	-	-
STAND BY PAY	2,000	Customer / Capacity	500	1,500	-	-	-	-	-	-	-
LONGEVITY PAY	2,400	Customer / Capacity	600	1,800	-	-	-	-	-	-	-
OVERTIME	2,500	Customer / Capacity	625	1,875	-	-	-	-	-	-	-
P.E.R.S	86,600	Customer / Capacity	21,650	64,950	-	-	-	-	-	-	-
.5% CITY CONTRIBUTION	200	Customer / Capacity	50	150	-	-	-	-	-	-	-
MEDICAL/DENTAL	47,100	Customer / Capacity	11,775	35,325	-	-	-	-	-	-	-
LONG TERM DISABILITY	300	Customer / Capacity	75	225	-	-	-	-	-	-	-
LIFE INSURANCE	300	Customer / Capacity	75	225	-	-	-	-	-	-	-
FICA/HOSPITAL INSURANCE	3,300	Customer / Capacity	825	2,475	-	-	-	-	-	-	-
VACANCY RATE	(10,800)	Customer / Capacity	(2,700)	(8,100)	-	-	-	-	-	-	-
Total SALARIES & WAGES	\$ 356,900		\$ 89,225	\$ 267,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUPPLIES											
TOOLS	\$ 1,000	Customer / Capacity	\$ 250	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total SUPPLIES	\$ 1,000		\$ 250	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES											
VEHICLE MAINTENANCE	\$ 9,900	Customer / Capacity	\$ 2,475	\$ 7,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WAREHOUSE & SHOP	500	Customer / Capacity	125	375	-	-	-	-	-	-	-
GENERAL FUND CHARGES	395,300	Customer / Capacity	98,825	296,475	-	-	-	-	-	-	-
Total OPERATING EXPENSES	\$ 405,700		\$ 101,425	\$ 304,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPECIAL PROGRAMS											
REPAIRS TO METERS	\$ 30,500	Capacity Only	\$ -	\$ 30,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
METERS & SERVICE CONN	-	Customer / Capacity	-	-	-	-	-	-	-	-	-
METER READING SUPPLIES	53,000	Customer Only	53,000	-	-	-	-	-	-	-	-
Total SPECIAL PROGRAMS	\$ 83,500		\$ 53,000	\$ 30,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total WATER-METER CUSTOMER SV	\$ 847,100		\$ 243,900	\$ 603,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



FY 2020/21		Allocation Basis	Customer	Capacity	Fire Protection	Base	Max Day	Max Hour	Raymond Basin + Main Basin In	Main Basin Out	As All Others
Operating Expenses											
WATER-PRODUCTION/QUALITY											
SALARIES & WAGES											
REGULAR EMPLOYEES	\$ 302,900	Base / Max Day	\$ -	\$ -	\$ -	\$ 197,210	\$ 105,690	\$ -	\$ -	\$ -	\$ -
VACATION SELL BACK	7,000	Base / Max Day	-	-	-	4,558	2,442	-	-	-	-
STAND BY PAY	13,000	Base / Max Day	-	-	-	8,464	4,536	-	-	-	-
LONGEVITY PAY	6,000	Base / Max Day	-	-	-	3,906	2,094	-	-	-	-
OVERTIME	10,000	Base / Max Day	-	-	-	6,511	3,489	-	-	-	-
P.E.R.S	120,800	Base / Max Day	-	-	-	78,650	42,150	-	-	-	-
.5% CITY CONTRIBUTION	200	Base / Max Day	-	-	-	130	70	-	-	-	-
MEDICAL/DENTAL	60,900	Base / Max Day	-	-	-	39,650	21,250	-	-	-	-
LONG TERM DISABILITY	400	Base / Max Day	-	-	-	260	140	-	-	-	-
LIFE INSURANCE	400	Base / Max Day	-	-	-	260	140	-	-	-	-
FICA/HOSPITAL INSURANCE	4,900	Base / Max Day	-	-	-	3,190	1,710	-	-	-	-
VACANCY RATE	(36,800)	Base / Max Day	-	-	-	(23,959)	(12,841)	-	-	-	-
Total SALARIES & WAGES	\$ 489,700		\$ -	\$ -	\$ -	\$ 318,830	\$ 170,870	\$ -	\$ -	\$ -	\$ -
SUPPLIES											
FIELDS	\$ 200	Base / Max Day	\$ -	\$ -	\$ -	\$ 130	\$ 70	\$ -	\$ -	\$ -	\$ -
TOOLS	800	Base / Max Day	-	-	-	521	279	-	-	-	-
Total SUPPLIES	\$ 1,000		\$ -	\$ -	\$ -	\$ 651	\$ 349	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES											
TELEPHONE	\$ 6,200	Base / Max Day	\$ -	\$ -	\$ -	\$ 4,037	\$ 2,163	\$ -	\$ -	\$ -	\$ -
WATER	2,400	Base / Max Day	-	-	-	1,563	837	-	-	-	-
VEHICLE MAINTENANCE	21,200	Base / Max Day	-	-	-	13,803	7,397	-	-	-	-
BUILDING REPAIR & MAINT	65,000	Base / Max Day	-	-	-	42,320	22,680	-	-	-	-
WAREHOUSE & SHOP	6,000	Base / Max Day	-	-	-	3,906	2,094	-	-	-	-
PERMITS FEES	6,700	Base / Max Day	-	-	-	4,362	2,338	-	-	-	-
DUES & ASSESSMENTS	6,560,335	Source of Supply	-	-	-	337,206	-	-	1,461,999	4,761,130	-
GENERAL FUND CHARGES	266,600	Base / Max Day	-	-	-	173,576	93,024	-	-	-	-
Total OPERATING EXPENSES	\$ 6,934,435		\$ -	\$ -	\$ -	\$ 580,772	\$ 130,534	\$ -	\$ 1,461,999	\$ 4,761,130	\$ -
SPECIAL PROGRAMS											
BULK MAILING	\$ -	Customer Only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POWER PURCHASED	1,500,000	Base / Max Day / Max Hour	-	-	-	781,288	418,712	300,000	-	-	-
PUMPING SUPPLIES	65,000	Base / Max Day / Max Hour	-	-	-	33,856	18,144	13,000	-	-	-
WATER TESTING	40,000	Base Only	-	-	-	40,000	-	-	-	-	-
UNSCHEDULED REPAIR	135,000	Base / Max Day / Max Hour	-	-	-	70,316	37,684	27,000	-	-	-
REPAIRS TO PUMP	26,000	Base / Max Day / Max Hour	-	-	-	13,542	7,258	5,200	-	-	-
REPAIRS TO RESERVOIRS	5,000	Base / Max Day / Max Hour	-	-	-	2,604	1,396	1,000	-	-	-
Total SPECIAL PROGRAMS	\$ 1,771,000		\$ -	\$ -	\$ -	\$ 941,606	\$ 483,194	\$ 346,200	\$ -	\$ -	\$ -
Total WATER-PRODUCTION/QUALITY	\$ 9,196,135		\$ -	\$ -	\$ -	\$ 1,841,860	\$ 784,946	\$ 346,200	\$ 1,461,999	\$ 4,761,130	\$ -
Total O&M Expenditures	\$ 14,953,235		\$ 2,182,700	\$ 987,300	\$ -	\$ 2,541,894	\$ 1,231,612	\$ 615,000	\$ 1,461,999	\$ 4,761,130	\$ 1,171,600
Reallocation of As All Others			\$ 2,368,255	\$ 1,071,232	\$ -	\$ 2,757,984	\$ 1,336,314	\$ 667,282	\$ 1,586,286	\$ 5,165,882	



	FY 2020/21	Allocation Basis	Customer	Capacity	Fire Protection	Base	Max Day	Max Hour	Raymond Basin + Main Basin In	Main Basin Out	As All Others
Rate Revenue Requirement											
Total O&M Expenditures	14,953,235	[Calculated Above]	\$ 2,368,255	\$ 1,071,232	\$ -	\$ 2,757,984	\$ 1,336,314	\$ 667,282	\$ 1,586,286	\$ 5,165,882	\$ -
Additional O&M	-	Max Day / Max Hour	-	-	-	-	-	-	-	-	-
Debt	-	As All Others	-	-	-	-	-	-	-	-	-
Capital Projects	4,353,000	Allocated CIP	-	614,414	-	2,315,567	1,029,859	393,160	-	-	-
Replacement Funding (Depreciation)	-	As All Others	-	-	-	-	-	-	-	-	-
Adjustment for Mid-Year Increase	367,274	As All Others	-	-	-	-	-	-	-	-	367,274
Cashflow	\$ 764,535	Allocated CIP	\$ -	\$ 107,912	\$ -	\$ 406,692	\$ 180,878	\$ 69,052	\$ -	\$ -	\$ -
(Less) Offsetting Revenues											
Use of Reserves for Capital Projects	(4,325,000)	Allocated CIP	\$ -	\$ (610,462)	\$ -	\$ (2,300,673)	\$ (1,023,234)	\$ (390,631)	\$ -	\$ -	\$ -
Use of Equipment Fund	(28,000)	Allocated CIP	-	(3,952)	-	(14,895)	(6,624)	(2,529)	-	-	-
Use of Bond Proceeds	-	As All Others	-	-	-	-	-	-	-	-	-
Other Capital Funding Sources	-	As All Others	-	-	-	-	-	-	-	-	-
Other Charges for Services	(142,410)	As All Others	-	-	-	-	-	-	-	-	(142,410)
Grant Income	-	As All Others	-	-	-	-	-	-	-	-	-
Interest Earnings	(161,682)	As All Others	-	-	-	-	-	-	-	-	(161,682)
Other Revenues	(434,141)	As All Others	-	-	-	-	-	-	-	-	(434,141)
Total Rate Revenues to be Collected	\$ 15,346,811		\$ 2,368,255	\$ 1,179,144	\$ -	\$ 3,164,677	\$ 1,517,192	\$ 736,334	\$ 1,586,286	\$ 5,165,882	\$ (370,959)
Reallocation of As All Others			\$ 2,312,361	\$ 1,151,315	\$ -	\$ 3,089,986	\$ 1,481,384	\$ 718,956	\$ 1,548,848	\$ 5,043,961	
Total Allocation			\$ 2,312,361	\$ 1,151,315	\$ -	\$ 3,089,986	\$ 1,481,384	\$ 718,956	\$ 1,548,848	\$ 5,043,961	
			15%	8%	0%	20%	10%	5%	10%	33%	



Appendix C

WATER SUPPLY ALLOCATION

	Step Allocation Factor	Less Previously Allocated	Remaining to Allocate	MWD Purchase	Main Bain Out	Raymond Basin + Main Basin In	Total
Total Supply Produced (HCF)				108,900	1,729,022	4,158,449	5,996,371
System Losses				(8,864)	(140,742)	(338,498)	(488,105)
Total Supply Available (HCF)				100,036	1,588,279	3,819,951	5,508,266
Step 1							
Total Usage				100,036			100,036
Government, Institution, & Irrigation	644,846			11,711			11,711
Commercial	763,546			13,867			13,867
Multi-Family Residential	806,687			14,650			14,650
Single Family Residential	3,293,187			59,808			59,808
Total MWD Allocation	5,508,266			100,036			100,036
Remaining to Allocate					1,588,279	3,819,951	5,408,230
Step 2							
Incremental Max Month					142,983		142,983
Government, Institution, & Irrigation	25,954	0	25,954		25,954		25,954
Commercial	14,173	0	14,173		14,173		14,173
Multi-Family Residential	8,055	0	8,055		8,055		8,055
Single Family Residential	94,801	0	94,801		94,801		94,801
Total Incremental Max Month Allocation	142,983	0	142,983		142,983		142,983
Remaining to Allocate					1,445,297	3,819,951	5,265,248
Step 3							
Incremental 3 Max Months					239,404		239,404
Government, Institution, & Irrigation	76,411	(25,954)	50,457		50,457		50,457
Commercial	31,352	(14,173)	17,179		17,179		17,179
Multi-Family Residential	20,427	(8,055)	12,372		12,372		12,372
Single Family Residential	254,198	(94,801)	159,396		159,396		159,396
Total Incremental Max 3-Month Allocation	382,387	(142,983)	239,404		239,404		239,404
Remaining to Allocate					1,205,893	3,819,951	5,025,844
Step 4							
Total Usage					1,205,893	3,819,951	5,025,844

	Step Allocation Factor	Less Previously Allocated	Remaining to Allocate	MWD Purchase	Main Bain Out	Raymond Basin + Main Basin In	Total
Government, Institution, & Irrigation	644,846	(88,122)	556,725		133,580	423,145	556,725
Commercial	763,546	(45,218)	718,328		172,354	545,974	718,328
Multi-Family Residential	806,687	(35,077)	771,610		185,139	586,471	771,610
Single Family Residential	3,293,187	(67,978)	1,557,016		714,820	2,264,362	2,979,182
Total Usage Allocation	5,508,266	(236,395)	3,603,678		1,205,893	3,819,951	5,025,844
Total Supply Allocation By Class							
				MWD Imported Purchase	Main Bain Out	Raymond Basin + Main Basin In	Total
Government, Institution, & Irrigation				11,711	209,990	423,145	644,846
Commercial				13,867	203,706	545,974	763,546
Multi-Family Residential				14,650	205,566	586,471	806,687
Single Family Residential				59,808	969,018	2,264,362	3,293,187
Total Supply Allocation				100,036	1,588,279	3,819,951	5,508,266

Appendix D

PROJECTED WATER DEMANDS

Class Forecast	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	Actual	Actual	Actual	Actual	Projection	Projection	Projection	Projection	Projection	Projection
	Average of FY 2017/18 and FY 2018/19									
AR - CITY	35,048	59,603	65,361	69,394	67,377	67,377	67,377	67,377	67,377	67,377
CA - COMMERCIAL	757,370	776,413	776,486	750,606	763,546	763,546	763,546	763,546	763,546	763,546
DC - FIRE SERVICE	791	774	405	71	-	-	-	-	-	-
GV - GOVERNMENT	168,146	218,244	311,088	230,838	270,963	270,963	270,963	270,963	270,963	270,963
IM - IRRIGATION	257,739	292,392	329,215	283,797	306,506	306,506	306,506	306,506	306,506	306,506
MF - MULTI FAMILY	747,764	783,752	829,546	783,827	806,687	806,687	806,687	806,687	806,687	806,687
SF - SINGLE FAMILY	2,900,182	3,156,819	3,464,830	3,121,544	3,293,187	3,293,187	3,293,187	3,293,187	3,293,187	3,293,187
Total (HCF)	4,867,040	5,287,997	5,776,931	5,240,077	5,508,266	5,508,266	5,508,266	5,508,266	5,508,266	5,508,266
Government, Institution, Irr	460,932	570,239	705,664	584,028	644,846	644,846	644,846	644,846	644,846	644,846
Total AF Sold	11,173	12,140	13,262	12,030	12,645	12,645	12,645	12,645	12,645	12,645
Annual Change		8.65%	9.25%	-9.29%	5.12%	0.00%	0.00%	0.00%	0.00%	0.00%
Total HCF Sold	4,867,040	5,287,997	5,776,931	5,240,077	5,508,266	5,508,266	5,508,266	5,508,266	5,508,266	5,508,266

Tier Forecast		FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
		Actual	Actual	Actual	Projection	Projection	Projection	Projection	Projection	Projection
Single Family Residential - Tier Splits		Current Tier Breaks				UPDATED TIER BREAKS				
Tier 1	44%	40%	44%	42%	40%	40%	40%	40%	40%	40%
Tier 2	29%	30%	29%	29%	30%	30%	30%	30%	30%	30%
Tier 3	10%	11%	10%	10%	12%	12%	12%	12%	12%	12%
Tier 4	17%	19%	17%	18%	18%	18%	18%	18%	18%	18%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Single Family Residential - Use per Tier										
Tier 1	1,389,000	1,383,774	1,382,720	1,386,987	1,324,274	1,324,274	1,324,274	1,324,274	1,324,274	1,324,274
Tier 2	915,478	1,029,498	893,370	960,496	993,612	993,612	993,612	993,612	993,612	993,612
Tier 3	315,682	380,529	307,426	343,004	398,676	398,676	398,676	398,676	398,676	398,676
Tier 4	536,659	671,030	538,028	602,700	576,624	576,624	576,624	576,624	576,624	576,624
Total	3,156,819	3,464,830	3,121,544	3,293,187	3,293,187	3,293,187	3,293,187	3,293,187	3,293,187	3,293,187
Multi Family Residential - Tier Splits										
Tier 1	55%	61%	64%	63%	63%	63%	63%	63%	63%	63%
Tier 2	45%	39%	36%	37%	37%	37%	37%	37%	37%	37%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Multi Family Residential - Use per Tier										
Tier 1	431,063	507,370	503,851	505,967	505,967	505,967	505,967	505,967	505,967	505,967
Tier 2	352,688	322,176	279,976	300,720	300,720	300,720	300,720	300,720	300,720	300,720
Total	783,752	829,546	783,827	806,687	806,687	806,687	806,687	806,687	806,687	806,687

Appendix E

WATER RESIDENTIAL TIER ANALYSIS

To allocate Base, Max Day, and Max Hour rate components to each Single Family and Multi-Family tier, a tier analysis was performed. The Base allocation is based on tier percent of total usage. To determine the Max Day and Max Hour allocations, first the max month was divided by the average month of FY 2017/18 and FY 2018/19 to calculate the peak factor of each tier. The sum-product of the percent of total usage and peak factor yield the Max Day and Max Hour allocations shown in Table C1 below.

Table D1 Projected Water O&M Revenues & Expenditures

Single Family Residential

Tier Usage	% of Total Usage	Peak factor	Allocation Basis	Base	Max Day	Max Hour
Tier 1	40%	1.07	Max Month / Average Month	40%	31%	31%
Tier 2	30%	1.55	Max Month / Average Month	30%	34%	34%
Tier 3	12%	1.63	Max Month / Average Month	12%	14%	14%
Tier 4	18%	1.59	Max Month / Average Month	18%	20%	20%

Multi-Family Residential

Tier Usage	% of Total Usage	Peak factor	Allocation Basis	Base	Max Day	Max Hour
Tier 1	63%	1.05	Max Month / Average Month	63%	58%	58%
Tier 2	37%	1.29	Max Month / Average Month	37%	42%	42%

Single Family Residential water supplies are allocated to each tier using a three-step process to assign a blend of water from each supply to cover usage in each tier. First, water from Supply 1 and Supply 2 is allocated to Tier 4 to cover excessive outdoor usage. The blend of Supply 2 (more expensive water) and Supply 1 (lower cost water) is determined by adjusting the overall blend of Supply 1 and Supply 2 water available to the Single Family class, adjusted such that no water from the Raymond basins (the City's lowest cost resource) is allocated to Tier 4. Next, the remaining supplies are allocated among Tiers 1, 2, and 3 based on each tier's usage and peak factor. Table D2 and D3 detail this methodology and the resulting allocation of supplies to each tier for FY 2020/21.

Table D2 SFR Supply 1 Composition and Breakout

SFR Supply Allocation Among Tiers Methodology:				
		Acre-ft	% of Supply 1	
Raymond Basin		3,200	34%	A
Main Basing Within Allotment		6,346	66%	B
Supply 1 Total		9,546	100%	C = A + B
Supplies Allocated to SFR				
Supply 1	HCF	2,264,362	70%	D
Supply 2	HCF	969,018	30%	E
SFR Supply 1 Breakout				
Raymond Basin	HCF	759,018.38		
Main Basing Within Allotment	HCF	1,505,343		
Supply 1 Allocation for Tier 4			47%	F = D x B
Overall blend adjusted so that no Raymond Basin Water is used in Tier 4				

Table D3 SFR Tier Supply Allocation Details

	Tier Usage (HCF)	MWD Imported Water Allocation (HCF)	Tier Use Less MWD Allocation (HCF)	Max Month Peak		Supply 1 (HCF)	Supply 2 (HCF)	Supply 1	Supply 2	
Total Allocation	3,293,187	59,808	3,233,379			2,264,362	969,018	70%	30%	
Outdoor Excessive - Tier 4	576,624	10,472	566,152	1.59		263,580	302,572	47%	53%	
Remaining for Usage Within Allotments						2,000,782	666,445			
			Tier Use Less MWD Allocation (HCF)	Max Month Peak	Peak Weighted Demand	Percent of Peak Weighted Demand	Supply 1	Supply 2	Supply 1	Supply 2
Indoor - Tier 1	1,324,274	24,050	1,300,224	1.07	1,391,094	39%	1,038,304	261,920	80%	20%
Outdoor Efficient - Tier 2	993,612	18,045	975,567	1.55	1,511,807	43%	690,918	284,649	71%	29%
Outdoor High Use - Tier 3	398,676	7,240	391,436	1.63	636,680	18%	271,560	119,876	69%	31%

Multi-family Residential water supplies are allocated to each tier based on peak factors to assign a blend of water from each supply to cover usage in each tier. The amount of Supply 1 and Supply 2 water allocated covers all usage in each tier less each tier's proportional allocation of MWD imported water. Table D4 details this methodology and the resulting allocation of supplies to each tier for FY 2020/21.

Table D4 MFR Tier Supply Allocation Details

	Tier Usage (HCF)	MWD Imported Water Allocation (HCF)	Tier Use Less MWD Allocation (HCF)	Max Month Peak	Peak Weighted Demand	Percent of Peak Weighted Demand	Supply 1 (HCF)	Supply 2 (HCF)	Supply 1	Supply 2
Total Allocation	806,687	14,651	792,036				586,471	205,566	74%	26%
Tier 1	505,967	9,189	496,778	1.05	523,971	58%	377,856	118,922	76%	24%
Tier 2	300,720	5,462	295,258	1.29	381,754	42%	208,614	86,644	71%	29%

Appendix F

SEWER OPERATIONS & MAINTENANCE BUDGET ANALYSIS

Similar to the water O&M budget analysis, the sewer budget analysis looks at each category of costs and applies an escalation factor to project revenues and expenses through the time period of the rate study. In this case, these costs were escalated through FY 2024/25.

Table E1 Sewer Cost Escalation Factors

Cost Escalator	Description
Labor Inflation	Labor rates are assumed to increase at the long-term average of 2 percent.
Construction Cost Inflation	Although capital cost inflation is commonly linked to the Engineering News Record (ENR) Construction Cost Index (CCI), the inflation rate assumes the ENR's long-term average of 3.5 percent.
Utilities	This escalator applies to costs such as electricity and fuel, and it is set at 2 percent.
General Inflation	This escalator is set at the long-term inflation rate of 2 percent.
Customer Account Growth	This escalator is used for revenues stemming from water sales and fixed charges. It is assumed at 0 percent over the long-term.
Interest Income	Estimated at 1 percent based on discussions with City staff.

Cost Escalator	Constant
General Inflation	2.00%
Labor Inflation	2.00%
Utilities Inflation	2.00%
Construction Inflation	3.50%
Depreciation Funding	3.50%
Interest Income	1.00%
Customer Growth	0.00%
General Inflation + Customer Growth	2.00%
No Annual Increase	0.00%
One Time Expense	-100.00%

All sewer revenues are projected off of FY 2018/19 end-of-year actuals, while expenses are projected off of FY 2020/21 budgeted costs as shown in the table below.

		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
		Actual (Post-Rate Increase)	Projection (Pre-Rate Increase)					
Revenues								
Escalator								
Revenues								
Sewer System Charge Revenue Without Additional Increases - For Reference								
Sewer System Charge	Customer Growth	\$ 2,367,693	2,403,208	2,475,305	2,475,305	2,475,305	2,475,305	2,475,305
Industrial Waste Fee	Customer Growth	\$ 40,008	40,608	41,200	41,200	41,200	41,200	41,200
Includes Adopted Increase								
Sewer System Charge	Customer Growth	2,367,693	2,403,208	2,475,305	2,524,811	2,575,307	2,626,813	2,679,349
Industrial Waste Fee	Customer Growth	40,008	40,000	40,000	40,800	41,616	42,448	43,297
Public Works Inspection	General Inflation	-	-	-	-	-	-	-
Engineering Charges	No Annual Increase	-	-	-	-	-	-	-
Interest Earnings	No Annual Increase	74,799	35,697	27,163	24,932	24,764	27,640	26,439
Investments	One Time Expense	(10,680)	-	-	-	-	-	-
Unrealized Gain/Loss	No Annual Increase	64,573	-	-	-	-	-	-
Other Income	No Annual Increase	664	500	500	500	500	500	500
Total Revenues		\$ 2,537,056	\$ 2,479,405	\$ 2,542,968	\$ 2,591,042	\$ 2,642,187	\$ 2,697,402	\$ 2,749,586

Expenditures

DIVISION: :SEWER-MAINTENANCE

		Escalator							
SALARIES & WAGES									
3306 4010	REGULAR EMPLOYEES	Labor Inflation	\$ 561,918	\$ 572,300	\$ 579,800	\$ 585,600	\$ 597,312	\$ 609,258	\$ 621,443
3306 4013	VACATION PAYOFF	Labor Inflation	\$ 11,656	\$ 1,000	\$ 1,000	1,000	1,020	1,040	1,061
3306 4014	VACATION SELL BACK	Labor Inflation	7,882	9,000	8,000	8,000	8,160	8,323	8,490
3306 4015	ALLOWANCES	Labor Inflation	256	200	300	300	306	312	318
3306 4019	STANDBY PAY	Labor Inflation	317	-	-	-	-	-	-
3306 4021	LONGEVITY PAY	Labor Inflation	9,234	8,100	9,200	9,200	9,384	9,572	9,763
3306 4032	PART-TIME NON-PERS	Labor Inflation	2,071	7,500	13,300	13,300	13,566	13,837	14,114
3306 4130	OVERTIME	Labor Inflation	3,553	2,000	2,000	2,000	2,040	2,081	2,122
3306 4241	P.E.R.S	Labor Inflation	187,446	217,400	231,100	245,700	250,614	255,626	260,739
3306 4242	NON-PERSABLE COMPENSATION	Labor Inflation	848	900	900	900	918	936	955
3306 4244	MEDICAL/DENTAL INSURANCE	Labor Inflation	102,341	104,500	104,500	104,500	106,590	108,722	110,896
3306 4245	LONG TERM DISABILITY	Labor Inflation	658	600	700	700	714	728	743
3306 4247	LIFE INSURANCE	Labor Inflation	859	900	900	900	918	936	955
3306 4248	RETIREE MEDICAL	Labor Inflation	7,556	8,500	7,700	7,900	8,058	8,219	8,384
3306 4249	UNEMPLOYMENT INSURANCE	Labor Inflation	-	-	-	-	-	-	-
3306 4250	FICA/HOSPITAL INSURANCE	Labor Inflation	9,433	8,600	8,800	8,900	9,078	9,260	9,445
NEW	Pension Bond Debt	[Input]	-	-	-	-	-	-	-
SALARIES & WAGES TOTAL:			\$ 906,029	\$ 941,500	\$ 968,200	\$ 988,900	\$ 1,008,678	\$ 1,028,852	\$ 1,049,429
SUPPLIES									
3306 5125	PRINT SHOP	General Inflation	\$ 4,456	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306
	OFFICE SUPPLIES	General Inflation	-	-	700	700	714	728	743
3306 5260	FIELDS	General Inflation	5,962	6,000	6,000	6,000	6,120	6,242	6,367
3306 5280	UNIFORM	General Inflation	1,378	2,000	2,000	2,000	2,040	2,081	2,122
3306 5410	TOOLS	General Inflation	647	500	500	500	510	520	531
SUPPLIES TOTAL:			\$ 12,443	\$ 13,500	\$ 14,200	\$ 14,200	\$ 14,484	\$ 14,774	\$ 15,069
OPERATING EXPENSES									
7201 6160	CONTRACT SERVICES	General Inflation	\$ 48,847	\$ 75,300	\$ 105,700	\$ 105,700	\$ 107,814	\$ 109,970	\$ 112,170
7201 6505	GENERAL LIABILITY	General Inflation	18,400	18,600	19,500	19,600	19,992	20,392	20,800
7201 6507	WORKERS' COMPENSATION	General Inflation	23,600	25,800	25,800	25,800	26,316	26,842	27,379
7201 6614	WATER	General Inflation	217	200	200	200	204	208	212
7201 6750	VEHICLE MAINTENANCE	General Inflation	60,930	65,000	32,000	32,000	32,640	33,293	33,959
7201 6751	VEHICLE FUEL USAGE	General Inflation	-	-	23,300	24,100	24,582	25,074	25,575
7201 6752	VEHICLE 3RD PARTY SVC	General Inflation	-	-	7,300	7,300	7,446	7,595	7,747
7201 6902	DISPOSAL CHARGES	General Inflation	1,627	2,500	2,000	2,000	2,040	2,081	2,122
7201 6903	PERMITS FEES	General Inflation	11,000	11,000	11,000	11,000	11,220	11,444	11,673
7201 6970	TRAINING	General Inflation	2,000	2,400	2,400	2,400	2,448	2,497	2,547
7201 6990	DEPRECIATION	General Inflation	-	-	-	-	-	-	-
7201 6995	GENERAL FUND CHARGES	General Inflation	242,300	242,300	251,300	256,300	261,426	266,655	271,988
OPERATING EXPENSES TOTAL:			\$ 408,920	\$ 443,100	\$ 480,500	\$ 486,400	\$ 496,128	\$ 506,051	\$ 516,172
SPECIAL PROGRAMS									
7201 7990	Special Programs XXXXX	General Inflation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPECIAL PROGRAMS TOTAL:			\$ -						
DIVISION: 3306 (OLD 7201) SEWER-MAINTENANCE			\$ 1,327,391	\$ 1,398,100	\$ 1,462,900	\$ 1,489,500	\$ 1,519,290	\$ 1,549,676	\$ 1,580,669

Appendix G SEWER FUNCTIONAL ALLOCATION



City of Arcadia
Sewer Financial and Rate Model
Functional Allocation

Time Period for Allocation: **FY 2020/21**

Allocation Index	CUSTOMER	CAPACITY	FLOW	BOD	TSS	Six	As All Others	Total
Customer Only <i>Costs associated with providing services (common to all accounts)</i>	100%	0%	0%	0%	0%	0%	0%	100%
Capacity Only	0%	100%	0%	0%	0%	0%	0%	100%
Flow Only <i>Costs based on water usage</i>	0%	0%	100%	0%	0%	0%	0%	100%
BOD Only <i>Costs associated with assumed BOD strength</i>	0%	0%	0%	100%	0%	0%	0%	100%
TSS Only <i>Costs associated with assumed TSS strength</i>	0%	0%	0%	0%	100%	0%	0%	100%
As All Others <i>Catch all basis that uses the weighted average of the system allocation</i>	0%	0%	0%	0%	0%	0%	100%	100%
As Labor	13%	0%	87%			0%	0%	100%

Operating Expenditures				FY 2020/21	Allocation	CUSTOMER	CAPACITY	FLOW	BOD	TSS	Six	As All Others	Total
SEWER-MAINTENANCE													
SALARIES & WAGES													
3306	4010	REGULAR EMPLOYEES	\$	579,800	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4013	VACATION PAYOFF		1,000	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4014	VACATION SELL BACK		8,000	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4015	ALLOWANCES		300	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4019	STANDBY PAY		-	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4021	LONGEVITY PAY		9,200	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4032	PART-TIME NON-PERS		13,300	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4130	OVERTIME		2,000	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4241	P.I.E.R.S		231,100	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4242	NON-PERSABLE COMPENSATION		900	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4244	MEDICAL/DENTAL INSURANCE		104,500	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4245	LONG TERM DISABILITY		700	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4247	LIFE INSURANCE		900	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4248	RETIREE MEDICAL		7,700	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4249	UNEMPLOYMENT INSURANCE		-	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
3306	4250	FICA/HOSPITAL INSURANCE		8,800	As Labor	13%	0%	87%	0%	0%	0%	0%	100%
0	NEW	Pension Bond Debt		-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
SUPPLIES													
3306	5125	PRINT SHOP	\$	5,000	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
3306	5260	FIELDS		6,000	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
3306	5280	UNIFORM		2,000	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
3306	5410	TOOLS		500	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
OPERATING EXPENSES													
7201	6160	CONTRACT SERVICES	\$	105,700	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6505	GENERAL LIABILITY		19,500	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6507	WORKERS' COMPENSATION		25,800	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6614	WATER		200	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6750	VEHICLE MAINTENANCE		32,000	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6902	DISPOSAL CHARGES		2,000	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6903	PERMITS FEES		11,000	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6970	TRAINING		2,400	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6990	DEPRECIATION		-	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
7201	6995	GENERAL FUND CHARGES		251,300	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
SPECIAL PROGRAMS													
7201	7990	Special Programs XXXXX	\$	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Operating Expenditures Sub Total			\$	1,431,600		\$ 126,969	\$ -	\$ 1,053,331	\$ -	\$ -	\$ -	\$ 251,300	\$ 1,431,600
Reallocation of "As All Others"						\$ 27,033	\$ -	\$ 224,267	\$ -	\$ -	\$ -	\$ (251,300)	
Total Allocation			\$	1,431,600		\$ 154,003	\$ -	\$ 1,277,597	\$ -	\$ -	\$ -	\$ -	
Percentage Allocation				100.0%		10.8%	0.0%	89.2%	0.0%	0.0%	0.0%	0.0%	



Rate Revenue Requirement	FY 2020/21	Allocation	CUSTOMER	CAPACITY	FLOW	BOD	TSS	Six	As All Others	Total
Operating Expenses	\$ 1,431,600	As O&M	9%	0%	74%	0%	0%	0%	18%	100%
Additional O&M	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Debt	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Rate Funded Capital	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Additional Policy Expenditures	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Additions to Meet Minimum Fund Balances	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Coverage Driven Increase	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Cashflow	\$ 1,104,721	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
Less Offsetting Revenues										
Public Works Inspection	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Engineering Charges	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Interest Earnings	(27,163)	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Investments	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Other Financing Sources	-	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Industrial Waste Fees With Full Year Increase	(40,800)	As All Others	0%	0%	0%	0%	0%	0%	100%	100%
Total Rate Revenues to be Collected	\$ 2,468,358		\$ 126,969	\$ -	\$ 2,158,051	\$ -	\$ -	\$ -	\$ 183,337	\$ 2,468,358
Reallocation of "As All Others"			\$ 10,187	\$ -	\$ 173,150	\$ -	\$ -	\$ -	\$ (183,337)	
Total Allocation	\$ 2,468,358		\$ 137,157	\$ -	\$ 2,331,201	\$ -	\$ -	\$ -	\$ -	
Percentage Allocation	100.0%		5.6%	0.0%	94.4%	0.0%	0.0%	0.0%	0.0%	
Allocation With Mid-Year Increase Adjustment										
Adjustment for Mid-Year Increase	\$ 24,753	Flow Only	0%	0%	100%	0%	0%	0%	0%	100%
Allocated Adjustment	\$ 24,753		\$ -	\$ -	\$ 24,753	\$ -	\$ -	\$ -	\$ -	\$ 24,753
Total Rate Revenues to be Collected	\$ 2,468,358		\$ 126,969	\$ -	\$ 2,158,051	\$ -	\$ -	\$ -	\$ 183,337	\$ 2,468,358
Reallocation of "As All Others"			\$ 10,078	\$ -	\$ 173,259	\$ -	\$ -	\$ -	\$ (183,337)	
Final Allocation	\$ 2,493,111		\$ 137,048	\$ -	\$ 2,356,063	\$ -	\$ -	\$ -	\$ -	
Final Percentage Allocation	100.0%		5.5%	0.0%	94.5%	0.0%	0.0%	0.0%	0.0%	

