PALMDALE

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CITY COUNCIL MEETING
SUCCESSOR AGENCY/HOUSING AUTHORITY
CITY COUNCIL CHAMBERS
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
TUESDAY, SEPTEMBER 7, 2021
5:00 PM CLOSED SESSION
7:00 PM CC/SA/HA
www.cityofpalmdale.org

WELCOME

In accordance with the current guidance from the California Department of Public Health and the County of Los Angeles Department of Public Health, the Council Chamber is open for in-person public comment and seating. Masks are required to be worn by all persons in attendance. It is recommended that all citizens practice social distancing to the extent possible while in attendance. Councilmembers may choose to participate via conference call.

How to observe the meeting virtually:

1. Spectrum local access Channel 27
2. Online live webcast at www.cityofpalmdale.org.

How to Submit Public Comments:

1) WRITTEN PUBLIC COMMENTS PRIOR TO MEETING - Click the Agendas & Minutes webpage at https://cityofpalmdale.org/310/City-Council-Meetings and find this meeting under Upcoming Events; 2) Click on the eComment button; and 3) Scroll through the agenda to find the agenda item for which you would like to provide a comment and submit your comment; 4) The cut off time is two hours prior to the time listed on the printed agenda (e.g. 5:00 p.m. meeting cut-off is 3:00 p.m.). Such comments will be provided to the City Councilmembers prior to the meeting, but will not be read aloud during the meeting.

2) VERBAL PUBLIC COMMENT DURING THE MEETING – (ZOOM Number: US: +1 669 900 9128 Webinar ID: 844 1999 1588 Passcode: 517436 Webinar attendee link https://us06web.zoom.us/j/84419991588?pwd=OThnUC9QaHgzT1plajRFUGJqbWh3UT09. Verbal comments must be limited to 3 minutes. Public comments submitted will become part of the official meeting record.

The safety and well-being of employees and the public remains the City's top priority. The City of Palmdale appreciates your patience and understanding during these challenging times.

The City Council is making every effort to follow the spirit and intent of the Brown Act and other applicable laws regulating the conduct of public meetings in order to maximize transparency and public access.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

If you require oral Spanish translation, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

"Your courtesy is requested to help our meetings run smoothly. If you'll be kind enough to follow these simple rules, we can make the best possible use of your time and ours:

- Please refrain from public displays or outbursts, such as unsolicited applause, comments, cheering, foul language or obscenities.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be asked to leave the meeting.
- Please turn off/mute your cell phones and mobile devices.

5:00 P.M.

1. **MAYOR TO CALL MEETINGS TO ORDER**

2. **ROLL CALL**
   MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT
   COUNCILMEMBERS/DIRECTORS/COMMISSIONERS CARRILLO, LOA, BISHOP

3. **PUBLIC COMMENTS**
   Now is the time for public participation for any person wishing to speak to the City Council on matters listed or not listed on the agenda, within the jurisdiction of the City Council. If

you are attending the meeting by phone, please press *9 to "raise your hand." If attending by personal computer, please click the "raise your hand" button. Press *6 to un-mute yourself, state your name and begin speaking. PLEASE NOTE: A three-minute limit is imposed on each speaker.

4. **PRESENTATION BY CITY ATTORNEY**

4.1 CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Nicholas Tomaszewski v. City of Palmdale, et al.
Los Angeles County Superior Court
Case No. MC 026 483

This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

4.2 CONFERENCE WITH REAL PROPERTY NEGOTIATORS
The reason for holding a closed session is for the purpose of obtaining authorization and direction from the City Council to its designated negotiators regarding the possible purchase of the following property:
Property: 38580 9th Street East (APN 3008-039-022)
Property Owner: VP Family Properties, LLC
City Negotiators: J.J. Murphy, City Manager, Mike Miller, Director of Neighborhood Services, and Sophia Reyes, Housing Manager

This Closed Session is being held pursuant to the authority of California Government Code Section 54956.8. Closed session is recommended because the City Council will be instructing the negotiators regarding terms and conditions, including price, for the possible acquisition of the real property identified above.

4.3 CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One case.

A point has been reached where, in the opinion of the City on the advice of the City Attorney, based on existing facts and circumstances, there is a significant exposure to litigation against the City. The City believes that the facts and circumstances that might result in litigation against the City are not yet known to a potential plaintiff or plaintiffs.

4.4 CONFERENCE WITH LABOR NEGOTIATORS
City representatives: City Attorney
Unrepresented employee: City Manager

The City Council will confer with the City Attorney in connection with possible changes to contract terms and compensation (including fringe benefits) in the existing Employment Agreement between the City and the City Manager. This Closed Session is being held pursuant to the authority of California Government Code Section 54957.6

4.5 CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Stirlie Cox v. City of Palmdale, et al.
Los Angeles County Superior Court
Case No. 20AVCV00324

This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

5. **ANNOUNCEMENT BY CITY ATTORNEY**

6. **ADJOURN CLOSED SESSION MEETING**

7:00 P.M.

7. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE IN HONOR OF OUR TROOPS**

8. **ROLL CALL HOUSING AUTHORITY**
MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT
COUNCILMEMBERS/DIRECTORS/COMMISSIONERS CARRILLO, LOA, BISHOP
COMMISSIONER FRAGA-SAENZ

9. **PRESENTATIONS**

9.1 Presentation of the City of Palmdale's Warrior Award by City Manager Murphy to Ruben Hovanesian, Associate Engineer.

9.2 Presentation of Certificate of Recognition by Mayor and Council to Vivianna Fox, Little Miss California, representing the City of Palmdale.

9.3 Presentation of a Proclamation by Mayor and Council designating September 5th

through 11th as "National Suicide Prevention Week" in the City of Palmdale.

9.4 Presentation of a Proclamation by Mayor and Council declaring Hispanic Heritage Month in the City of Palmdale.

9.5 Presentation of a cute critter available for adoption at the Palmdale Animal Care Center.

10. **WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S)**
Staff Recommendation: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting. (Voice Vote - Requires a majority to waive.)

11. **PUBLIC COMMENTS**
Now is the time for public participation for any person wishing to speak to the City Council on matters listed or not listed on the agenda, within the jurisdiction of the City Council. If you are attending the meeting by phone, please press *9 to "raise your hand." If attending by personal computer, please click the "raise your hand" button. Press *6 to un-mute yourself, state your name and begin speaking. PLEASE NOTE: A three-minute limit is imposed on each speaker.

12. **HOUSING AUTHORITY CONSENT CALENDAR**
All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by Council, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

12.1 Approval and acceptance of the Housing Authority of the City of Palmdale's Annual Report prepared and submitted per Health and Safety Code Section 34328 and 34328.1 and authorize the Executive Director or his designee to submit the report to the State of California Department of Housing and Community Development. (Staff Reference: Director of Neighborhood Services Miller Presented by Sr. Housing Coordinator Razo)

12.2 Approve the minutes from the previous meetings. (Staff Reference: City Clerk Smith)

May 18, 2021 (7:00 p.m.)
June 1, 2021 (5:00 p.m. & 7:00 p.m.)
June 15, 2021 (7:00 p.m.)
July 13, 2021 (5:00 p.m.)

13. **ADJOURN HOUSING AUTHORITY MEETING**

14. **CONSENT CALENDAR**

All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by Council, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

14.1 Receive and File the Monthly Investment Activity Reports for July 2021. (Staff Reference: Finance Manager Kang)

14.2 Adopt Resolution No. CC 2021-018, a Resolution of the City Council of the City of Palmdale to terminate interfund loan agreement between the City of Palmdale and the Community Choice Aggregation, and enter into a new interfund loan agreement between the City of Palmdale and the Community Choice Aggregation. (Staff Reference: Finance Manager Kang)

14.3 Adopt Resolution No. CC 2021-089, a Resolution of the City Council of the City of Palmdale designating by title and name of those officials who are authorized to sign checks and warrants, and repeal Resolution No. CC 2021-065. (Staff Reference: Finance Manager Kang)

14.4 Approve Agreement with Eide Bailly, LLC to provide Auditor services in an amount not to exceed $323,792 for a two (2) year term. (Staff Reference: Finance Manager Kang)

14.5 Adopt Resolution No. CC 2021-090, a Resolution of the City Council of the City of Palmdale approving the issuance of Revenue Bonds by the California Public Financing Authority ('CALPFA") for the purpose of Financing or Refinancing the acquisition and construction of a multifamily rental housing project located at the southeast corner of Palmdale Blvd and 52nd Street East located in Palmdale, California to be owned by a Limited Partnership to be formed by Ravello Holdings, Incorporated. (Staff Reference: Finance Manager Kang)

14.6 Approve Professional Services Agreement with Shuster Advisory Group, LLC for Defined Contribution Plan Consulting and Investment Fiduciary Services in an amount not to exceed $150,000 for a term of three (3) years. (Staff Reference: Finance Manager Kang)

14.7 Approve two Agreement(s) with NBS Government Finance Group: 1) Agreement to provide Assessment District administration, Community Facilities Districts administration, other related consulting services, and continuing disclosure services on all debts issued by the City; 2) Agreement to provide continuing disclosure services for Successor Agency debts. (Staff Reference: Finance

Manager Kang)

14.8 Adopt Resolution No. CC 2021-076, a Resolution of the City Council of the City of Palmdale approving the CDBG/HOME Section 3 Plan in compliance with the Housing and Urban Development Act of 1968. (Staff Reference: Director of Neighborhood Services Miller - Presented by Housing Manager Reyes)

14.9 Approve the Agreement with Heath Satow Sculpture, Inc. for a steel sculpture to be installed into the Palmdale Auto Mall roundabout, located at the intersection of Auto Vista Drive and Carriage Way in an amount not to exceed $185,000. (Staff Reference: Director of Parks and Recreation Smith)

14.10 Adopt Resolution No. CC 2021-075, a Resolution of the City Council of the City of Palmdale accepting the Irrevocable Offer to Dedicate road easement for public road and highway purposes along the south side of Palmdale Boulevard (SR 138) and along the west side of Division Street as shown in Instrument No. 99-2266508 which was recorded in the Los Angeles County Recorder's Office on December 8, 1999. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.11 Approve Purchase Order No. 20220093 for one (1) new Caterpillar 930M Front Loader, including standard and optional equipment, plus multipurpose bucket with Quinn Rental Services in an amount not to exceed $228,775.75 for FY 2021/2022. (Staff Reference: Director of Public Works Heffernan)

14.12 Adopt Resolution No. CC 2021-077, a Resolution of the City Council of the City of Palmdale authorizing the execution of Administering Agency-State Agreement for state-funded projects, Master Agreement 07-5378S21, to receive state funding through the California Department of Transportation, City Agreement No. A-7628. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.13 Adopt Resolution Nos. CC 2021-078 and CC 2021-079. (Staff Reference: Director of Public Works Heffernan)

Resolution No. CC 2021-078, a Resolution of the City Council of the City of Palmdale initiating proceeding for the annexation of territory to the City of Palmdale Landscape Maintenance Assessment District, as Annexation No. 2020-324, describing the proposed improvements to serve said district, and ordering the preparation of the annexation and annual levy report.

Resolution No. CC 2021-079, a Resolution of the City Council of the City of Palmdale declaring its intention to annex territory into the City of Palmdale Landscape Maintenance Assessment District, as Annexation No. 2020-324, approving the annexation and annual levy, setting a time and place for a Public Hearing and ordering the initiation of assessment ballot procedures.

14.14 Adopt Resolution Nos. CC 2021-082 and CC 2021-085. (Staff Reference: Director of Public Works Heffernan)

Resolution No. CC 2021-082, a Resolution of the City Council of the City of Palmdale initiating proceedings for the annexation of territory to the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2019-186, describing the proposed improvements to serve said district, and ordering the preparation of the the annexation and annual levy report.

Resolution No. CC 2021-085, a Resolution of the City Council of the City of Palmdale declaring its intention to annex territory into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2019-186, approving the annexation and annual levy, setting a time and place for a Public Hearing and ordering the initiation of assessment ballot procedures.

14.15 Award construction contract with MLC Constructors, Inc. for Project No. 712, Maintenance Yard Improvements, in the amount of $1,449,900. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.16 Award construction contract with Interior Demolition Inc. for Project No. 832, Avenue R Abatement and Demolition of 2 commercial buildings, in the amount of $96,607. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.17 Approve Amendment No. 2 to agreement with AECOM Technical Services, Inc. for additional landscape architectural design, appraisal, and acquisition services for Project Number 669, 10th Street West Widening/SR 14 Interchange Project, in the amount of $529,238. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.18 Approval of Letter of Authorization to partner with the City of Lancaster for the resurfacing of Avenue M from 3rd Street East to 4th Street East in the amount of $185,160. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.19 Award construction contract with Cedro Construction, Inc. for Project Number 741-A, Water Improvements at Avenue S-8 and 40th Street East, in the amount of $444,477. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.20 Adopt Resolution No CC 2021-059, A Resolution of the City Council of the City of Palmdale to continue the proclamation of a local emergency resulting from the Coronavirus Disease (COVID-19). (Staff Reference: Director of Neighborhood Services Miller - Presented by Public Safety Supervisor German)

14.21 Approve the minutes from the previous meetings. (Staff Reference: City Clerk/Agency Secretary Smith)

CC - August 17, 2021 (4:30 p.m., 6:00 p.m, 7:00 p.m.)
SA - August 17, 2021 (7:00 p.m.)

15. **PUBLIC HEARING**

15.1 Public Hearing to hear public comments on the Draft Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2020-2021 and obtain citizen input on community needs for the 2022-2023 Action Plan; review and approve the 2020-2021 CAPER; and authorize the City Manager or his designee to make necessary changes and submit the CAPER report to the U.S. Department of Housing and Urban Development (HUD) by September 28, 2021 in compliance with HUD Regulations. (Staff Reference: Director of Neighborhood Services Miller - Presented by Housing Manager Reyes)

15.2 Public Hearing and Review of Proposed Resolution No. CC 2021-093 for adoption. (Staff Reference: Interim Director of Economic and Community Development Garibay - Presented by Associate Planner Sauder)

RESOLUTION NO. CC 2021-093, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 20-001 (A-7437); PERTAINING TO THE CONSTRUCTION OF AN AFFORDABLE MULTIPLE-FAMILY RESIDENTIAL DEVELOPMENT LOCATED ON THE NORTHEAST CORNER OF EAST AVENUE R AND 30TH STREET EAST (APN: 3020-005-031)

Staff recommendation: Adopt Resolution No. CC 2021-093

15.3 Public Hearing and Review of Proposed Resolution No. CC 2021-086 for

adoption. (Staff Reference: Interim Director of Economic and Community Development Garibay - Presented by Senior Planner Benjamin Fiss)

RESOLUTION NO. CC 2021-086, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 21-001 (A-7438) PERTAINING TO THE CONSTRUCTION OF A 151 UNIT AFFORDABLE HOUSING DEVELOPMENT LOCATED AT THE SOUTHEAST CORNER OF 25TH STREET EAST AND EAST AVENUE Q-12 (APN: 3018-027-036)

Staff recommendation: Adopt Resolution No. CC 2021-086

15.4 Public Hearing to hear comments on the formation of the Palmdale Tourism Improvement District. (Staff Reference: Interim Director of Economic and Community Development Garibay - Presented by Economic Development Coordinator Gonzalez)

15.5 Public Hearing and Review of Proposed Ordinance No. 1569 for adoption. (Staff Reference: City Attorney Beck)

ORDINANCE NO. 1569, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING PALMDALE MUNICIPAL CODE SECTION 2.08.040 RELATING TO THE SETTING OF REGULAR MEETING DATES OF THE CITY COUNCIL

Staff Recommendation: Adopt Ordinance No. 1569

16. **NEW BUSINESS**

16.1 Discussion regarding possible revisions to Palmdale Municipal Code Section 2.04.100 regarding removal procedure of the City Manager. (Staff Reference: City Attorney Beck)

16.2 Discuss City regulation of sidewalk vendors. (Staff Reference: City Attorney Beck)

17. **INFORMATIONAL REPORT FROM MAYOR AND / OR COUNCILMEMBERS ON THEIR VARIOUS COMMITTEE MEMBERSHIPS AND MEETINGS ATTENDED AT PUBLIC EXPENSE**

17.1 COMMITTEE MEMBERSHIPS.

- ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
- ANTELOPE VALLEY TRANSIT AUTHORITY
- CALIFORNIA CONTRACT CITIES ASSOCIATION
- CITY OF PALMDALE AUDIT COMMITTEE
- CITY OF PALMDALE INVESTMENT OVERSIGHT COMMITTEE
- HIGH DESERT CORRIDOR JOINT POWERS AUTHORITY
- LEAGUE OF CALIFORNIA CITIES
- LOS ANGELES COUNTY SANITATION DISTRICT
- NORTH LOS ANGELES COUNTY TRANSPORTATION COALITION
- PALMDALE RECYCLED WATER AUTHORITY
- SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL
- UNITED STATES/MEXICO SISTER CITIES ASSOCIATION
- CALIFORNIA STATE PRISON – LOS ANGELES COUNTY, CITIZENS ADVISORY COMMITTEE

17.2 MEETINGS ATTENDED AT PUBLIC EXPENSE

18. **CITY MANAGER'S REPORT**

19. **CITY COUNCIL REQUESTS FOR NEW AGENDA ITEMS**

20. **ADJOURN.**

Housing Authority
Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE CHAIR AND COMMISSIONERS**

FROM: **DEPARTMENT OF NEIGHBORHOOD SERVICES – HOUSING DIVISION**

DISTRICT: **All**

SUBJECT: **APPROVAL AND ACCEPTANCE OF THE HOUSING AUTHORITY OF THE CITY OF PALMDALE'S ANNUAL REPORT PREPARED AND SUBMITTED PER HEALTH AND SAFETY CODE SECTION 34328 AND 34328.1 AND AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO SUBMIT THE REPORT TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.**

ISSUE

Approve the Housing Authority of the City of Palmdale's 2020-2021 Annual Report prepared per Health and Safety Code Section 34328 and 34328.1; and 2) Authorize the Executive Director or his designee to submit to the State of California Department of Housing and Community Development.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve the Housing Authority of the City of Palmdale's 2020-2021 Annual Report prepared per Health and Safety Code Section 34328 and 34328.1; and
2. Authorize the Executive Director or his designee to submit the report to the State of California Department of Housing and Community Development.

BACKGROUND

The Housing Authority of the City of Palmdale (Housing Authority) was activated by the City Council April 9, 1997, pursuant to California Housing Authorities Law. In accordance with Health and Safety Code Sections 34328 and 34328.1, the Housing Authority must prepare a complete report of its activities during the previous fiscal year by October 1. The annual report must be filed with the City Clerk and submitted to the California Department of Housing and Community Development (HCD). As part of the reporting

process, the Housing Authority may make recommendations for legislation or other actions necessary to carry on programs of housing and community development in the State of California.

DISCUSSION

Staff has prepared a report describing the Housing Authority's affordable housing activities utilizing the Housing Authority assets, the Low and Moderate Income Housing Funds assumed from the Community Redevelopment Agency of the City of Palmdale (former Redevelopment Agency), and the Housing Asset Funds proceeds from the assumed assets of the former Redevelopment Agency. The Annual Report demonstrates compliance with the requirements of Health and Safety Code Section 34312.3 and the reporting requirements of Sections 34328 and 34328.1.

The Housing Authority, in its capacity as the housing successor to the former Redevelopment Agency, is also required to conduct an independent financial audit for the previous fiscal year and to prepare a report on its housing activities as specified in Health and Safety Code Section 34176.1(f). The audit and report will be presented to the Authority Board under separate cover.

Staff recommends that the Housing Authority approve the Housing Authority's 2020-2021 Annual Report and authorize the Executive Director or his designee to submit the report to the State of California Department of Housing and Community Development.

FISCAL IMPACT

The Department of Housing and Community Development may request reimbursement for the cost of processing the required report.

STRATEGIC PLAN

Goal II: Ensure long term fiscal health of the City and maintain funding for services.

A. Manage resources, costs and liabilities to ensure the City's long-term fiscal health.

Prepared by:	Vicky Razo, Senior Housing Coordinator
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, Executive Director
Approved as to form:	Christopher Beck, Authority Attorney

ATTACHMENTS

1. Housing Authority of the City of Palmdale 2020-2021 Annual Report

Housing Authority of the City of Palmdale

PALMDALE

a place to call home

2020 - 2021 Annual Report

Pursuant to Health & Safety Code Sections 34328 and 34328.1

Contact:
Neighborhood Services Department
Michael P. Miller, Director
Sophia Reyes, Housing Manager
Vicky Razo, Senior Housing Coordinator
38250 Sierra Highway
Palmdale, California 93550
(661) 267-5126

September 7, 2021

Contents

I. Preface

II. Report of Affordable Housing Activities

a. Assumption of Housing Assets from Former Redevelopment Agency
b. Management of Housing Authority-Owned Properties
c. Housing Authority Affordable Housing Activities

III. Other Required Information

I. PREFACE

In accordance with California Health and Safety Code Sections 34328 and 34328.1, a housing authority is required to file an annual report at least once a year with the clerk of the respective city or county and with the Department of Housing and Community Development (HCD) describing its activities for the preceding year. The report shall contain information adequate for the city, county, or department to determine that the requirements of Section 34312.3 have been met for any activity undertaken pursuant to that section.

II. REPORT OF AFFORDABLE HOUSING ACTIVITIES

a. Assumption of Housing Assets from Former Redevelopment Agency

The Housing Authority of the City of Palmdale (Housing Authority) assumed the housing assets and obligations of the Low and Moderate Income Housing Fund (LMIHF) of the former Community Redevelopment Agency of the City of Palmdale (former Redevelopment Agency) in January 2012, effective February 1, 2012 pursuant to Assembly Bill No. 26 (2011-2012 1st Ex. Sess.). The proceeds from the assets assumed from the former Redevelopment Agency are held in the Housing Authority's Low and Moderate Income Housing Asset Fund (HAF).

b. Management of Housing Authority-Owned Properties

The Housing Authority owns and operates the three Mobile Home Parks (Boulders at the Lake, Boulders at the Ranch I, and Boulders at the Ranch II). The properties are managed by Newport Pacific Capital Company, Inc. Annual monitoring of the properties was completed during the previous fiscal year. The percentage of units required by Health & Safety Code Section 34312.3(c) to be occupied by specified income levels were met and the Housing Authority will continue to monitor the properties to confirm continued compliance.

The Housing Authority owns and operates 295 units of affordable rental housing (Impressions, La Quinta, Park Vista, Summerwood Apartments, 513 East Avenue Q4). The properties are managed by Newport Pacific Capital Company, Inc. The percentage of units required by Health & Safety Code Section 34312.3(c) to be occupied by specified income levels were met and the Housing Authority will continue to monitor the properties to confirm continued compliance.

The Housing Authority has no tenancy terminations or Section 8 voucher terminations associated with victims of domestic violence to report.

Multi-family Mortgage Revenue Bonds were issued by the former Redevelopment Agency in 1998 for the acquisition and rehabilitation of the Mobile Home Parks, and were refinanced in 2003 and 2005. The promissory note for the bonds to the former Redevelopment Agency was assumed by the Housing Authority in 2003, when title was transferred from the prior owner, and is paid from net cash flow generated by the three Mobile Home Parks. The Housing Authority is current in its payment obligations.

Multifamily Housing Revenue Bonds were issued in 2015 for the acquisition and rehabilitation of 291 units of affordable rental housing (the Impressions, La Quinta, Park Vista, and Summerwood Apartments). The promissory note for the bonds from the Housing Authority is paid from net cash flow generated by the four apartment properties. The Housing Authority is current in its payment obligations.

c. Housing Authority Affordable Housing Activities

The Housing Authority assumed the affordability covenants of the former Redevelopment Agency and conducted annual monitoring and enforcement of owner compliance with the restrictions imposed on projects assisted with LMIHF. The Housing Authority continued implementing the enforceable housing obligations assumed from the former Redevelopment Agency and funded with LMIHF, in accordance with California Redevelopment Law.

The Housing Authority entered into the following agreements in the reporting period:

1. Fifth Implementation Agreement to Affordable Housing Agreement with Homes for Families formerly known as Habitat for Humanity of San Fernando/Santa Clarita Valley's Inc. (A-5078) for deleting the Fifth Schedule of Performance and replacing with the Sixth Schedule of Performance.
2. Sixth Implementation Agreement to Affordable Housing Agreement with Homes for Families formerly known as Habitat for Humanity of San Fernando/Santa Clarita Valley's Inc. (A-5078) for deleting the Sixth Schedule of Performance and replacing with the Seventh Schedule of Performance.
3. Second Amendment to Agreement with Salvation Army (A-6332) to extend the agreement through June 30, 2023 and increasing the agreement amount by $213,836 for a new not to exceed total of $597,880 to provide Homeless Prevention and Rapid Rehousing Program.
4. Consultant Agreement with Marx/Okubo Associates (A-7106) to review the adequacy of the Additional Facilities Reserve Amount per the Physical Needs Assessment for the Housing Authority properties. The agreement was for consultant services not to exceed $14,192.50.

5. Consultant Agreement with Keyser Marston Associates (A-7134) to provide financial analysis services through October 27, 2023 for a not to exceed total of $40,000.
6. Consultant Agreement with RSG (A-7135) to provide financial analysis services through October 13, 2023 for a not to exceed total of $35,000.
7. Affordable Housing Agreement with Victory Outreach (A-7358) for the ground lease and rehabilitation loan of 507 E. Avenue Q-4 for a not to exceed loan amount of $665,000.
8. Consultant Agreement with Chicago Title Company (A-7482) to provide preliminary title reports and title insurance policies through June 1, 2024 for an amount not to exceed $25,000.
9. Consultant Agreement with LDM Associates, Inc. (A-7160) for Rehabilitation Management services through October 27, 2023 for an amount not to exceed $50,000.
10. Affordable Housing Agreement with Valley Oasis (A-6967) for the ground lease and rehabilitation loan of 507 E. Avenue Q-4 for a not to exceed loan amount of $750,000.
11. Termination of Affordable Housing Agreement with Valley Oasis (A-6967) for the ground lease and rehabilitation loan of 507 E. Avenue Q-4
12. Purchase Agreement for the acquisition of 38107 10th Street East for a purchase price of $295,000.
13. Affordable Housing Agreement with Ninth Patriot, LLC for the Development of Affordable Housing at 9th Street East and East Avenue Q-11/Q-12 for $900,000.

III. OTHER REQUIRED INFORMATION

The Housing Authority, in its capacity as the housing successor to the former Redevelopment Agency, is also required to conduct an independent financial audit for the previous fiscal year and to prepare a report on its housing activities as specified in Health and Safety Code Section 34176.1(f). The audit and report and the Housing Authority budget will be presented to the Housing Authority Board under separate cover.

The Housing Authority recommends legislation to address the State of California Department of Finance's refusal of the use of Redevelopment Property Tax Trust Funds (RPTTF) to pay housing authority administrative costs relating to the transferred housing assets and obligations of former redevelopment agencies.

In addition, The Housing Authority recommends legislation to address the impacts of “Accessory Dwelling Units” by right (SB1069) on sewer infrastructure, traffic, and parking in residential zones, as an unfunded mandate.

MINUTES
CITY COUNCIL/SA/HA/IDA/PAA/PCA/PFA
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
MAY 18, 2021

www.cityofpalmdale.org

1) CALL TO ORDER 6:00 P.M. CLOSED SESSION MEETING

Mayor Hofbauer called the meeting to order at 6:00 p.m.

2) ROLL CALL MAYOR HOFBAUER, MAYOR PRO TEM BETTENCOURT, COUNCILMEMBERS CARRILLO, LOA, AND BISHOP

PRESENT: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa.
ABSENT: Austin Bishop.
Motion: Excuse the absence of Councilmember Bishop.
Moved by Laura Bettencourt, seconded by Juan Carrillo.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa.
Absent: Austin Bishop.

3) CLOSED SESSION PUBLIC COMMENTS

Public Comments: None.

4) PRESENTATION BY CITY ATTORNEY of the following item(s) to be discussed in Closed Session

City Attorney Beck confirmed that the item would be heard as listed.

4.1) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION Initiation of litigation pursuant to paragraph (4) of subdivision(d) of Section 54956.9: Number of cases – One.

5) ANNOUNCEMENT BY CITY ATTORNEY of item(s) discussed in Closed Session

Item 4.1 Anticipated Litigation – Number of Cases 1 – The City Council took no action. There was no further reportable action.

6) ADJOURN CLOSED SESSION MEETING

Mayor Hofbauer adjourned the meeting at 7:14 p.m.

7) CALL TO ORDER 7:00 P.M. City Council/Successor Agency/Housing Authority/Industrial Development Authority/Palmdale Airport Authority/Palmdale Civic Authority/Palmdale Financing Authority

Mayor Hofbauer called the meeting to order at 7:15 p.m.

8) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE IN HONOR OF OUR TROOPS

Kevin Sanders, U.S. Marine veteran, led the pledge of allegiance.

9) ROLL CALL MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT; COUNCILMEMBERS/DIRECTORS/COMMISSIONERS CARRILLO, LOA, BISHOP; COMMISSIONERS BROWN AND FRAGA-SAENZ

PRESENT: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop, Bob Brown, Christina Fraga-Saenz
ABSENT: None.

10) PRESENTATIONS

10.1) Mayor Pro Tem Bettencourt presented a proclamation to Kamal Al-Khatib, American Islamic Institute declaring the month of April 2021 as Arab American Heritage Month.

10.2) Mayor Hofbauer presented a Commendation to Kevin Sanders naming him City of Palmdale's Tom Hilzenderger Veteran of the Year.

10.3) Mayor Hofbauer presented a Proclamation to Economic and Community Development staff declaring the month of May 2021 as National Building and Safety Month in the City of Palmdale.

10.4) City Manager Murphy presented a Proclamation declaring the month of May 2021 as Asian/Pacific American Heritage Month in the City of Palmdale.

10.5) Mayor Hofbauer presented a Proclamation to Palmdale Regional Medical Center nursing staff declaring May 6th - May 12th, 2021 as National Nurses Week in the City of Palmdale.

11) WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S) Staff Recommendation: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting.

Motion: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

12) PUBLIC COMMENTS

Resident Mr. Harris spoke regarding item 10.1 and supporting diversity in all groups.

Resident Eric Christen, Executive Director of the Coalition for Fair Employment and Construction, spoke regarding item 15.1 and encouraged Council to reject the appeal and vote for the efficacy of the project.

13) CONSENT CALENDAR

13.1) Adopt Resolution No. CC 2021-046, a Resolution of the City Council of the City of Palmdale authorizing the City to accept grant funds in the amount of $425,000 from Southern California Edison and authorizing the City Manager to execute Agreement No. A-7441 Facility Solution Project Feasibility and Letter of Agreement. (Staff Reference: Director of Public Works Heffernan - Presented by Environmental & Technology Manager Lucha)
Public Works

Motion: Adopt Resolution No. CC 2021-046.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

14) WORKSHOP

14.1) Presentation of City of Palmdale Proposed Biennial Budget for Fiscal Year 2021-22 and Fiscal Year 2022-23. (Staff Reference: Finance Manager Kang - Presented by Assistant Finance Manager Samson)

Assistant Finance Manager Samson provided an overview of the Biennial Budget. Discussion ensued regarding City Manager's line item and community partnerships, Measure AV breakdown of Marie Kerr project, and Mental Health Services.

Councilmember Carrillo requested a briefing or memo on the status of the Community Choice Aggregation (CCA).

Mayor Hofbauer introduced Alejandro Perez, staff assistant, to Council.

Mayor Hofbauer adjourned the Housing Authority.

15) PUBLIC HEARING

15.1) Public Hearing and Review of Proposed Resolution No. CC 2021-055 for adoption. (Staff Reference: Director of Economic and Community Development Saxton - Presented by Associate Planner Sauder)

Associate Planner Sauder provided a brief overview of the staff report and read the title of Resolution No. CC 2021-055.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DENYING APPEAL 21-002 AND UPHOLDING PLANNING COMMISSION RESOLUTION NO. PC-2021-009 DENYING APPEAL 21-001

Mayor Hofbauer opened the Public Hearing.

Testimony: Kyle Jones, Citizens for Responsible Solar, spoke regarding CEQA guidelines and the need for an Environmental Impact Report (EIR) for this project.

A motion was made and carried unanimously to close the Public Hearing.

Economic and Community Development Saxton provided further clarification to Council for the upholding of the Planning Commission decision.

Motion: Adopt Resolution No. CC 2021-055.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16) ADJOURNMENT.

Mayor Hofbauer adjourned the meeting at 9:15 p.m.

PASSED, APPROVED, and ADOPTED this 7th day of September 2021.

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

MINUTES
CITY COUNCIL/SUCCESSOR AGENCY/HOUSING AUTHORITY
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
JUNE 1, 2021

www.cityofpalmdale.org

1) CALL TO ORDER 5:00 P.M. CLOSED SESSION MEETING.

Mayor/Chair Hofbauer called the meeting to order at 5:00 p.m.

2) ROLL CALL
MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT;
COUCILMEMBERS/COMMISSIONERS CARRILLO, LOA, BISHOP; BROWN AND FRAGA-SAENZ

PRESENT: Steven Hofbauer, Laura Bettencourt, Richard J. Loa, Juan Carrillo, Austin Bishop, Bob Brown, Christina Fraga-Saenz

3) CLOSED SESSION PUBLIC COMMENTS

Public Comments: None.

4) PRESENTATION BY CITY ATTORNEY/AUTHORITY ATTORNEY of the following item(s) to be discussed in Closed Session

City Attorney Beck confirmed the items would be heard as listed on the agenda.

4.1) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Community Development Associates, et al. v. City of Palmdale, et al. Los Angeles County Superior Court Case No. 18STCV06968 This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).
City Attorney's Office

4.2) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: Number of cases - One.

4.3) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Griff v. City of Palmdale, et al.
Los Angeles County Superior Court Case No. 19AVCV00702

This closed session is being held pursuant to the authority of the California Government Code Sections 54956.9(a) and 54956.9(d)(1).

5) ANNOUNCEMENT BY CITY ATTORNEY/AUTHORITY ATTORNEY of item (s) discussed in Closed Session

Item 4.1 Existing Litigation: CDA v. Palmdale - All members were present, with Councilmember Carrillo absent for part of the item. Council, HA and Successor Agency were provided an update on this matter. There was no further reportable action.

As to items 4.2 and 4.3, all Councilmembers were present with Councilmember Carrillo absent.

4.2 Anticipated Litigation: One case - Council was provided an update on this matter and gave unanimous direction to staff. There was no further reportable action.

4.3 Existing Litigation: Griff v. City of Palmdale - Council was provided an update on this matter and gave unanimous direction to staff. There is no further reportable action.

6) ADJOURN CLOSED SESSION MEETINGS

Mayor/Chair Hofbauer adjourned the meeting at 6:59 p.m.

7) CALL TO ORDER 7:00 P.M. City Council/Successor Agency/Housing Authority

Mayor/Chair Hofbauer called the meeting to order at 7:00 p.m.

8) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE IN HONOR OF OUR TROOPS

9) ROLL CALL
MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT;
COUCILMEMBERS/DIRECTORS/COMMISSIONERS CARRILLO, LOA, BISHOP;
BROWN AND FRAGA-SAENZ

PRESENT: Steven Hofbauer, Laura Bettencourt, Richard J. Loa, Juan Carrillo, Austin Bishop, Bob Brown, Christina Fraga-Saenz

10) PRESENTATIONS

10.1) City Manager Murphy presented the City of Palmdale's Warrior Award to Sara Gallagher, Community Compliance Manager and David Crumlish, Code Enforcement Officer.

10.2) Mayor Hofbauer presented Certificates of Recognition to the following volunteers for their dedicated service, and going above and beyond the scope of their duties during the Peace Together Drytown Crosswalk Art Installation April 17 - 18, 2021.

Hector Corado, Dunn Edwards Paints
Christopher Minsal, Mural Artist
Xochilt Garcia, Artist

10.3) Mayor Hofbauer presented a Proclamation to the Human Rights Advisory Committee and the Outreach Center declaring June 2021 as LGBTQ month in the City of Palmdale.

10.4) Mayor Hofbauer presented a plaque to Deputy Andrew De La Rosa for Deputy of the Year.

10.5) Supervisor of Public Safety German presented pictures of the cute critters that were available for adoption from our Palmdale Animal Care Center.

11) WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S)

Motion: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

12) PUBLIC COMMENTS

Resident Marsha Furman commented on Item No. 15.2 regarding the use of fireworks.

Lieutenant Chelsey Humphrey, Director of the Antelope Valley Salvation Army, thanked the City for the partnership on the Homelessness Prevention and Rapid Re-Housing Program (HPRP) in the Antelope Valley.

Resident Marsha Furman made additional comments regarding street sweeping signs and security at the waterpark.

Mayor Hofbauer introduced the Antelope Valley Fair Board and Giovanni Simi

who spoke regarding the Royal Olympics, AV Rural Museum, events at the AV fairgrounds, and the Kids Feeding Kids program.

13) HOUSING AUTHORITY CONSENT CALENDAR

13.1) Approve the Second Amendment to Agreement between the Housing Authority of the City of Palmdale and The Salvation Army for Consultant Services for the Homeless Prevention and Rapid Rehousing Program (HPRP), Extending the Current Agreement for an Additional Two (2) Years and Increasing the Agreement by $213,836, for a New Not to Exceed Amount of $597,880. (Staff Reference: Housing Coordinator Mailes)
Administrative Services - Community Programs Division

Councilmember Loa pulled this item for discussion. City Attorney Beck provided clarification on the Health and Safety codes mentioned in the staff report.

Motion: Approve the Second Amendment to Agreement between the Housing Authority of the City of Palmdale and The Salvation Army for Consultant Services for the Homeless Prevention and Rapid Rehousing Program (HPRP)
Moved by Austin Bishop, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

13.2) Approve the minutes from the previous meeting held on March 2, 2021 at 7:00 p.m. (Staff Reference: Authority Secretary Smith)

Motion: Approve all items listed on the consent calendar with the exception of 13.1.
Moved by Austin Bishop, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop, Bob Brown, Christina Fraga-Saenz

14) ADJOURN HOUSING AUTHORITY

Chair Hofbauer adjourned the Housing Authority meeting at 8:06 p.m.

15) CONSENT CALENDAR

15.1) Ratify and Approve blanket purchase order 20210004 with Amazon Capital Services, Inc. dba Amazon Business in a combined amount not to exceed $260,000.00 for FY 20/21. (Staff Reference: Finance Manager Kang)

Councilmember Loa pulled this item for discussion. Finance Manager Kang provided clarification regarding the Prince William County contract.

Motion: Ratify and Approve blanket purchase order 20210004 with Amazon Capital Services, Inc. dba Amazon Business in a combined amount not to exceed $260,000.00 for FY 20/21.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

15.2) Receive and File the Monthly Investment Report for April 2021. (Staff Reference: Finance Manager Kang)

15.3) Approve an Agreement with HDL Coren & Cone for Property Tax Consulting/ Audit Services in an amount not to exceed $131,000. (Staff Reference: Finance Manager Kang)

Councilmember Loa pulled this item for discussion. Finance Manager Kang confirmed that this contract is related to property taxes only.

Motion: Approve an Agreement with HDL Coren & Cone for Property Tax Consulting/ Audit Services.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

15.4) Approve 32 Fireworks Booth Permits for non-Profit Organizations. (Staff Reference: Director of Economic and Community Development Saxton)

Mayor Hofbauer pulled this item for discussion per a member from the public. Economic and Community Development Director Saxton verified the Palmdale Chamber of Commerce business license.

Motion: Approve 32 Fireworks Booth Permits for non-Profit Organizations.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

15.5) Approve Cost-Sharing Agreement with Antelope Valley Mall, LLC/CBRE and Harris AVM, LLC for Los Angeles County Sheriff's

Deputy Patrol Services in the amount of $36,000. (Staff Reference: Director of Neighborhood Services Miller - Presented by Neighborhood Services Specialist Andrews, Public Safety Supervisor German)

Mayor Pro Tem Bettencourt recused herself from the discussion.

Motion: Approve Cost-Sharing Agreement with Antelope Valley Mall, LLC/CBRE and Harris AVM, LLC for Los Angeles County Sheriff's Deputy Patrol Services.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop.

15.6) Approve Agreement between the City of Palmdale and Insight Public Sector for the Renewal of Microsoft Enterprise Licensing, and Authorize the City Manager to execute all necessary documents. (Staff Reference: Information Technology Manager Thompson)

15.7) Adopt Resolution No. CC 2021-035, a Resolution of the City Council of the City of Palmdale of intention to continue assessments for fiscal year 2021/2022, preliminarily approving the Annual Engineer's Report and providing for Notice of Hearing for the City of Palmdale Drainage Benefit Assessment Districts No. 1 and No. 2006-02. (Staff Reference: Director of Public Works Heffernan)

15.8) Adopt Resolution No. CC 2021-037, a Resolution of the City Council of the City of Palmdale of intention to continue assessments for fiscal year 2021/2022, preliminarily approving the combined Annual Engineer's Report and providing for Notice of Hearing for the City of Palmdale Landscape Maintenance Assessment Districts and Annexations. (Staff Reference: Director of Public Works Heffernan)

Mayor Hofbauer pulled this item for discussion. Public Works Director Heffernan provided clarification regarding Landscape Maintenance Districts that are not being serviced by the City of Palmdale.

Motion: Adopt Resolution No. CC 2021-037.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

15.9) Adopt Resolution No. CC 2021-039, a Resolution of the City Council of the City of Palmdale of intention to continue assessments for fiscal year 2021/2022, preliminarily approving the Annual Engineer's Report and providing for Notice of Hearing for the City of Palmdale Park

Maintenance and Recreation Improvement District. (Staff Reference: Director of Public Works Heffernan)

15.10) Adopt Resolution No. CC 2021-041, a Resolution of the City Council of the City of Palmdale of intention to continue assessments for fiscal year 2021-2022, preliminarily approving the combined Annual Engineer's Report and providing for Notice of Hearing for the City of Palmdale Streetlight Maintenance Assessment Districts and Annexations. (Staff Reference: Director of Public Works Heffernan)

15.11) Adopt Resolution No. CC 2021-047, a Resolution of the City Council of the City of Palmdale adopting a list of projects for fiscal year 2021/2022 funded by SB1: The Road Repair and Accountability Act of 2017, the City is estimating to receive approximately $2,908,159. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

15.12) Notice of Completion - Accept Public Improvements for the Iglesia De Cristo Miel Chuch Expansion located at 1675 East Avenue Q-15, near 17th Street and Avenue R. (Staff Reference: Director of Public Works Heffernan)

15.13) Notice of Completion - Accept Public Improvements for Tract 60209 located at the southwest corner of Avenue M and 70th Street West. (Staff Reference: Director of Public Works Heffernan)

15.14) Notice of Completion - Accept Public Improvements for a new industrial building located at 650 Saint Andrew Way. (Staff Reference: Director of Public Works Heffernan)

15.15) Notice of Completion - Accept completed Capital Project No. 816, 40th Street East Rehabilitation Project (East Avenue S-4 to Noll Drive). (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

15.16) Approve Final Tract Map No. 82636-01 (Located at the northwest corner of Rancho Vista Blvd. and 15th Street West). (Staff Reference: Director of Public Works Heffernan)

15.17) Award construction contract with Sully-Miller Contracting Company for PN 805, The 2021 Arterial Overlay Project, in the amount of $2,067,000. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden

15.18) Award construction contract with Manhole Adjusting, Inc. for PN 806, The 2021 Local Street Cape Seal Project, in the amount of $2,564,325. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

15.19) Award Bids No. 21-004-3300 to Walsma Oil Company, Inc. for diesel and unleaded fuel, motor oil and lubricants in the amount of $350,000. (Staff Reference: Director of Public Works Heffernan)

15.20) Approve Supplemental Agreement No. 1 for PN 751A, Sanitary Sewer Excavation Repairs, between the City of Palmdale and Atlas Underground, Inc. in the amount of $137,320.76. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

15.21) Notice of Completion - Accept completed Capital Project No. 751A, Sanitary Sewer Excavation Repair. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

15.22) Award Bid No. 21-001-3100 to All-State Utility Supply, Inc. for the purchase of streetlight poles and related items in the amount of $117,368 (Staff Reference: Director of Public Works Heffernan)

15.23) Approve Final Tract Map No. 63008 (Located south of Palmdale Blvd. between 65th and 70th Street East. (Staff Reference: Director of Public Works Heffernan)

15.24) CC/SA/PCA/PFA - Approve the minutes from the previous meetings. (Staff Reference: City Clerk/Agency/Authority Secretary Smith) CC - May 4, 2021 (5:00 p.m.) CC - May 6, 2021 (6:00 p.m. & 7:00 p.m.) SA - May 6, 2021 (7:00 p.m.) PCA - May 6, 2021 (7:00 p.m.) PFA - May 6, 2021 (7:00 p.m.)
City Manager's Office - City Clerk Department

Motion: Approve items listed on the consent calendar with the exceptions of 15.1, 15.3, 15.4, 15.5, 15.8, 5.18
Moved by Austin Bishop, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16) APPOINTMENTS

16.1) Approve the Nominations for Appointments to the Palmdale Public Arts Commission. (Staff Reference: City Clerk Smith)

City Clerk Smith provided a brief overview of the staff report.

Public Comments: A Guest User submitted an eComment in opposition of this item due to the lack of women selected. Brandon Singleton spoke regarding 7ihelping the community.

Motion: Approve the Nominations for Appointments to the Palmdale Public Arts Commission.
Moved by Austin Bishop, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16.2) Approve the Nominations for Appointments to the Palmdale Advisory Redistricting Commission. (Staff Reference: City Clerk Smith)

City Clerk Smith provided a brief overview of the staff report.

Motion: Table item 16.2 to the June 15th meeting.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop.
Absent: Laura Bettencourt.

16.3) Approve Reappointments of District 3 and At-Large Planning Commissioners to the Planning Commission. (Staff Reference: City Clerk Smith)

Motion: Approve Reappointments of District 3 and At-Large Planning Commissioners to the Planning Commission.
Moved by Steven Hofbauer, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

17) PUBLIC HEARINGS

17.1) Public Hearing to hear public comments on the Draft 2021-2022 Action Plan programming $2,224,115 in Consolidated Plan funds; Review, approve, and submit the 2021-2022 Action Plan; and execute documents related to the submission of the Action Plan and sub-recipient agreements. (Staff Reference: Housing Coordinator Mailes)

Housing Coordinator Mailes provided a brief overview of the staff report.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to closed the Public Hearing.

Motion: Approve the recommendations and findings as listed on the staff report.
Moved by Laura Bettencourt, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

17.2) Public Hearing and Adoption of Proposed Ordinance No. 1564 amending the Palmdale Municipal Code Title 16 Subdivisions. (Staff Reference: Director of Public Works Heffernan)

Director of Public Works Heffernan provided a brief overview of the staff report and read the title of Ordinance No. 1564.

ADOPT ORDINANCE NO. 1564, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE MODIFYING TITLE 16: SUBDIVISIONS, OF THE CITY CODE REGULATING THE DESIGN, IMPROVEMENT AND SURVEY DATA OF SUBDIVISION AND CERTAIN OTHER DIVISIONS OF LAND AND THE FORM AND CONTENT OF TENTATIVE, FINAL AND PARCEL MAPS THEREOF.

A motion was made and carried unanimously to introduce Ordinance No. 1564.

Mayor opened the Public Hearing.

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Ordinance No. 1564.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

18) NEW BUSINESS

18.1) A Resolution of the City Council of the City of Palmdale Authorizing the issuance of the City of Palmdale's Community Facilities District No. 05-1 (Trade and Commerce Center Area) 2021 Special Tax Refunding Bonds, and approving related documents and actions. (Staff Reference: Finance Manager Kang)

Finance Manager Kang presented a brief overview of the staff report and introduced Bond Counsel Suzanne Harrell who provided further

clarification to Council on the refinancing of the Community Facilities District No. 05-1 bonds.

Motion: Adopt Resolution No. Cc 2021-054.
Moved by Austin Bishop, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

18.2) Adopt Resolution CC 2021-044, A Resolution of Intent of the City Council of the City of Palmdale proposing to establish the Palmdale Enhanced Infrastructure Financing District and establish a Public Financing Authority. (Staff Reference: Director of Economic and Community Development Carlene Saxton - Presented by Economic Development Manager Garibay)

Economic Development Manager Garibay provided a brief overview of the staff report. Discussion ensued among Council and staff regarding project funds, creation of regional based projects, Plant 42, the infrastructure financing plan, and federal grants.

Motion: Adopt Resolution CC 2021-044.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

19) INFORMATIONAL REPORT FROM MAYOR AND / OR COUNCILMEMBERS ON THEIR COMMITTEE MEMBERSHIPS AND MEETINGS ATTENDED AT PUBLIC EXPENSE.

19.1) COMMITTEE MEMBERSHIPS. Attachments: Committee Membership Memos from Councilmember Bettencourt, Councilmember Bishop, and Councilmember Carrillo

- ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT - Councilmember Bishop reported that the AVAQMD awarded $650,000 in grants to local businesses to help clean up the air. Also, they have considered distributing additional air sensors to measure the air quality.
- ANTELOPE VALLEY TRANSIT AUTHORITY - Councilmember Loa mentioned that Kathryn Mac Laren was the alternate for him at the AVTA meeting.
- CALIFORNIA CONTRACT CITIES ASSOCIATION - Mayor Hofbauer attended legislative meetings.
- LOS ANGELES COUNTY SANITATION DISTRICT - Mayor Hofbauer announced there will be no rate increases.

Councilmember Bishop attended the We Build event; Police Officer's Memorial Day event; Sheriff's Booster meeting; Walking Wednesday for Mental Health events; General Plan Housing meeting; and the staff picnic.

Councilmember Loa attended the Sheriff's Booster meeting.

Mayor Hofbauer attended the Police Officer's Memorial Day event, Antelope Valley Cemetery program; liability trust fund meeting, and reported on illegal dumping in the desert.

19.2) MEETINGS ATTENDED AT PUBLIC EXPENSE

20) CITY COUNCIL REQUESTS FOR NEW AGENDA ITEMS.

21) CITY MANAGER'S REPORT

City Manager announced the City will be coordinating a meeting with various desert dumping groups and Waste Management to come up with an initiative. Also, Homes 4 Families awarded a $2.3 CAL Home grant to the City of Palmdale.

22) ADJOURNMENT.

Mayor Hofbauer adjourned the meeting at 9:36 p.m. to June 15, 2021 at 7:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 7th day of September 2021.

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

MINUTES
CITY COUNCIL/SA/HA/IDA/PAA/PCA/PFA
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
JUNE 15, 2021

www.cityofpalmdale.org

1) CALL TO ORDER 6:00 P.M. CLOSED SESSION MEETING

Mayor/Chair Hofbauer called the meeting to order at 6:00 p.m.

2) ROLL CALL MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT, COUNCILMEMBERS/COMMISSIONERS CARRILLO, LOA, AND BISHOP COMMISSIONERS BROWN AND FRAGA-SAENZ

PRESENT: Steven Hobauer, Juan Carrillo, Richard J. Loa, Austin Bishop, Bob Brown, Christina Fraga-Saenz
ABSENT: Laura Bettencourt

3) PUBLIC COMMENTS

Public Comments: None.

4) PRESENTATION BY CITY ATTORNEY/AUTHORITY ATTORNEY of the following item(s) to be discussed in Closed Session

City Attorney Beck confirmed all items would be heard as listed.

4.1) The reason for holding a closed session is for the purpose of conferring with and/or receiving advice from the City's legal counsel regarding the following pending litigation to which the City is a party: CV Communities v. AVEK, et al.
Los Angeles County Superior Court Case No. 20STCV10953. This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

Closed session is recommended because the City will assess the merits and weaknesses of this matter and consider the City's perspective. Based on existing facts and circumstances it is the opinion of the City Attorney that it would prejudice the position of the City to discuss this matter in public.

4.2) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Community Development Associates, et al. v. City of Palmdale, et al. Los Angeles County Superior Court Case No. 18STCV06968. This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

4.3) HOUSING AUTHORITY - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Community Development Associates, et al. v. City of Palmdale, et al. Los Angeles County Superior Court Case No. 18STCV06968. This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

5) ANNOUNCEMENT BY CITY ATTORNEY/AUTHORITY ATTORNEY of item (s) discussed in Closed Session

All members of the City Council with the exception of Mayor Pro Tem Bettencourt were present and able to participate in all matters.

4.1 Existing Litigation: CV Communities v. AVEK; Council was provided an update on this matter and gave unanimous direction to staff. There was no further reportable action.

4.2 Existing Litigation: CDA v. Palmdale - Council was provided an update on this matter and gave unanimous direction to staff. There was no further reportable action.

4.3 Existing Litigation: CDA v. Palmdale - Council was provided an update on this matter and gave unanimous direction to staff. There was no further reportable action.

6) ADJOURN CLOSED SESSION MEETING

Mayor/Chair Hofbauer adjourned the meeting at 6:59 p.m.

7) CALL TO ORDER 7:00 P.M. City Council/Successor Agency/Housing Authority/Industrial Development Authority/Palmdale Airport Authority/Palmdale Civic Authority/Palmdale Financing Authority

Mayor/Chair Hofbauer called the meeting to order at 7:00 p.m.

8) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE IN HONOR OF OUR TROOPS

9) ROLL CALL MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR/CHAIR PRO TEM BETTENCOURT; COUCILMEMBERS/DIRECTORS/MEMBERS/COMMISSIONERS/CARRILLO, LOA, BISHOP COMMISSIONERS BROWN, FRAGA-SAENZ

PRESENT: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop, Bob Brown, Christina Fraga-Saenz.
ABSENT: Laura Bettencourt.

Motion: Excuse the absence of Mayor Pro Tem Bettencourt.
Moved by Juan Carrillo, seconded by Austin Bishop.

Vote: Motion carried (7-0)
Yes: Steven Hofbauer, Richard J. Loa, Juan Carrillo, Austin Bishop, Bob Brown, Christina Fraga-Saenz
Absent: Laura Bettencourt.

Motion: Excuse the absence of Mayor Pro Tem Bettencourt.
Moved by Juan Carrillo, seconded by Austin Bishop.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Richard J Loa, Juan Carrillo, Austin Bishop.
Absent: Laura Bettencourt.

10) PRESENTATIONS

10.1) Mayor presented a Proclamation to the Captain of the Palmdale U.S. Army Reserves celebrating June14 as the birthday of the United States Army.

11) WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S)

Motion: Move to waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting.
Moved by Richard J. Loa, seconded by Christina Fraga-Saenz.

Vote: Motion carried (7-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop, Bob Brown, Christina Fraga-Saenz.
Absent: Bettencourt.

12) PUBLIC COMMENTS

Chad Thomas, Teamsters 911 Chief Steward and foreman for COP Street Maintenance, spoke regarding item 15.3.

Mayor Hofbauer announced Pride Month and the Pride walk will be held on June 26th at 9am and it will start by the Antelope Valley Mall and end at Albertsons on Tierra Subida.

13) JOINT PUBLIC HEARING OF THE CITY COUNCIL/SUCCESSOR AGENCY/HOUSING AUTHORITY/INDUSTRIAL DEVELOPMENT AUTHORITY/PALMDALE AIRPORT AUTHORITY/PALMDALE CIVIC AUTHORITY/PALMDALE FINANCING AUTHORITY

13.1) Adopt Joint Resolution Nos. CC 2021-058, SA 2021-005, HA 2021-002, IDA 2021-001, PAA 2021-001, PCA 2021-002 and PFA 2021-002 approving and adopting the Biennial Operating and Capital Improvement Budget for Fiscal Year 2021-22 and Fiscal Year 2022-23. (Staff Reference: Finance Manager Kang-Presented by Assistant Finance Manager Samson)

Assistant City Manager Ricci provided a brief overview of the staff report and read the title of Resolution.

Mayor/Chair Hofbauer opened the Public Hearing.

Discussion ensued among Council and staff regarding American Rescue Funds, Animal Care and Control rescue groups, and funds allocated to Mental Health.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Joint Resolution Nos. CC 2021-058, SA 2021-005, HA 2021-002, IDA 2021-001, PAA 2021-001, PCA 2021-002 and PFA 2021-002
Moved by Richard J. Loa, seconded by Christina Fraga-Saenz.

Vote: Motion carried (7-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop, Bob Brown, Christina Fraga-Saenz.
Absent: Bettencourt.

14) ADJOURN THE HOUSING AUTHORITY

Chair Hofbauer adjourned the Housing Authority meeting at 7:59 p.m.

15) CONSENT CALENDAR

15.1) Approve an Agreement with Raimi + Associates for consulting services on the comprehensive Zoning Ordinance Amendment in the amount of $500,000 (Staff Reference: Director of Economic and Community Development Saxton - Presented by Planning Manager Taggart)

15.2) Award RFP 21-001-1901 Consultant and Technical Assistance Services for Consolidated Plan Grant Programs to LDM Associates,

Inc.; and Approve Agreement with LDM Associates, Inc. to provide Consultant and Technical Assistance Services for Consolidated Plan Programs in an amount not to exceed $300,000. (Staff Reference: Community Programs Manager Jones - Presented by Housing Coordinator Mailes)

15.3) Approve Memorandum of Understanding Between the City of Palmdale and Teamsters Local 911. (Staff Reference: Human Resource Manager Nevarez)

15.4) Approve Amendment No. 3 to PN 753, North County ITS Phase V, between the City of Palmdale and Transportation & Energy Solutions, Inc. in the amount of $69,715. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

Motion: Approve all items listed on the Consent Calendar.
Moved by Steven Hofbauer, seconded by Austin Bishop.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop.
Absent: Laura Bettencourt.

16) APPOINTMENTS

16.1) Approve the Nominations for Appointments to the Palmdale Advisory Redistricting Commission. (Staff Reference: City Clerk Smith)

City Clerk Smith provided an overview of the staff report.

Motion: Approve the Nominations for Appointments to the Palmdale Advisory Redistricting Commission.
Moved by Juan Carrillo, seconded by Richard J Loa.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Richard J Loa, Juan Carrillo, Austin Bishop.
Absent: Laura Bettencourt.

16.2) Approve Reappointments to the Board of Library Trustees. (Staff Reference: City Clerk Smith)

City Clerk Smith provided a brief overview of the staff report.

Motion: Approve Reappointments to the Board of Library Trustees.
Moved by Steven Hofbauer, seconded by Austin Bishop.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop.
Absent: Laura Bettencourt.

17) PUBLIC HEARING

17.1) Public Hearing and Review of Proposed Ordinance No. 1566 for adoption. (Staff Reference: Assistant City Manager Ricci)

Assistant City Manager Ricci provided a brief overview of the staff report and read the title of Ordinance No. 1566.

ADOPT ORDINANCE NO. 1566, AN ORDINANCE OF THE CITY OF PALMDALE AMENDING SECTIONS 2.08.050 ("COMPENSATION") AND 2.08.060 ("ADDITIONAL COMPENSATION FOR ELECTED MAYOR") OF THE PALMDALE MUNICIPAL CODE INCREASING THE COMPENSATION OF THE MAYOR AND CITY COUNCIL

A motion was made and carried unanimously to introduce Ordinance No. 1566.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Ordinance No. 1566.
Moved by Steven Hofbauer, seconded by Juan Carrillo.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop.
Absent: Laura Bettencourt.

17.2) Public Hearing and Review of Proposed Resolution No. CC 2021-057 for adoption. (Staff Reference: Finance Manager Kang - Presented by Assistant Finance Manager Samson)

Assistant City Manager Ricci gave a brief overview of the staff report and read the title of Resolution No. CC 2021-057.

Adopt Resolution No. CC 2021-057, A Resolution of the City Council of the City of Palmdale restating in its entirety the Palmdale Fee Schedule and repealing Resolution No.CC 2020-074.

Motion: Adopt Resolution No. CC 2021-057
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop.
Absent: Laura Bettencourt.

18) NEW BUSINESS

18.1) Adopt Resolution No. CC 2021-062, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE INCREASING THE VEHICLE ALLOWANCE RECEIVED BY THE MAYOR AND CITY COUNCILMEMBERS. (Staff Reference: City Attorney Beck)

Assistant City Attorney Doran provided a brief overview of the staff report.

Motion: Adopt Resolution No. CC 2021-062.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (4-0)
Yes: Steven Hofbauer, Juan Carrillo, Richard J. Loa, Austin Bishop.
Absent: Laura Bettencourt.

Mayor Hofbauer directed City Attorney Beck to bring back a report regarding arrest rates and filing rates to the next meeting.

Councilmember Carrillo suggested going dark in the month of August to allow staff to take vacation.

19) ADJOURNMENT

Mayor Hofbauer adjourned the meeting at 9:11 p.m. in honor of fallen firefighter Tory Carlon.

PASSED, APPROVED, and ADOPTED this 7th day of September 2021.

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

MINUTES
CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
JULY 13, 2021

www.cityofpalmdale.org

1) CALL TO ORDER 5:00 P.M. CC/HA CLOSED SESSION MEETINGS

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

2) ROLL CALL MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT, COUNCILMEMBERS/COMMISSIONERS CARRILLO, LOA, AND BISHOP COMMISSIONERS BROWN AND FRAGA-SAENZ

PRESENT: Steven Hofbauer, Laura Bettencourt, Richard J. Loa, Austin Bishop.
ABSENT: Juan Carrillo.

3) PUBLIC COMMENTS

Public Comments: None.

4) PRESENTATION BY CITY ATTORNEY/AUTHORITY ATTORNEY of the following item(s) to be discussed in Closed Session

City Attorney Beck confirmed that all items would be heard as listed.

4.1) CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Nicholas Tomaszewski v. City of Palmdale, et al.Los Angeles County Superior Court Case No. MC 026 483
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

4.2) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Community Development Associates, et al. v. City of Palmdale, et al. Los Angeles County Superior Court Case No. 18STCV06968 This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

4.3) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: Number of Cases - Two.

4.4) HOUSING AUTHORITY - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Community Development Associates, et al. v. City of Palmdale, et al.Los Angeles County Superior CourtCase No. 18STCV06968

This closed session is being held pursuant to the authority of California Government Code Sections 54956.9(a) and 54956.9(d)(1).

5) ANNOUNCEMENT BY CITY ATTORNEY/AUTHORITY ATTORNEY of item(s) discussed in Closed Session

Four members of the City Council were present, with Councilmember Carrillo absent, and able to participate on all items.

Item 4.1 Existing Litigation: Tomaszewski v. City of Palmdale – The Council was provided an update on this matter. There is no further reportable action.

Item 4.2 Existing Litigation: CDA v. Palmdale - The Council was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action.

Item 4.3 Anticipated Litigation - The Council was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action.

Item 4.4 Existing Litigation: CDA v. Palmdale - The Authority, with member Carrillo absent, was provided an update on this matter and provided unanimous direction to staff. There is no further reportable action.

6) ADJOURN CC/HA CLOSED SESSION MEETINGS

Mayor Hofbauer adjourned the HA/CC Closed Session meetings at 6:59 p.m.

7) CALL TO ORDER 7:00 P.M. City Council/Successor Agency.

Mayor Hofbauer called the meeting to order at 7:00 p.m.

8) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE IN HONOR OF OUR TROOPS.

Jorge Ventura led the pledge of allegiance.

9) ROLL CALL MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/VICE CHAIR BETTENCOURT; COUCILMEMBERS/DIRECTORS CARRILLO, LOA, BISHOP

PRESENT: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

ABSENT: None.

10) PRESENTATIONS

10.1) Assistant City Manager Ricci presented the City of Palmdale's Warrior Award to Armin Gomez, Media Production Specialist.

10.2) Mayor Hofbauer presented a Proclamation to Eric Dombrowski, Deputy Director of Parks and Recreation, proclaiming July as Parks and Recreation Month in the City of Palmdale.

10.3) Mayor Hofbauer presented Certificates of Appreciation recognizing the following individuals for their two (2) years of dedicated service to the Palmdale Sheriff's Boosters and their dedication to the City of Palmdale:

Dr. Ric Garrison, President
Richard Loa, Vice President
Pepe Eads, Secretary
Shari Crane, Treasurer

10.4) Mayor Hofbauer presented Certificates of Recognition to the Participants of the City of Palmdale's "Our Shot Palmdale Poster Contest".

Miguel Chavez
Chelsea Williams
Ambernai Todd
KailynneHollenshed
Lillyana Padilla
Debra McLaurin
Jose Saenz
Mayra Martinez
Dory Diaz
Cynthia Chambers
Bryan Fernandez Duran
Lucinda Acevedo
Randy Bass
Naya Jackson
Heaven Erazo

10.5) Mayor Hofbauer presented the Israeli-American Civic Action Network with a Proclamation and Certificates of Recognition for their civic service to immigrant families, and their selfless fight against racism, anti-semitism, Holocaust denial, and prevention of genocide.

10.6) Palmdale Animal Care Center representative presented a cute critter that was available for adoption.

11) WAIVER OF FULL READING OF RESOLUTION(S) and ORDINANCE(S)

Motion: Move to waive full reading of the Resolution (s) and/or Ordinance(s) to be considered and voted on at this meeting.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Richard J Loa, Juan Carrillo, Austin Bishop.

12) PUBLIC COMMENTS

Daisey, Verizon Representative, spoke on behalf of Verizon regarding Item 16.1 and urged City Council to further direct staff to continue working with the industry as the new proposed ordinance is implemented.

Resident Karen Rosemary spoke in favor of Item 15.1 and encouraged the City Council to pass a vote of no confidence resolution.

Resident Andy Estrada and Angela Garcia, Smoke Free Coalition, provided statistics on the dangers of second hand smoke and encouraged Council to ban outdoor smoking areas. Mayor Hofbauer directed the individuals to Director of Neighborhood Services Miller for further assistance.

Resident Christian Greene compelled Council to vote against the no confidence resolution.

Resident Marco Salazar spoke regarding the no confidence resolution.

Guest User, via eComments, in support of the no confidence resolution.

13) CONSENT CALENDAR

13.1) Receive and File the Monthly Investment Activity Report for May 2021. (Staff Reference: Finance Manager Kang - Presented by Assistant Finance Manager Samson)

13.2) Adopt Resolution No. CC 2021-065, A Resolution of the City Council of the City of Palmdale designating by title and name those official's who are authorized to sign checks and warrants, and Repeal Resolution No.CC 2020-029. (Staff Reference: Finance Manager Kang)

13.3) Adopt Resolution No. CC 2021-064, A Resolution of the City Council of the City of Palmdale establishing an Appropriations Limit for Fiscal Year 2021-22 pursuant to Article XIII B of the California Constitution and Repeal Resolutions No.CC 2020-053. (Staff Reference: Finance Manager Kang)

13.4) Approve Blanket Purchase Order 20220004 with Amazon Capital Services, Inc. DBA Amazon Business in an amount not to exceed $150,000.00 for FY21/22 (Staff Reference: Finance Manager Kang)

13.5) Adopt Resolution No CC 2021-059, A Resolution of the City Council of the City of Palmdale to continue the proclamation of a local emergency resulting from the Coronavirus Disease (COVID-19). (Staff Reference: Director of Neighborhood Services Miller - Presented by Public Safety Supervisor German)

13.6) Adopt Resolution No. CC-2021-063, A Resolution of the City Council of the City of Palmdale approving the submission of the application for the 2021 Local Edward Byrne Memorial Justice Assistance Grant (JAG) Program to receive a grant allocation of $48,344 (Staff Reference: Director of Neighborhood Services Miller - Presented by Neighborhood Services Specialist Andrews)

13.7) Adopt Resolution No. CC 2021-066, A Resolution of the City Council of the City of Palmdale Amending the Conflict-of-Interest Code of the City of Palmdale and Repealing Resolution No. CC 2020-013 in its entirety. (Staff Reference: City Attorney Beck)

Councilmember Loa pulled this item for discussion. City Attorney Beck provided clarification regarding the updates to the conflict-of-interest code.

Motion: Adopt Resolution No. CC 2021-066.
Moved by Richard J Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Richard J Loa, Juan Carrillo, Austin Bishop.

13.8) Approve Agreement with Pacific Advanced Civil Engineering, Inc. (PACE) for Engineering Design Services related to updating the Drainage Master Plan for the Anaverde Creek Watershed on PN 788, the Palmdale Transportation Center Infrastructure Support Project in the amount of $329,750. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

13.9) Award Construction Contract with Hardy & Harper, Inc. to provide additional pavement overlay construction for Barrel Springs Road from 32nd Street East to the intersection of Pearblossom Highway and 25th Street East, in association with a Los Angeles County Public Works Cooperative Paving Project, in the amount of $251,700. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

13.10) Award Bid No. 21-002-3600 to Smith Pipe & Supply, Inc. for irrigation and water conservation supplies in an amount not to exceed $216,600. (Staff Reference: Director of Public Works Heffernan)

Public Works Department - Maintenance Division

13.11) Award Bid No. 21-002-3100 As-Needed Streetlight Pole Replacement & Maintenance Services and approval of agreement between the City of Palmdale and M. Brey Electric, Inc. in the amount of $450,000. (Staff Reference: Director of Public Works Heffernan)
Public Works Department - Maintenance Division

13.12) Approve Agreement with Barker Rinker Seacat Architecture for Professional Design Services on PN 826, The Palmdale Regional Recreation Complex Project in the amount of $307,485. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

Councilmember Carrillo pulled this item for discussion. Deputy Director of Public Works Glidden provided clarification on the selection criteria.

Motion: Approve Agreement with Barker Rinker Seacat Architecture for Professional Design Services on PN 826, The Palmdale Regional Recreation Complex Project.
Moved by Richard J Loa, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Richard J Loa, Juan Carrillo, Austin Bishop.

13.13) Notice of Completion - Accept Completed Capital Project No. 818, Avenue R Abatement and Demolition. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)
Public Works - Capital Improvement Program Division

13.14) Approve the minutes from the previous meetings. (Staff Reference: City Clerk/Agency/Authority Secretary Smith)

CC - May 10, 2021 (5:30 p.m.)
CC - May 18, 2021 (6:00 p.m. & 7:00 p.m.)
SA/IDA/PAA/PCA/PFA - May 18, 2021 (7:00 p.m.)
CC - June 1, 2021 (5:00 p.m. & 7:00 p.m.)
SA - June 1, 2021 (7:00 p.m.)
CC - June 15, 2021 (6:00 p.m. & 7:00 p.m.)
SA/IDA/PAA/PCA/PFA - June 15, 2021 (7:00 p.m.)
CC - June 22, 2021 (5:00 p.m. & 7:00 p.m.

13.15) Adopt Resolution No. CC 2021-069, A Resolution of the City Council of the City of Palmdale Amending the City's Classification and Pay Plan for Bargaining Unit Positions. (Staff Reference: Human Resources Manager Nevarez)

13.16) Adopt Resolution No. CC 2021-068, A Resolution of the City Council of the City of Palmdale Amending the City's Classification and Pay Plan for Parks and Recreation Unbenefited Positions. (Staff Reference: Human Resources Manager Nevarez)
City Manager's Office - Human Resources Division

Motion: Approve items listed on the Consent Calendar with the exception of 13.7 and 13.12
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

14) APPOINTMENTS

14.1) Approve Reappointments and Appointment to Fill a Vacancy on the Mobile Home Park Rental Review Board. (Staff Reference: City Clerk Smith)

Motion: Approve Reappointments and Appointment to Fill a Vacancy on the Mobile Home Park Rental Review Board.
Moved by Richard J Loa, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

14.2) Approve Reappointment of the Public Member to the City of Palmdale Audit Committee. (Staff Reference: City Clerk Smith)

Motion: Approve Reappointment of the Public Member to the City of Palmdale Audit Committee.
Moved by Richard J Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Richard J Loa, Juan Carrillo, Austin Bishop.

15) RECEIVE AND FILE

15.1) Information Item: City of Palmdale Prosecutions (Staff Reference: City Attorney Beck)

Councilmember Loa pulled this item for discussion and it was heard out of order.

City Attorney Beck provided a brief overview of the staff report. Discussion ensued among Council and staff regarding petty theft, misdemeanors, quality of life issues, and illegal dumping.

Deputy District Attorney Jon Hatami spoke regarding special circumstances, hate crimes, misdemeanors, reforms, diversion, juvenile cases, enhancements, public safety reforms, blanket policies, and increase in crime.

Ms. Tonya Owens, widow of Sergeant Steve Owens, encouraged Council to cast a vote of no confidence in Gascon.

16) PUBLIC HEARING

16.1) Public Hearing and Review of Proposed Ordinance No. 1565 for adoption. (Staff Reference: Director of Economic and Community Development Carlene Saxton - Presented by Senior Planner Benjamin Fiss)

Senior Planner Fiss provided an overview of the staff report and read the title of Ordinance No. 1565.

ORDINANCE NO. 1565, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, AMENDING SECTIONS 17.16 (DEFINITIONS), 17.26.040 (MINOR MODIFICATIONS TO APPROVED PLANS), 17.95.040 (COMMUNICATION FACILITIES), 17.95.05 (WIRELESS TELECOMMUNICATION FACILITIES IN THE PUBLIC RIGHT-OF-WAY) AND TO ADD SECTION 17.95.060 (EMERGENCY STANDBY GENERATORS) OF THE PALMDALE MUNICIPAL CODE TO UPDATE THE STANDARDS FOR THE PERMITTING, DEVELOPMENT, SITING, INSTALLATION, AESTHETICS, DESIGN, OPERATION AND MAINTENANCE OF WIRELESS TELECOMMUNICATION FACILITIES, AND TO PROVIDE FOR THE INSTALLATION OF EMERGENCY STANDBY GENERATORS IN COMPLIANCE WITH STATE AND FEDERAL REQUIREMENTS (ZOA 21-002)

A motion was made and carried unanimously to introduce Ordinance No. 1565.

Mayor Hofbauer opened the Public Hearing.

Testimony: None

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Ordinance No. 1565.
Moved by Steven Hofbauer, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Richard J Loa, Juan Carrillo, Austin Bishop.

16.2) Public Hearing and Review of Proposed Ordinance No. 1568 for adoption. (Staff Reference: City Attorney Beck)

City Attorney Beck provided a brief overview of the staff report and read the title of Ordinance No. 1568.

ORDINANCE NO. 1568, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING PALMDALE MUNICIPAL CODE SECTION 2.04.060 TO BE CONSISTENT WITH THE INTENT OF ORDINANCE NO. 1407 (2010), AUTHORIZING THE CITY MANAGER TO APPOINT THE CITY CLERK

A motion was made and carried unanimously to introduce Ordinance No. 1568.

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Ordinance No. 1568.
Moved by Austin Bishop, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16.3) Public Hearing and Review of Proposed Resolution No. CC 2021-036 for adoption. (Staff Reference: Director of Public Works Heffernan)

Director of Public Works Heffernan provided a brief overview of the staff report and read the title of Resolution No. CC 2021-036.

RESOLUTION NO. CC 2021-036, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ENGINEER'S REPORT AND THE CONTINUATION OF THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE CITY OF PALMDALE DRAINAGE BENEFIT ASSESSMENT DISTRICTS NO. 1 AND NO. 2006-02 FOR FISCAL YEAR 2021/2022

Mayor Hofbauer opened the Public Hearing.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Resolution No. CC 2021-036.
Moved by Richard J. Loa, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16.4) Public Hearing and Review of Proposed Resolution No. CC 2021-038 for adoption. (Staff Reference: Director of Public Works Heffernan)

Director of Public Works Heffernan provided a brief overview of the staff report and read the title of Resolution No. CC 2021-038.

RESOLUTION NO. CC 2021-038, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ENGINEER'S REPORT AND THE CONTINUATION OF THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS FOR FISCAL YEAR 2021/2022

Mayor Hofbauer opened the Public Hearing.

Testimony: None

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Resolution No. CC 2021-038.
Moved by Laura Bettencourt, seconded by Juan Carrillo.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16.5) Public Hearing and Review of Proposed Resolution No. CC 2021-040 for adoption. (Staff Reference: Director of Public Works Heffernan)

Director of Public Works Heffernan provided a brief overview of the staff report and read the title of Resolution No. CC 2021-040.

RESOLUTION NO. CC 2021-040, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ENGINEER'S REPORT AND THE CONTINUATION OF THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE CITY OF PALMDALE PARK MAINTENANCE AND RECREATION IMPROVEMENT DISTRICT FOR FISCAL YEAR 2021/2022

Mayor Hofbauer opened the Public Hearing.

Councilmember Carrillo asked questions regarding single family developer fees, and the recommendation to carry over percentage. Dave Ketcham, NBS, provided clarification regarding how it relates to single-

family homes.

Testimony: None.

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Resolution No. CC 2021-040.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16.6) Public Hearing and Review of Proposed Resolution No. CC 2021-042 for adoption. (Staff Reference: Director of Public Works Heffernan)

Director of Public Works Heffernan provided a brief overview of the staff report and read the title of Resolution No. CC 2021-042.

RESOLUTION NO. CC 2021-042, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ENGINEER'S REPORT AND THE CONTINUATION OF THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS FOR FISCAL YEAR 2021/2022

Motion: Adopt Resolution No. CC 2021-042.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16.7) Public Hearing and Review of Proposed Resolution No. CC 2021-043 for adoption. (Staff Reference: Director of Public Works Heffernan)

Director of Public Works Heffernan provided a brief overview of the staff report and read the title of Resolution No. CC 2021-043.

RESOLUTION NO. CC 2021-043, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE UPDATING THE SEWER COLLECTION SERVICE CHARGE AND ORDERING THE CONTINUATION OF THE CHARGE FOR THE OPERATION AND MAINTENACE OF THE PALMDALE SEWER COLLECTION SYSTEM FOR FISCAL YEAR 2021/2022

Mayor Hofbauer opened the Public Hearing.

Testimony: None

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Resolution No. CC 2021-043.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

16.8) Public Hearing and Review of proposed Resolution No. CC 2021-061 for adoption. (Staff Reference: Director of Economic and Community Development Saxton)

Director of Economic and Community Development Saxton provided a brief overview of the staff report and read the title of Resolution No. CC 2021-061.

RESOLUTION NO. CC 2021-061, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING ENTERTAINMENT PERMIT NO. 21-02 AND DANCE PERMIT NO. 21-03 FOR A BANQUET FACILITY LOCATED AT 3030 EAST PALMDALE BOULEVARD, SUITE G (PALMDALE EVENT HALL)

Mayor Hofbauer opened the Public Hearing.

Testimony: None

A motion was made and carried unanimously to close the Public Hearing.

Motion: Adopt Resolution No. CC 2021-061.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

17) NEW BUSINESS

17.1) Review of the Proposed Resolution No. CC 2021-067 for adoption. (Staff Reference: Human Resources Manager Nevarez)

RESOLUTION NO. CC 2021-067, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING THE CITY'S CLASSIFICATION AND PAY PLAN FOR GENERAL POSITIONS

Motion: Adopt Resolution No. CC 2021-067.
Moved by Richard J. Loa, seconded by Austin Bishop.

Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Laura Bettencourt, Juan Carrillo, Richard J. Loa, Austin Bishop.

18) INFORMATIONAL REPORT FROM MAYOR AND / OR COUNCILMEMBERS ON THEIR VARIOUS COMMITTEE MEMBERSHIPS AND MEETINGS ATTENDED AT PUBLIC EXPENSE.

18.1) COMMITTEE MEMBERSHIPS. Attachments: Committee Membership Memos from Councilmember Bettencourt, and Councilmember Carrillo

- ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT - Councilmember Bishop reported the Antelope Valley Air Quality Management District is working on new regulations in regards to California Environmental Quality Act (CEQA).

- ANTELOPE VALLEY TRANSIT AUTHORITY - Councilmember Loa reported the electrification of the bus fleet has beneficial impacts on the environment and the financial economy.

- CALIFORNIA CONTRACT CITIES ASSOCIATION - Mayor Hofbauer and reported legislative updates were discussed.

- HIGH DESERT CORRIDOR JOINT POWERS AUTHORITY - Mayor Hofbauer reported the Authority is moving forward with the recorded decision.

- LEAGUE OF CALIFORNIA CITIES - Mayor Hofbauer reported legislative issues were discussed with primary focus on housing.

- LOS ANGELES COUNTY SANITATION DISTRICT - Councilmember Loa reported fees will not be increased.

- PALMDALE RECYCLED WATER AUTHORITY - Councilmember Bishop reported plans are changing related to recycled water based on funding, opportunities, and limited options. Currently, the Authority is reviewing ground water recharge project.

- SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL - Councilmember Carrillo reported on the SoCal Green Print status update item and housing concerns.

- UNITED STATES/MEXICO SISTER CITIES ASSOCIATION - Mayor Hofbauer reported Poncitlan Sister City will be visiting in September.

18.2) MEETINGS ATTENDED AT PUBLIC EXPENSE

Councilmember Bishop attended the following: Memorial Day ceremony; Palmdale Sheriff's Car and Bike show; Jolly Seniors Barbeque

Neighborhood Watch meeting; U.S. Tool grand opening; Homes 4 Families ceremony; Fireworks Safety press conference; City of Palmdale Ice Cream Social; Palmdale Pride Walk; Walk on Words award ceremony; Sheriff's Town Hall meeting; and Auto Mall Food Truck event.

Councilmember Loa attended the following: Memorial Day ceremony; Homes 4 Families ceremony; Walk on Words award ceremony; Misdemeanor prosecutions meeting; Sheriff's Town Hall meeting; and Fourth of July Fireworks event at the fairgrounds; Palmdale Regional Medical Center Obstetrics grand opening;

Councilmember Carrillo attended the following: Palmdale Pride Walk; Walk on Words award ceremony; General Plan Advisory meeting; and Fireworks event at the fairgrounds

Mayor Hofbauer attended the following: Eastside Senior Center Facility meeting; Public Safety Policy Committee meeting; Los Angeles County City Selection Committee meeting; Lunch with Santa Clarita Mayor; Liability Trust Fund meeting; Flag Ceremony at the fire station; Demographic Workshop; U.S. Tool grand opening; Homes 4 Families event; Change of Command Ceremony at Air Force Plant 42; Palmdale Pride Walk; Walk on Words award ceremony; Auto Mall food truck event; Coffee with a Cop; Chamber of Commerce luncheon; Story Time in the park; and Palmdale Regional Medical Center Obstetrics grand opening

19) CITY MANAGER'S REPORT

There was no report given at the meeting.

20) CITY COUNCIL REQUESTS FOR NEW AGENDA ITEMS.

Mayor Hofbauer/Councilmember Loa directed staff to draft a Resolution for a Vote of No Confidence regarding District Attorney Gascon.

Councilmember Carrillo, regarding Item No. 15.1, instructed City Attorney's Office to hire an outside consulting firm to prepare a feasibility study regarding potential impacts to the budget associated with functions of the City Attorney Office, as City Prosecutor, including the identification of additional staffing and office space to facilitate administrative actions, infractions, and misdemeanors.

Councilmember Bishop directed staff to provide a status update regarding prosecution of illegal dumping around Old Harold area.

Councilmember Loa directed staff to provide a status update regarding the Si-Fi Connection; and whether there is current legislation regarding the accessibility of Wi-Fi to all Palmdale residents, especially low-income families. Councilmember Loa believes the product is more expensive and minimizing the digital divide; Councilmember Carrillo directed staff to reach out to School

Districts.

Mayor Pro Tem Bettencourt directed staff to provide an update in response to Councilmember Carrillo's request to change City Council meeting dates, as her schedule is flexible and available for modifications.

Councilmember Carrillo asked for the following updates:

1. Provide update on the Landscaping near 47th St. East and Palmdale Blvd.
2. Provide update on paving of Avenue S and 47th St. East.
3. 8/17/21 CC Meeting: Staff to draft two (2) resolutions which would approve; 1) Changing City Council Meetings and Workshop recurrences from the 1st Tuesday to 1st Wednesday; or 3rd Tuesday to 3rd Thursday of each month.

21) ADJOURNMENT.

Mayor Hofbauer adjourned the meeting at 9:45 p.m. to August 17, 2021 at 7:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 7th day of September 2021.

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE – FINANCE DIVISION**

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE MONTHLY INVESTMENT ACTIVITY REPORTS FOR JULY 2021.**

ISSUE

Receive and file the monthly investment activity reports for July 2021.

RECOMMENDATION

Staff recommends that the City Council accept the monthly investment activity reports for City of Palmdale and Successor Agency for July 2021.

BACKGROUND

Pursuant to Section 16 of the City of Palmdale and Successor Agency Investment Policy, the City Treasurer shall prepare and present monthly and quarterly reports on investments to the City Manager/Executive Director and the City Council/Directors. The reports shall detail the type of investment, name of the issuer, purchase date, date of maturity, amount of deposit, and rate of interest. This information shall be provided for all City and Successor Agency pooled investments, as well as for Certificates of Participation, Revenue Bonds, Tax Allocation Bonds, Assessment Districts and Community Facilities District accounts which are managed by outside Fiscal Agents.

The monthly and quarterly reports provide a synopsis of the investment activity for the City of Palmdale and Successor Agency. The reports provide information on assets, allocations, average maturities, yields, and book valuations.

The interest rates presented are the most current rates available as of the date of this report.

The market values presented for pooled City and Successor Agency investments are based on closing prices for the related investment as of the date of this report. This information was obtained from the Wall Street Journal, Bloomberg Financial Markets, Capital Market Finances, or other reliable source of market prices.

DISCUSSION

Compliance with Investment Policy

For June, the invested portfolio amount for the City of Palmdale totaled $236,192,753, a decrease of $7,670,583 from the previous month and $42,085,687 increase in comparison to last year. The decrease in overall portfolio balance from the previous month is a result of adjustments to market value as of June 30, 2021. The City purchased four securities in the month of July for a total of $20,008,763.

The par value of Successor Agency's portfolio as of June, was $12,810,880. The balance increased by $4,241 from last month due to interest received.

All investments meet criteria appropriate to Section 8 of the Investment Policy. The portfolios are based on a combination of various investments, including CDs, Corporate Notes, U.S. Treasury Securities and Government Agency Paper, each adhering to portfolio percentage limitations.

The Finance Division is the custodian for the City and Successor Agency's investment portfolio and follows the three main principles of both entity's investment policy to 1.) Investment in financial instruments that mitigate the risk of monetary losses stemming from market fluctuations, 2.) Establish and maintain a portfolio that has sufficient liquidity to allow the City and Successor Agency to meet all anticipated cash requirements, and 3.) Seek out investment instruments that provide a competitive market rate of return.

Liquidity

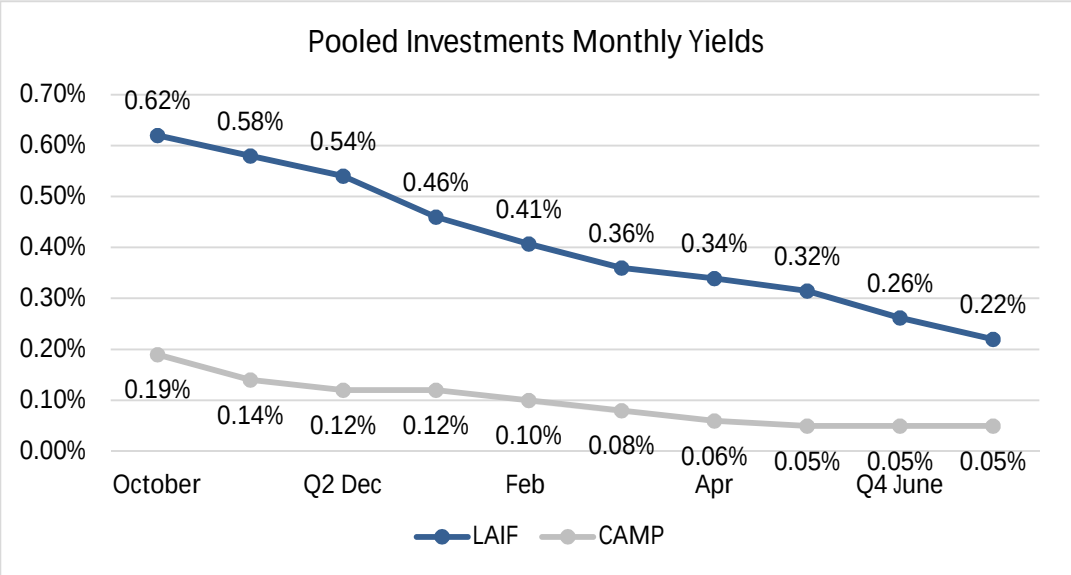
One core approach the Finance Division focuses on, is providing liquidity to measure up to the City and Successor Agency's operational requirements. Thus, the Finance Department is currently investing in two pooled funds, LAIF and CAMP. These are intended for the daily operational activities, used for economic uncertainties and maintenance needs. The pooled funds provide a higher liquidity ratio to ensure the City and Successor Agency meet cash flow requirements.

Total LAIF balance for the City of Palmdale is $137,086,957 compared to June's balance of $143,980,704. The decrease in balance is due to the use of LAIF funds to cover debt service and operating expenditures during the month.

Successor Agency LAIF balance at the end of July was $5,191,913, a 0.1 percent increase from June 2021. The increase in balance for the month is due to quarterly interest received.

CAMP's balance for City of Palmdale is $248,672, compared to June's balance of $248,672. The slight increase is due to interest received during the month.

The interest rates presented are the most current rates available as of the date of this report. As of July 31, 2021, the interest rates for LAIF and CAMP investments were at .22 percent and .05 percent, respectively. By comparison, the LAIF and CAMP interest rates at the end of June were at .26 percent and .05 percent. Both rates have been steadily declining. This time last year, LAIF and CAMP rates were at 0.92 percent and 0.37, respectively.



The chart above shows both the Local Agency Investment Fund and California Management Program's average monthly yields from the beginning of FY 2021, the graph depicts the prolonged period of declining rates.

We anticipate a further decrease in the upcoming months, considering the economic impacts of COVID. Overall, LAIF shows better performance than CAMP in interest rates. The difference between the performance of the two funds is partly due to the varying pool characteristics. CAMP's portfolio composition is much more subject to market volatility, resulting in performance variation.

Diversity

The Finance Division aims to diversify the investment portfolios to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

City of Palmdale and Successor Agency's investment portfolios remain strongly diversified. The monthly and quarterly reports include all investments held by both entities and current book values as of June 31, 2021.

In July, there were three U.S. Treasury Notes acquired and one Government Agency Papers acquired for a total of $20,008,763. No securities were called or matured during the month.

It is anticipated that both the City of Palmdale and Successor Agency will have sufficient moneys to meet its expenditure requirements for the next six months as we continue to monitor any financial impact due to the Coronavirus pandemic.

Attached are summaries of the investments on the City of Palmdale and Successor Agency's books as of July 31, 2021.

FISCAL IMPACT

There is no fiscal impact associated with the recommended actions for this report.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Janelle Samson, Assistant Finance Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Monthly Report on City of Palmdale Investments
2. Monthly Report on Successor Agency Investments

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021
CITY OF PALMDALE INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	FDIC Number	INTEREST RATE	PAR AMOUNT	PURCHASE AMOUNT	INVESTED AMOUNT
U.S. TREASURY SECURITIES					Yield			
05-31-19	04-30-24	CITY	9128286R6 U.S. Treasury Note		2.03	5,000,000.00	5,051,650.00	5,256,640.00
01-19-21	05-31-23	CITY	9128284S6 U.S. Treasury Note		2.75	2,815,000.00	2,985,994.41	2,950,035.55
03-19-21	12-31-25	CITY	9128285T3 U.S. Treasury Note		2.63	3,000,000.00	3,260,634.36	3,244,110.00
05-11-21	02-28-26	CITY	9128286F2 U.S. Treasury Note		0.66	3,000,000.00	3,261,331.50	3,231,330.00
05-11-21	12-31-24	CITY	9128283P3 U.S. Treasury Note		0.40	3,000,000.00	3,200,040.56	3,175,080.00
06-04-21	12-31-22	CITY	912828N30 U.S. Treasury Note		0.05	3,000,000.00	3,097,665.56	3,087,420.00
06-04-21	12-31-23	CITY	912828V23 U.S. Treasury Note		0.20	4,000,000.00	4,210,026.50	4,188,600.00
07-12-21	12-31-23	CITY	9128285U0 U.S. Treasury Note		2.63	5,000,000.00	5,294,239.83	5,294,239.83
07-12-21	12-31-25	CITY	9128285T3 U.S. Treasury Note		2.63	5,000,000.00	5,456,238.24	5,456,238.24
07-12-21	12-31-23	CITY	912828V23 U.S. Treasury Note		2.25	5,000,000.00	5,247,829.98	5,247,829.98
			TOTAL U.S. TREASURY SECURITIES			$ 38,815,000.00	$ 41,065,650.94	$ 41,131,523.60
GOVERNMENT AGENCY PAPER								
06-05-19	06-05-23	CITY	3133EKPT7 Fed Farm Credit Bk		2.13	5,000,000.00	5,008,600.00	5,178,913.05
06-10-20	06-16-25	CITY	3133ELK37 Federal Farm Credit		0.78	5,000,000.00	5,000,000.00	5,000,332.40
08-07-20	05-06-24	CITY	3133EL2X1 Federal Farm Credit		0.42	2,000,000.00	2,000,000.00	1,985,613.10
08-27-20	11-27-24	CITY	3134GWNG7 Freddie Mac Domestic		0.50	2,000,000.00	2,000,000.00	1,998,606.02
04-01-21	04-01-25	CITY	3133EMUP5 Fed Farm Credit		0.71	5,000,000.00	5,000,000.00	5,001,585.95
05-11-21	09-04-25	CITY	3133EJYM5 FFCB Bond		0.59	1,000,000.00	1,103,275.25	1,094,660.00
05-11-21	09-04-25	CITY	3133EJYM5 FFCB Bond 0.57		0.57	2,000,000.00	2,208,460.00	2,189,320.00
06-04-21	11-07-25	CITY	3135G06G3 Fannie Mae		0.55	3,000,000.00	2,993,675.25	2,967,390.00
06-04-21	08-01-24	CITY	3130AMHH8 FHLB NOTE		0.41	4,000,000.00	4,000,000.00	3,979,555.16
06-07-21	06-07-24	CITY	3130AMQR6 FHLB NOTE		0.35	3,000,000.00	3,000,000.00	2,986,755.36
06-30-21	12-30-25	CITY	3130AMRQ7 FHLB NOTE		0.88	3,000,000.00	3,000,000.00	2,981,324.28
07-29-21	04-29-26	CITY	3130AN5C0 FHLB NOTE		1.05	4,000,000.00	4,010,455.13	4,010,455.13
	c = callable							
			TOTAL GOVERNMENT AGENCY PAPER			$ 39,000,000.00	$ 39,324,465.63	$ 39,374,510.45
CERTIFICATES OF DEPOSIT								
05-11-18	05-11-22	CITY	05580AMR2 Bmw Bank North America	35141	2.95	245,000.00	245,000.00	251,143.62
05-15-18	05-16-22	CITY	86063QAN5 Stifel Bank & Trust	57311	2.85	245,000.00	245,000.00	250,964.53
05-18-18	05-18-22	CITY	29278TBF6 Enerbank Usa	57293	2.95	245,000.00	245,000.00	251,216.88
05-31-17	05-31-22	CITY	02587CFM7 American Express Bk	35328	2.40	245,000.00	245,000.00	250,250.84
06-01-17	05-31-22	CITY	51210SMT1 Lakeside Bank	19573	2.00	245,000.00	245,026.85	249,319.60
05-10-18	05-10-23	CITY	61747MX30 Morgan Stanley Bank Na	32992	3.15	245,000.00	245,000.00	258,447.32
05-11-18	05-11-23	CITY	87164WWF1 Synchrony Bank	27314	3.15	245,000.00	245,000.00	258,465.69
05-11-18	05-11-23	CITY	17312QL23 Citibank Na	7213	3.15	245,000.00	245,000.00	258,465.69
05-15-18	05-15-23	CITY	20033AYE0 Comenity Capital Bank	57570	3.10	245,000.00	245,000.00	258,255.73
			TOTAL CERTIFICATES OF DEPOSIT			$ 2,205,000.00	$ 2,205,026.85	$ 2,286,529.90

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021

CORPORATE NOTES

03-10-20	03-01-23	CITY	30231GAR3 Exxon Mobil	2.73	1,000,000.00	1,045,330.00	1,035,276.25
03-10-20	05-13-22	CITY	037833BF6 Apple Inc	2.70	1,000,000.00	1,039,820.00	1,021,372.65
03-10-20	11-03-22	CITY	594918BH6 Microsoft Corp	2.65	1,000,000.00	1,047,870.00	1,028,648.84
03-10-20	01-13-23	CITY	037833DE7 Apple Inc	2.40	1,000,000.00	1,041,800.00	1,032,294.50
03-10-20	12-14-22	CITY	92826CAC6 VISA Inc	2.80	1,500,000.00	1,572,135.00	1,549,706.22
06-10-20	04-15-23	CITY	30231GBL5 Exxon Mobil Corp	1.75	5,000,000.00	5,000,000.00	5,110,650.00
06-10-20	05-11-23	CITY	166764BV1 Chevron Corp	1.14	2,075,000.00	2,075,000.00	2,105,595.85
08-14-20	08-14-23	CITY	94988J5R4 Wells Fargo Bank	3.55	3,000,000.00	3,000,000.00	3,193,443.66
			TOTAL CORPORATE BONDS		$ 15,575,000.00	$ 15,821,955.00	$ 16,076,987.97

STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND

09-01-84	n/a	CITY ACCOUNT	98-19-620	0.78	67,018,501.90	67,018,501.90	67,018,501.90
06/23/08	n/a	PCA ACCOUNT	40-19-060	0.78	70,056,016.34	70,056,016.34	70,056,016.34
			TOTAL LAIF ACCOUNTS		$ 137,074,518.24	$ 137,074,518.24	$ 137,074,518.24

CAMP- CALIFORNIA ASSET MANAGEMENT PROGRAM

6080-01	n/a	CITY ACCOUNT	6080-01	0.30	248,683.01	248,683.01	248,683.01
			TOTAL CAMP ACCOUNTS		$ 248,683.01	$ 248,683.01	$ 248,683.01

UBS FINANCIAL SERVICES

n/a	n/a	CITY ACCOUNT		0.00	0.00	0.00	0.00
			TOTAL UBS FINANCIAL SERVICES ACCOUNTS		$ 0.00	$ 0.00	$ 0.00

			TOTAL CITY INVESTMENTS		$ 232,918,201.25	$ 235,740,299.67	$ 236,192,753.17

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021

LIBRARY INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND					
11-20-84	n/a	LIBRARY	16-19-012	0.78	12,439.26
		TOTAL LIBRARY INVESTMENTS			$ 12,439.26

FISCAL AGENT CASH

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
BOND PROCEEDS					
SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
05-10-95	n/a	BOND	95421220	0.01	106.62
05-10-95	n/a	IMPROVEMENT	95421222	0.01	154,931.74
City Held Cash	(Fund 736-114000)	($255,885.63)			
		TOTAL SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1			$ 155,038.36
BOND PROCEEDS					
RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
04-06-95	n/a	RESERVE-SEN	95420880	n/a	0.00
04-06-95	n/a	IMPV-ACQUI	95420884	0.01	2,585,256.22
04-06-95	n/a	BOND	95420887	0.00	0.15
City Held Cash	(Fund 738-114000)	($1,000,675.82)			
		TOTAL RITTER RANCH COMMUNITY FACILITIES DISTRICT 93-1			$ 2,585,256.37
BOND PROCEEDS					
ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
08-01-19	n/a	RESERVE	242969003	0.00	1,447,014.95
08-01-19	n/a	SP TAX - REFUNDING BC	242969004	0.01	15,148.79
08-01-19	n/a	SP TAX - REFUNDING BC	242969005	0.01	300.42
City Held Cash	(Fund 734-114000)	$900,917.97			
		TOTAL ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1			$ 1,462,464.16

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021

BOND PROCEEDS
2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER)
Fiscal Agent: U.S. Bank National Association (fka First Trust)

08-02-05	n/a	SPEC TRB SER A/B	790330000	0.01	0.00
08-02-05	n/a	RESERVE FUND	790330002	0.01	7.31

City Held Cash (Fund 735-114000) $744,688.56

TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) $ 7.31

BOND PROCEEDS
2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021
Fiscal Agent: U.S. Bank National Association (fka First Trust)

	n/a	SPEC TRB SER A/B	251009000	0.01	0.00
	n/a	RESERVE FUND	251009001	0.01	639,058.62

City Held Cash

TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021 $ 639,058.62

BOND PROCEEDS
2006-1 Godde Hill Estate Sewer Improvements LOIB
Fiscal Agent: U.S. Bank National Association (fka First Trust)

11-08-06	n/a	REDEMPTION FUND	106844000	0.01	195,676.39
11-08-06	n/a	ADM EXP	106844002	0.01	1,594.32
11-08-06	n/a	RESERVE FUND	106844003	0.01	107,259.96

City Held Cash (Fund 739-114000) $127,799.09

TOTAL 2006-1 Godde Hill Estate Sewer Improvements LOIB $ 304,530.67

BOND PROCEEDS
2007 $19.9M COP Power Plant Land Acquisition
Fiscal Agent: U.S. Bank National Association (fka First Trust)

04-12-07	n/a	LEASE PAYMENT	112055000	0.01	0.00
04-12-07	n/a	RESERVE FUND	112055001	0.00	0.00

TOTAL 2007 $19.9M COP Power Plant Land Acquisition $ -

BOND PROCEEDS
2007 $6.5M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER)
Fiscal Agent: U.S. Bank National Association (fka First Trust)

08-23-07	n/a	BOND FUND	117856000	0.01	0.00
08-23-07	n/a	RESERVE FUND	117856002	0.01	6.55

TOTAL 2007 $6.5M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) $ 6.55

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021
FISCAL AGENT CASH

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT NUMBER	INTEREST RATE	INVESTED AMOUNT
BOND PROCEEDS					
2012 PFA $8.7M LEASE REVENUE BONDS					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
12-19-12	n/a	REVENUE FD	201546000	0.00	0.31
12-19-12	n/a	INTEREST ACCOUNT	201546001	n/a	0.00
12-19-12	n/a	PRINCIPAL ACCOUNT	201546002	n/a	0.00
		TOTAL 2012 PFA $8.7M LEASE REVENUE BONDS			$ 0.31
2013 HA PALMDALE TRANSIT VILLAGE HOMES LLC ESCROW					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
10-11-13	n/a	ESCROW FUND	206455000	0.00	2,979,500.00
		TOTAL 2013 HA TRANSIT VILLAGE HOMES ESCROW			$ 2,979,500.00
2015 HA DEBT SERVICE RESERVE					
Fiscal Agent: Bank of America					
11-19-15	n/a	DEBT SVC RESERVE	1257964992	0.08	39,088.28
		TOTAL 2015 HA DEBT SERVICE RESERVE			$ 39,088.28
PARS RESTRICTED CASH FOR PENSION STABILIZATION TRUST FUND					
05-23-18	n/a	CITY	104790895775 Public Agency Retirement Services	2.60	2,923,365.34
		TOTAL PARS PENSION TRUST FUND			$ 2,923,365.34
BOND PROCEEDS					
2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
09-03-15	n/a	BOND FUND	277067000	0.00	52,704.55
09-03-15	n/a	INTEREST ACCT	277067001	0.01	6.95
09-03-15	n/a	BOND RESERVE	277067003	0.00	281,017.34
09-03-15	n/a	REPAIR & REPLACE FUN	277067004	0.00	1,049,227.20
		TOTAL 2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS			$ 1,382,956.04

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021

BOND PROCEEDS

2017 PFA $17.4M LEASE REVENUE BONDS

Fiscal Agent: U.S. Bank National Association (fka First Trust)

04-05-17	n/a	REVENUE FUND	271128000	0.00	0.44
04-05-17	n/a	PRINCIPAL ACCT	271128002	n/a	0.00

TOTAL 2017 PFA $17.4M LEASE REVENUE BONDS $ 0.44

Total City Held Cash (XXX-114000) $516,844.17

GRAND TOTAL - FISCAL AGENT CASH $ 11,832,213.83

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021
SUMMARY OF CASH AND INVESTMENTS

Cash on Hand			$ 4,156,657
			($2,384,523)
Pooled Cash Investments			($7,697,551)
			$7,643,167
City:	$	230,666,157	$0
Insur Fund:		$5,526,596	$ 236,192,753
Library Investments			$12,439
Subtotal			$ 237,922,943
City/AD/CFD/PCA/PFA/HA Fiscal Agent Cash			$ 11,832,214 *
Grand total			$ 249,755,157

The interest rate quoted on LAIF, AIM, and Fiscal Agent/Trustee accounts is the most current rate available.
LAIF & AIM interest rates are as of July 31, 2021.

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF), CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP), & UBS FINANCIAL SERVICES
July 31, 2021

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
CITY ACCOUNT 98-19-620				
Beginning Balance				$ 73,963,763.97
07/15/21			$ 54,737.93	
07/15/21		$ (5,000,000.00)		
07/15/21		$ (2,000,000.00)		
Subtotal	$ -	$ (7,000,000.00)	$ 54,737.93	$ 67,018,501.90
PCA ACCOUNT 40-19-060				
Beginning Balance				$ 70,004,511.74
07/15/21			$ 51,504.60	
Subtotal	$ -	$ -	$ 51,504.60	$ 70,056,016.34
LIBRARY ACCOUNT 16-19-012				
Beginning Balance				$ 12,429.11
07/15/21			$ 10.15	
Subtotal	$ -	$ -	$ 10.15	$ 12,439.26
CAMP - CALIFORNIA ASSET MANAGEMENT PROGRAM				
Beginning Balance				$ 248,672.32
07/31/21			$ 10.69	
Subtotal	$ -	$ -	$ 10.69	$ 248,683.01
UBS Financial Services				
Beginning Balance				$ 20,150,919.46
07/08/21			$ 71.76	
07/12/21		$ (5,294,239.83)		
07/12/21		$ (5,456,238.24)		
07/12/21		$ (5,247,829.98)		
07/29/21		$ (4,010,455.13)		
07/30/21		$ (142,228.04)		
Subtotal	$ -	$ (20,150,991.22)	$ 71.76	$ 0.00
Total	$ -	$ (27,150,991.22)	$ 106,335.13	$ 137,335,640.51

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - INVESTMENTS MATURED OR CALLED

July 31, 2021

TN = US Treasury
FP = Federal Paper
CD = Certificate of Deposit
C = Call
M = Maturity
CB = Corporate Bond

ISSUER	PURCHASE DATE	MATURITY DATE	REDEMPTION DATE	FACE VALUE REDEEMED	INTEREST RECEIVED	NET FUNDS	INVESTED AMOUNT	GAIN/ (LOSS)
						$ -		$0.00
						$ -		$0.00
				$ -	$ -	$ -	$ -	$ -

Total Number of Transactions: 0

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - INVESTMENTS PURCHASED
July 31, 2021

TN = US Treasury
FP = Federal Paper
CD = Certificate of Deposit
CN = Corporate Notes

ISSUER	PURCHASE DATE	MATURITY DATE	FACE VALUE	PREMIUM / (DISCOUNT)	PURCHASE PRICE	ACCRUED INTEREST PURCHASED	NET PURCHASE	Yield
9128285U0 U.S. Treasury Note	07-12-21	12-31-23	$ 5,000,000.00	$ 289,959.94	$ 5,289,959.94	$ 4,279.89	$ 5,294,239.83	2.63%
9128285T3 U.S. Treasury Note	07-12-21	12-31-25	$ 5,000,000.00	$ 451,958.35	$ 5,451,958.35	$4,279.89	$ 5,456,238.24	2.63%
912828V23 U.S. Treasury Note	07-12-21	12-31-23	$ 5,000,000.00	$ 244,161.50	$ 5,244,161.50	$3,668.48	$ 5,247,829.98	2.25%
3130AN5C0 FHLB NOTE	07-29-21	04-29-26	$ 4,000,000.00	$ 10,455.13	$ 4,010,455.13	$ -	$ 4,010,455.13	1.05%
			$ 19,000,000.00	$ 996,534.92	$ 19,996,534.92	$ 12,228.26	$ 20,008,763.18	

Total Number of Transactions: 4

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
July 31, 2021

SUCCESSOR AGENCY POOLED CASH INVESTMENTS

PURCHASE DATE	MATURITY DATE	FUND	ACCOUNT/ INSTITUTION	INTEREST RATE	INVESTED AMOUNT	TOTAL
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND						
09-01-84	n/a	SA ACCOUNT	65-19-035	0.78	5,191,912.80	
TOTAL LAIF ACCOUNTS						$ 5,191,912.80

FISCAL AGENT CASH

BOND PROCEEDS						
CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						
Fiscal Agent: U.S. Bank National Association						
08-20-02	n/a	RESERVE FUND	94460700	0.01	527,735.46	
08-20-02	n/a	INTEREST ACCT	94460701	0.01	191,324.72	
08-20-02	n/a	PRINCIPAL ACCT	94460702	0.01	7,047.74	
TOTAL CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						$ 726,107.92
BOND PROCEEDS						
2016 SA $31.5M Tax Allocation Refunding Bonds Series A						
Fiscal Agent: U.S. Bank National Association (fka First Trust)						
04-26-16	n/a	DEBT SERVICE	245113000	0.00	1.97	
04-26-16	n/a	INTEREST ACCT	245113001	N/A	0.00	
TOTAL 2016 SA $31.5M Tax Allocation Refunding Bonds Series A						$ 1.97
GRAND TOTAL - FISCAL AGENT CASH						$726,110

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand	$ 6,892,777
Pooled Cash Investments	$ 5,191,913
Successor Agency Fiscal Agent Cash	$726,110
Grand total	$ 12,810,800

* The interest rate quoted on LAIF and Fiscal Agent/Trustee accounts is the most current rate available.
LAIF interest rates are as of July 31, 2021.

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF)
July 31, 2021

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
SA ACCOUNT 65-19-035				
Beginning Balance				$ 5,187,677.21
07/15/21			$ 4,235.59	
Subtotal	$ -	$ -	$ 4,235.59	$ 5,191,912.80

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE**

FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-018, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO TERMINATE INTERFUND LOAN AGREEMENT BETWEEN THE CITY OF PALMDALE AND THE COMMUNITY CHOICE AGGREGATION AND ENTER INTO A NEW INTERFUND LOAN AGREEMENT BETWEEN THE CITY OF PALMDALE AND THE COMMUNITY CHOICE AGGREGATION**

ISSUE

Adopt Resolution No. CC 2021-018, a Resolution of the City of Council of the City of Palmdale to terminate Interfund Loan Agreement No. A-6849, between the City of Palmdale and the Community Choice Aggregation (CCA) and Approve new Interfund Loan Agreement No. A-7396 between the City of Palmdale and the CCA.

RECOMMENDATION

Staff recommends that City Council:

1. Adopt Resolution CC 2021-018, a Resolution to terminate Interfund Loan Agreement No. A-6849 between the City of Palmdale and the CCA;

2. Approve new Interfund Loan Agreement No. A-7396 between the City of Palmdale and the CCA; and,

3. Direct the City Attorney to finalize the Agreement and authorize the City Manager or his designee to execute the agreement, including making minor and non-substantive changes.

BACKGROUND

Resolution No. CC 2019-029 was adopted on March 19, 2019, authorizing an interfund loan of $1.5 million from the General Fund to the CCA. Agreement No. A-6849 was executed to outline the terms of repayment of funds from the CCA to the General Fund.

DISCUSSION

It has come to the attention of staff that the payment terms executed in Agreement No. A-6849 are unreasonable and will not allow for the loan to be used for its intended purposes. Staff is recommending that the City Council terminate Agreement No. A-6849. Staff also recommend approval of Agreement No. A-7396; to establish new repayment terms, as well as increase the total loan amount from $1,500,000 to $5,000,000. The repayment terms presented in Agreement No. A-7396 allow for funds to be used for the CCA as intended, and for repayments to begin in a timeframe that is consistent with when operation revenues are expected to be sufficient to commence repayment. The new Loan Agreement shall provide a repayment schedule of zero payment due for the first five (5) years, and accrued unpaid interest, plus scheduled principal and interest for the following five (5) years.

FISCAL IMPACT

The General Fund will receive annual interest payment from the CCA for the first five (5) years of the agreement. Accrued unpaid interest plus scheduled principal and interest payments over the following (5) year period, per Exhibit A – Repayment Schedule.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

A. Manage resources, costs and liabilities to ensure the City's long-term fiscal health.
C. Involve and expand engagement to enhance public oversight and transparency.

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Janelle Samson, Assistant Finance Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution CC 2021-018
2. Agreement A-7396
3. Exhibit A – Repayment Schedule CCA

4. Resolution 2019-029
5. Agreement A-6849

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE CITY MANAGER, OR HIS DESIGNEE, TO TERMINATE AGREEMENT A-6849 BETWEEN THE GENERAL FUND AND THE COMMUNITY CHOICE AGGREGATION (CCA), AND ENTER INTO AGREEMENT A-7396 BETWEEN THE GENERAL FUND AND THE COMMUNITY CHOICE AGGREGATION (CCA).

WHEREAS, the Community Choice Aggregation Fund was authorized an Interfund Loan from General Fund in the amount of $1,500,000 on March 19, 2019 via Resolution CC 2019-029 and Agreement A-6849 was entered into to establish repayment terms to the General Fund; and

WHEREAS, the City Council recognizes that the Community Choice Aggregation does not have the wherewithal to make the required payment per Agreement A-6849 due to delay in launch of the program; and

WHEREAS, the City Council recognizes that the Community Choice Aggregation will require available funds leading up to the launch of the program and until revenues earned become sufficient to cover CCA operations.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. Termination of Agreement A-6849 between the General Fund and the Community Choice Aggregation, and reinstatement of full loan amount plus any interest paid, back to the Community Choice Aggregation.

SECTION 2. The City Manager, or his designee, is hereby authorized to execute any and all necessary interfund loan documents, agreements and repayment schedules.

SECTION 3. This Resolution shall take effect from and after its passage and approval.

SECTION 4. The City Clerk shall certify to the adoption of this resolution.

PASSED, **APPROVED** and **ADOPTED** this 7th day of September 2021.

APPROVED AS TO FORM:

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Christopher Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____

_____
Shanae S. Smith, City Clerk

INTERFUND LOAN AGREEMENT

THIS LOAN AGREEMENT ("**Agreement**") is approved by the City of Palmdale City Council with Resolution No. CC 2021-018 executed as of July 1, 2021 (Effective Date) between the City of Palmdale General Fund (Lender) and the Community Choice Aggregation (Borrower). Lender agrees to lend to Borrower, and Borrower agrees to repay Lender, an amount not to exceed the Principal Amount and interest accrued on the unpaid loan balance, in accordance with the following:

A. Community Choice Aggregation Payment Schedule (Attached as Exhibit A)

1. Purpose of the Loan. Resolution CC 2019-029, adopted on March 19, 2019, authorized an Interfund Loan from General Fund to the Community Choice Aggregation (CCA). Resolution No. CC 2021-018 authorizes additional funds, replaces Resolution No. CC 2019-029, and establishes the repayment terms of the Interfund Loan.

2. Principal Loan Amount. Not to exceed Five Million and no/100 Dollars ($5,000,000). The loan will be recorded as Note Receivable to the Lender and Note Payable to the Borrower.

3. Term of the Loan. The term of this loan shall commence on July 1, 2021, with outstanding loan balance to be repaid in full by June 30, 2031.

4. Scheduled Payments. Borrower shall make payments annually against principal and interest. Interest will accrue beginning July 1, 2021. The first interest payment will be due on June 30, 2027. Unpaid Interest from years one (1) through five (5) shall be repaid in equal installments over years six (6) through ten (10), in addition to scheduled Principal and Interest per Exhibit A Repayment Schedule. Borrower may make partial or complete payment of principal and earned interest at any time before its due date and without any prepayment penalty.

5. Rate of Interest. Interest shall accrue at a rate of 0.262%, fixed monthly, calculated, and accrued in the same manner that the City would otherwise earn interest on the funds if deposited and earning interest as a pooled investment. Loan interest will be recorded as revenue to the Lender and expenditure to the Borrower.

6. General Provisions. This Agreement constitutes the full Agreement by and between the parties and no other representations have been made regarding the contents of this Agreement. This Agreement shall not be amended, modified, or altered in any respect unless such amendment, modification, or alteration has been reduced to writing and executed by both parties.

LENDER

JJ Murphy, ICMA-CM
City Manager

APPROVED AS TO FORM

Christopher Beck
City Attorney

ATTEST:

Shanae Smith
City Clerk

BORROWER

JJ Murphy, ICMA-CM
City Manager

APPROVED AS TO FORM

Noel Doran
Assistant City Attorney

ATTEST:

Shanae Smith
City Clerk

Park Development Fund
Community Choice Aggregation Loan A-6849
Resolution No. CC 2021-018, September 7, 2021

Principal $ 5,000,000.00 **Agency Note**
Interest 0.26% Simple Interest Total balance of loan is $5,000,000
Terms No Principal Payment, Interest Only for Five (5) years, beginning on July 1, 2021, Principal and Interest for Five (5) years, beginning July 1,2026

Agency N/R **101-180350**
Revenue **1011500-451200**
Accr Int **101-146236**

		Ending Date	Principal Amount	Interest Amount	Total Amount	Interest Due	Principal Due	Total Due
Year 1	**FY21-22**	6/30/2022		$ (13,100.00)	$ (13,100.00)	$ 13,100.00	$ -	$ -
Year 2	**FY22-23**	6/30/2023		$ (13,100.00)	$ (13,100.00)	$ 13,100.00	$ -	$ -
Year 3	**FY23-24**	6/30/2024		$ (13,100.00)	$ (13,100.00)	$ 13,100.00	$ -	$ -
Year 4	**FY24-25**	6/30/2025		$ (13,100.00)	$ (13,100.00)	$ 13,100.00	$ -	$ -
Year 5	**FY25-26**	6/30/2026		$ (3,930.00)	$ (3,930.00)	$ 3,930.00	$ 1,500,000.00	$ 1,556,330.00
Year 6	**FY26-27**	6/30/2027	$ (1,000,000.00)	$ (1,310.00)	$ (1,001,310.00)	$ 1,310.00	$ 500,000.00	$ 501,310.00
Year 7	**FY27-28**	6/30/2028	$ (1,000,000.00)	$ 1,310.00	$ (998,690.00)	$ (1,310.00)	$ (500,000.00)	$ (501,310.00)
Year 8	**FY28-29**	6/30/2029	$ (1,000,000.00)	$ 3,930.00	$ (996,070.00)	$ (3,930.00)	$ (1,500,000.00)	$ (1,503,930.00)
Year 9	**FY29-30**	6/30/2030	$ (1,000,000.00)	$ 6,550.00	$ (993,450.00)	$ (6,550.00)	$ (2,500,000.00)	$ (2,506,550.00)
Year 10	**FY30-31**	6/30/2031	$ (1,000,000.00)	$ 9,170.00	$ (990,830.00)	$ (9,170.00)	$ (3,500,000.00)	$ (3,509,170.00)
	Total		**(5,000,000.00)**	**(36,680.00)**	**(5,036,680.00)**	**36,680.00**		

Environmental and Technology Manager Lucha presented the staff report and read the title of Resolution No. CC 2019-029. There were public comments. For further information on this item, please see the 7:00 p.m. minutes for the City Council meeting that was held on March 19, 2019. A motion was made by Councilmember Loa, seconded by Councilmember Carrillo to adopt Resolution No. CC 2019-029. The motion carried with Mayor Hofbauer, Councilmembers Carrillo and Loa voting "Yes", Councilmember Bettencout voting "No", and Mayor Pro Tem Bishop absent.

Rebecca J. Smith, City Clerk

DATE: March 19, 2019

SUBJECT: City Council Decision on Next Steps with Potential Formation of Community Choice Aggregation Program Through Adoption of Resolution No. CC 2019-029 Authorizing an Interfund Loan of $1.5 Million From General Fund Reserves to the Community Choice Aggregation Fund and Adoption of a Budget for the Formation of a Community Choice Aggregation Program

ISSUING DEPARTMENT: Public Works

SUMMARY

Issues:
Shall the City Council provide direction to staff regarding the City's potential participation in a Community Choice Aggregation Program?

Recommendation:
If the City Council chooses to move forward with the formation of a Community Choice Aggregation (CCA) program through California Choice Energy Authority (CalChoice), the Council must adopt Resolution No. CC 2019-029 Authorizing an Interfund Loan of $1.5 Million From General Fund Reserves to the Community Choice Aggregation Formation Fund and Adopt the proposed budget for the Community Choice Aggregation Formation Fund.

Fiscal Impact:
On July 11, 2017, the City Council directed staff to enter into a contract with CalChoice for $63,000 to perform an initial study and prepare an Implementation Plan for submission to the California Public Utilities Commission (CPUC). The initial study was prepared in December 2017 and with Council direction the Implementation Plan was submitted to the CPUC in December 2018. At the end of February 2018, CalChoice met with staff and presented an updated pro forma, proposing that moving forward with a CCA program will save residents on average about one percent (1%) on the commodity portion of their energy bills (energy distribution and billing would remain the responsibility of SCE). If Council wishes to move forward with the June 2020 implementation of a CCA program, CalChoice needs City Council approval of their agreement to act on the City's behalf, by submitting the appropriate notices and documentation by April 2019. Since an agreement with CalChoice has not yet been budgeted, Council

must approve a budget of $1,500,000 from an interfund loan from General Fund Reserves to cover all anticipated costs for implementing a CCA (to be placed into the newly established CCA account, account number 350-45501). The implementation costs are independent of the ongoing operating costs, which will also need to be budgeted in the near future impacting General Fund Reserves by up to $4 million until the 2022/2023 Fiscal Year. The City would need to recoup all of the formation costs and build CCA reserves to address potential fluctuations in future energy costs through rates charged to ratepayers through the program. Sufficient revenue from the CCA to offset expenses will not be generated until the 2020/2021 Fiscal Year. Recouping the formation costs will take several years, if recovered at all, depending on the rates adopted by Council.

BACKGROUND

Pursuant to the City Council's direction during the December 11, 2018 City Council Meeting, California Choice Energy Authority (CalChoice or as outlined in past Staff Reports, CCEA) submitted a CCA Implementation Plan to the California Public Utilities Commission (CPUC). The Implementation Plan is currently under review and CalChoice has been working with the CPUC in moving forward with the formation of a Palmdale CCA. It is anticipated that the Implementation Plan should receive its certification by March 18, 2019 from the CPUC.

If the City were to move forward with the implementation of a CCA program in June 2020 (originally it was proposed to start in May, but Southern California Edison has informed CalChoice that the transition can't happen until June 2020 at the earliest), the City must submit a report filing "Year Ahead Resource Adequacy" by April 2019. In order to prepare the report, CalChoice needs the City to execute an agreement for Phase II of the project beforehand (Phase I was all of the work required to get to the point of submitting the Implementation Plan, further work required to get to the point of implementation is part of Phase II). Therefore, staff needs direction on how to proceed from the Council and to establish a budget for the project if the City were to move forward since the City has not budgeted for the costs associated with establishing a CCA, especially to pay the required $160,000 to CalChoice for Phase II.

The concerns outlined in the December 11, 2018 Staff Report are still valid and staff has not observed any changes to diminish its concerns. Some updates to staff concerns are as follows:

Power Charge Indifference Adjustment (PCIA). As of the preparation of this staff report, a final decision on the PCIA has not been released. Since the PCIA has not yet been finalized, actual rate impacts can't be fully determined at this time, but staff still believes that the risks associated with the pending CPUC decision still exist.

Time of Use (TOU) Rates. Another factor that will affect rates is the approved changes to TOU rates. Customers in SCE territory will see changes to TOU rates for most accounts effective March 1, 2019, shifting peak hours from the middle of the day to 4 – 9 pm. Based on current analysis, it appears that City facilities will see a 30 percent increase in energy rates as a result of the change; however, non-metered streetlights will not be affected for the time being. Staff believes that local stakeholders that will be affected the most include any location that has solar panels, especially solar farms; the majority of our residents; and businesses and facilities that do not close their doors before 4 pm.

Renewable Portfolio Standards (RPS). Staff continues to be concerned with California's changing RPS. Although it still does not appear as if energy storage could be a viable solution to address the reliability issues associated with renewable energy, the closing of fossil fueled power plants and decisions to not move forward with future planned new or rehabilitated natural gas facilities have been accelerated. Staff is concerned that the State may soon be unable to meet its energy needs and potential solutions will be costly to rate payers.

Palmdale Power Plant. Upon further analysis, staff believes that the City's participation in a CCA program will have no consequence on whether or not an agency will be willing to execute a Power Purchase Agreement with the Palmdale Power Plant. Although through a CCA the City could choose to purchase its non-renewable power from the Power Plant, the City's energy demand is insufficient to make the Power Plant feasible. As outlined in the December 11, 2018 City Council Meeting, CalChoice does not believe that any of their members would want power from the Power Plant, although their aggregated member demand would still be insufficient, and Los Angeles County's Clean Power Alliance is also not interested in energy from the Power Plant at the moment. Staff is continuing to explore additional options for the Power Plant.

Financial Feasibility of CalChoice. In addition to concerns outlined in the December 11, 2018 Staff Report, staff in trying to learn more about the costs for implementing a CCA program found that according to the City of Lancaster's Comprehensive Annual Financial Report (CAFR), last year CalChoice was operating at a $900,000 deficit. At the time of preparing this staff report, staff has not received information about this loss

from CalChoice representatives, and staff is unable to determine its impacts to the City of Palmdale if it were to join CalChoice.

Next Steps. If the City were to move forward with CalChoice for implementation in June 2020, Council would need to first adopt a budget approving the expenditures needed to implement a CCA program. CalChoice estimates that approximately **$1,339,742** would be needed; however, staff is recommending a budget of $1,500,000 be adopted to fully fund the proposed program up to implementation in June 2020, reducing the General Fund Reserves to 19%. Based on conversations with CalChoice representatives, staff estimates that the budget for the program will be as follows:

- Staff Time and Administrative Costs*: $400,000
- Technical Consultants: $160,000
- CCA Bond & California Independent System Operator Fee: $150,000
- Marketing and Required Noticing: $240,000
- Legal Costs: $100,000
- Contingency: $450,000

**Staff time will also include tentatively recruiting 2½ new positions. One position will be a new Senior Management Analyst, who will be recruited and workspace will be prepared during the 2018/2019 fiscal year to start tentatively on July 1, 2019. The other positions will be a Senior Financial Analyst and providing half of the funding needed for an Administrative Assistant, both of which will be recruited at a later time, when City management feels that the positions will then be necessary to operate the City's CCA.*

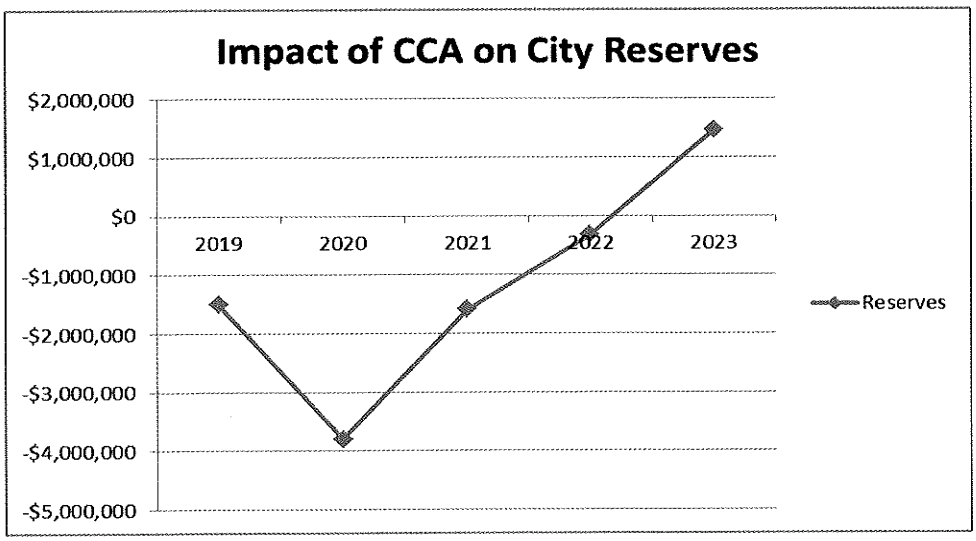
In order to proceed, the Council must adopt Resolution No. CC 2019-029, which will authorize an interfund loan of $1,500,000 from the General Fund Reserves to the Community Choice Aggregation Fund, account number 350-45501. In doing so, Council will also adopt the following budget:

Account Number	Description	2018/2019 FY	2019/2020 FY
350-45501-701000	Salaries – Full Time	$30,100	$233,100
350-45501-705000	Employee Benefits	$14,800	$116,600
350-45501-708000	Car Allowance/Mileage	$500	$4,900
350-45501-710000	Travel and Training	$7,500	$7,500
350-45501-711007	Bond	$150,000	$0
350-45501-721130	Contract Services – Outside Attorney Services	$20,000	$80,000
350-45501-721710	Contract Services – Consulting	$60,000	$200,000
350-45501-721960	Contract Services – Professional Services	$90,000	$141,500
350-45501-722330	Contract Services – Marketing	$0	$240,000

350-45501-735100	Supplies	$10,000	$80,000
350-45501-739500	Equipment Under $5000	$0	$13,500
TOTAL		**$382,900**	**$1,117,100**

It should be noted that the proposed budget is staff's estimate with CalChoice advice on the anticipated costs of moving forward with the implementation of a CCA program. The City will need to revisit the funding of the program during the 2019/2020 fiscal year, at the very least to authorize another Interfund Loan of up to $2.5 million for the cost of operating the newly formed CCA reducing the General Fund Reserve to about 16% which is below the 17% minimum reserve established by the City Council. The CCA is scheduled to commence on June 2020, but will not generate revenue to recoup costs until August 2020 at the earliest. Anticipated operating costs will include power procurement costs, staffing and administrative costs, consulting costs, along with other costs.

CalChoice estimates that stakeholders will save approximately 0.5 percent (one percent of generation costs) through the CCA, which is approximately $0.50 per month for the average household. In approving rates, Council must factor in recouping the City's costs to implement the program. In establishing rates, the City Council would be responsible for holding hearings and voting to establish any needed rate changes to ensure the long-term solvency of the CCA as long as it exists. Based on the pro forma provided by CalChoice and staff's calculations, the CCA will not be able to fully repay the money loaned from the City's General Fund Reserve until 2023 at the earliest.



**Note – Revenue generated by the CCA starting in 2023 will be dedicated funds and use of the funds have specific requirements.*

Staff Recommendation. If the Council determines that the City should move forward with forming a CCA program with the consulting assistance of CalChoice, Council must adopt Resolution Number CC 2019-029, A Resolution Authorizing an Interfund Loan of $1.5 Million from General Fund Reserves to the Community Choice Aggregation Fund. Additionally, Council must approve the proposed budget above, which will allow staff to execute an agreement for Phase II with CalChoice and would authorize staff to take other actions, such as recruiting for a Senior Management Analyst to take the lead with the implementation and ongoing operation of a City CCA.

Submitted by:

Benjamin A. Lucha
Environmental & Technology Manager

Chuck Heffernan, P.E.
Director of Public Works

Reviewed by:

James Purtee
City Manager

Attachments:

1. Resolution No. CC 2019-029
2. Staff report from December 11, 2018 discussing CCA issues

COPY

CITY OF PALMDALE

REPORT to the Mayor and Members of the City Council from the City Manager

DATE: December 11, 2018

SUBJECT: Evaluation of and Potential Participation in a Community Choice Aggregation Program

ISSUING DEPARTMENT: Public Works

SUMMARY

Issues:
Shall the City Council provide direction to staff on the City's potential participation in a Community Choice Aggregation Program?

Recommendation:
Staff recommends the City Council direct staff to work with Los Angeles County's Clean Power Alliance (CPA) to determine if they can provide value to City rate payers and if they would be willing to execute a 15-year Power Purchase Agreement with the Palmdale Power Plant; and to concurrently monitor the success of Lancaster's Community Choice Energy Authority (CCEA) partners for the 2019 calendar year.

Fiscal Impact:
Pursuant to an Agreement with the City, the Lancaster CCEA has reviewed the City's energy needs and prepared a study indicating that City stakeholders could save money through the CCEA's model of a Community Choice Aggregation (CCA) program. However, in light of regulatory changes since the study was prepared (e.g. PCIA fees, etc. as outlined below) that affect California's energy industry, staff is unable to make a determination on the potential impact of joining the CCEA would have on future rates at this time.

On July 11, 2017, the City Council directed staff to enter into a contract with the Lancaster CCEA for $63,000 to perform an initial study and prepare an Implementation Plan for submission to the CPUC. The initial study was prepared in December 2017, but has not been updated to take into consideration the 2018 changes to CPUC policies regarding CCA's. Staff has been waiting for the regulatory requirements implementing the CPUC policies regarding Power Charge Indifference Adjustment (PCIA) fees before proceeding with further CCA investigations due to the potential fiscal impact of the new regulations. Updates to the regulations were released on October 11, 2018, and thus far have a

negative impact on potential CCA savings to ratepayers. If the City were to move forward immediately with a CCA through CCEA, it is anticipated that the City would need to budget at least $621,000 from General Fund Reserves for the 2019 calendar year (according to the Draft Implementation Plan prepared by CCEA, the costs are estimated at $741,000). The City would need to recoup these costs and build CCA reserves to address potential fluctuations in future energy costs, through rates charged to ratepayers through the program.

The Los Angeles County CPA has established their rates for 2019, and while they have taken into consideration the changes mentioned above the rates could still be subject to change. The CPA's lowest renewable energy tier rate is anticipated to be one to two percent lower than SCE rates and they project the ability to continue with similar rate savings in future years due to CPA's 31-city buying power and healthy reserves.

CPA is currently working with another jurisdiction for inclusion as a member and indicated the cost to the jurisdiction to join is approximately $6,000. The City anticipates similar costs, which covers CPA's expense to update their Implementation Plan to accommodate the City of Palmdale's addition to their program. Once updated, there will be no more membership costs to the City, although the City will have some participation obligations along with discretionary expenses that it may incur. CPA's start-up costs have already been financed and have been factored into their current rate structure, although the addition of another jurisdiction may have an effect on their reserves.

Summit Palmdale Development, LLC (Summit), has purchased the rights to the Palmdale Power Plant and is working to bring it to fruition. Joining Lancaster's 5-city CCEA **will not** provide the energy load needed to bring the Power Plant to fruition, even if the CCEA agreed to enter into a Power Purchase Agreement (PPA) with Summit. Summit believes that the execution of a viable Power Purchase Agreement (PPA) is an option that the City should explore with CPA as part of discussions regarding joining the Los Angeles County CCA. Joining a CCA other than CPA would be **detrimental** to the potential to Summit's ability to execute a feasible PPA with CPA. After all milestones are met with the Power Plant, the City will receive a total purchase price of **$22.9 million to $27.4 million** for selling the original rights to the Power Plant to Summit.

BACKGROUND

There are currently two (2) viable CCA options in Los Angeles County: Lancaster's Community Choice Energy Authority (CCEA) and Los Angeles County's Clean Power Alliance (CPA). While these CCAs are fairly new, Marin Clean Energy and Peninsula Clean Energy have been established for a few years in Northern California (due to

distance, they aren't viable options), and work as models for other cities pursuing a CCA. Adopting a resolution for CCEA or an enabling ordinance for CPA will allow the City to participate in its chosen CCA.

A CCA replaces the utility as the default supplier of electricity in residences and businesses, allowing local governments to purchase electricity in the wholesale power market and to sell the power to its residents and businesses. It has the potential to provide cleaner energy based on decisions made by the CCA's governing board.

If the City were to choose to move forward with some form of a CCA, customers typically would not notice the transition from the utility company to the CCA. When a city chooses to participate in a CCA, residents still receive their monthly bill from the utility company. The only change they should see on the bill is a line item charge showing power procurement by the CCA. They would no longer see the power procurement charge from the utility company, but the utility would continue to charge for all other line items on the bill as they previously did. There are typically no changes to infrastructure and customers would not be exposed to other than customary maintenance or emergency outages during the transition phases.

Changes in State Policies Pertaining to CCAs and Energy. Rates will vary between CCAs based on their buying power and the market value of renewables at the time the CCA enters into power procurement agreements. However, recently the CPUC released information on its Power Charge Indifference Adjustment (PCIA), although the decision will continue to be refined and other considerations will be included in their final decision. The purpose of the PCIA is to ensure that utilities do not pass off costs relating to long term PPAs (especially those contracted to meet minimum renewable energy use rules) to rate payers who have remained with them and that aren't a part of a CCA. With the changes, the current PCIA has been adjusted to accommodate what was under-collected last year, at $0.025 per kWh. According to SCE, a medium residential energy user uses less than 700 kWh of energy per month; at 700 kWh, a resident would pay $17.50 in PCIA costs alone. The changes also allow an annual true-up, up to a $0.005 per kWh adjustment per year (an additional $3.50 per month at 700 kWh per month), and requiring departing load customers to pay actual costs. The PCIA fees are significant, passing as much as $21 per month in prior SCE energy contract costs to the average CCA households, eating up the savings anticipated by CCA's. It should be noted that the anticipated 4% savings for a 700 mWh CCA customer equates to $.006 per kWh. Therefore the potential savings margins are extremely fragile, if they exist at all after the PCIA is allocated.

Based on analysis performed by a CCA advocacy group, with the new policy in its current form, it appears as if most CCAs will have to draw on reserves to accommodate the additional costs. It would be difficult for a new CCA to lower rates and at best could probably match the rates of the area's current utility since it would not have built up any

reserves. However, it should be noted that the PCIA has not yet been finalized and actual rate impacts can't be fully determined at this time, but the risk exists.

Another factor that will affect rates is the approved changes to Time of Use (TOU) rates. Customers in SCE territory will see changes to TOU rates for most accounts effective March 1, 2019, shifting peak hours from the middle of the day to 4 – 9 pm. The full financial impact is still unknown, but staff anticipates an increase in energy costs for our streetlights program, parks, offices, and anywhere we provide lighting. Local stakeholders that will be affected the most include any location that has solar panels, especially solar farms; the majority of our residents; and businesses and facilities that do not close their doors before 4 pm.

The change is market driven and a result of the overwhelming success of solar energy. The changes in TOU were seen as a necessity since California's power grid wasn't designed to accommodate solar and there has been an overwhelming demand for renewable energy. Storage technologies are expensive, limited, and can't support the overall needs of the grid; and current supporting non-renewable energy plants aren't designed to start and stop frequently, especially in response to the demand created by renewables and grid customers.

The solar energy industry has already experienced the effects of these market changes. According to a workshop hosted by the California Energy Commission, the value of solar has dropped from $72 per MWh approximately three years ago to around $30 per MWh. Additionally, in the past year, California's grid experienced 700 hours of over generation, which meant that the California Independent System Operator (CalISO) had to pay other utilities to take the State's excess energy in order to prevent damage to the grid and ratepayers equipment with the excess energy (with the additional costs being accommodated by the ratepayers, ratepayers did not get a negative energy rate during those periods). Please see the attached Memo to Council Regarding Changes to Energy Time of Use Rates for more detailed information about changes to TOU and its effects.

An additional factor that will affect energy rates is California's changing Renewable Portfolio Standards (RPS). The RPS sets the minimum mix of renewable energy in the energy provided by a utility or CCA. According to the RPS, energy providers must provide a minimum of 33 percent renewable energy by 2020. Recently, California passed Senate Bill 100, which increased the minimum amount of renewable energy requirement for 2030 from 50 percent to 60 percent and for California to use only carbon free energy by 2045. Although hydroelectric energy is carbon free, if the Northwest United States were to experience another drought, most of the State's hydro energy would be depleted.

As outlined above, reaching the legislated goals will be difficult, if not impossible, with current energy scenarios. Staff can't accurately predict what the impact will be to rates in 2030, much less in 2045. In current energy markets with current technologies, according to an industry expert, a ten percent increase in renewables has caused a doubling of energy generation rates, although grid-wide 100 percent renewable energy is currently impossible regardless of the cost. However, it should further be noted that with the RPS requirements, the increased renewable and carbon-neutral energy that can be considered an important factor for participation in a CCA will soon be eliminated.

Overall, staff has serious concerns with California's energy future. Many factors will affect rates and more importantly, grid reliability. Staff fears that if decision makers continue to make short term decisions, the long term repercussions will be disadvantageous to all rate payers. If action is not taken in the near future, staff fears that the State will have the potential of being forced to create quick and costly energy agreements and adjustments. This issue is exacerbated in the Antelope Valley, where in the event of a natural disaster, could potentially be cut off from a reliable energy source for several months. As outlined in a study performed by a neutral third party consultant (see the attached independent third party consultant review of Palmdale's potential to join a CCA, referred to as "Study" throughout this report), "new CCAs must, out of necessity, rely upon short term contracts for renewables and hydroelectric power and the wholesale spot market (appropriately hedged) for the balance of their needs." Although once established, a CCA will be better positioned to execute the appropriate mix of short-,medium-, and long-term contracts.

Palmdale Power Plant. Although the Palmdale Power Plant will not eliminate issues pertaining to TOU rates, it will help stabilize them for any entity that executes a PPA with Summit. Unlike current natural gas power plants, it is designed to quickly ramp up and down (versus running all day, especially when energy isn't needed, which is what the great majority of the current power plants are doing). Additionally, it will provide needed reliable energy when the planned closure of several natural gas power plants occurs, as is planned for the near future.

In conversations with Summit, who has purchased all rights to the Power Plant, they have concerns with the City's potential participation in a CCA program. Summit believes that if the City were to evaluate joining a CCA, that it should explore the potential of joining CPA, with the highest potential to execute a PPA, with the Power Plant being a central part of the conversation. Joining a CCA other than CPA could be **detrimental** to the chances for Summit to execute a feasible PPA with CPA. CPA has the load needs and potential to execute a PPA that will make the Power Plant financially feasible.

In conversations with CPA staff, they have acknowledged that having the City of Palmdale with its load needs would be desirable to the organization and would entertain

a conversation to determine the feasibility of exploring a PPA with the Power Plant as part of the conversation. Current longer term PPA agreements for CPA have been focused on renewables and storage technologies and they have not explored base load and/or renewable supporting natural gas power plants (energy from natural gas plants has been reviewed for providing resource adequacy power to a limited degree).

If the City were to join CCEA, a PPA for the City alone will not provide the load necessary to bring the Power Plant to fruition. If all partners with CCEA were to execute a PPA with the Power Plant, it still **would not** provide sufficient load for the Power Plant. However, it should be noted that the focus of members of CCEA currently appears to be on renewable energy.

After all milestones are met with the Power Plant, the City would receive a total purchase price of **$22.9 million to $27.4 million** for selling the rights to the Power Plant to Summit. The execution of a feasible PPA by Summit is the only major approval needed prior to submittal of construction drawings to begin meeting all future needed milestones and payments.

Market Factors. The long term feasibility of being members of a CCA should be considered in possibly joining one. Staff believes that long term planning is a necessity for the success of a CCA program. As outlined above, most CCAs are dependent on short term energy agreements. Although this has lowered current costs, energy, like all commodities, does have fluctuations in value and it is not sustainable to be entirely dependent on a short term model.

Additionally, staff has added concerns with the long term financial strength of CCEA. The Board of Directors for CCEA is the Lancaster City Council. The City of Lancaster has taken aggressive steps towards the implementation of solar energy, working towards becoming a "net-zero" city. In its efforts, Lancaster has formed many partnerships with solar energy providers, providing solar PPAs for themselves and for partnering agencies. Staff applauds their sustainability efforts; however, staff does not know how these partnerships work financially; how much is under the Lancaster Power Authority and how much is through the City of Lancaster itself; or what impacts those partnerships have on members of CCEA. As outlined above, the value of solar energy is rapidly declining and staff has no information on what impact that rapid decline would have on the City of Palmdale if it were to join CCEA. Staff was unable to locate any substantial information on the Lancaster Power Authority.

Potentially Becoming a Member of CPA. If the City were to choose to move forward with being a member of CPA, the Council would need to adopt an enabling ordinance. CPA's Governing Board will then evaluate the City's application to join during one of its regular meetings. Assuming the City is accepted as a new member, CPA staff will provide a revised Implementation Plan to the CPUC. CPA staff does not believe it

could provide an adequate Implementation Plan update prior to the January 1, 2019 deadline in order to allow the City to participate in CPA by January 1, 2020 (according to CPUC Resolution E-4907, an Implementation Plan must be submitted to the CPUC prior to January 1 in order to allow the jurisdiction to implement a CCA by January 1 of the following year).

CPA has established their rates for 2019, already taking into consideration the changes as they currently stand mentioned above. CPA members who are receiving energy through its lowest renewable energy tier (36 percent of energy mix) will realize approximately one to two percent savings and on the second renewable mix tier (50 percent) would save approximately one percent or may break even with SCE rates.

If the City were to now join CPA, it would be the 32nd member of the Joint Powers Authority (JPA). Currently the members of the JPA include Los Angeles County, Ventura County, and 29 other Los Angeles and Ventura county cities. The City will have one equal vote as a member of the JPA, Los Angeles County does not get additional considerations for helping to fund the initial start-up costs and to initially bring the program to fruition. In case of an affirmative vote, if the City has the support of at least two other members, it could call for a weighted vote based on annual electrical load. Based on the Study, the City's weighted vote would be approximately five percent (1/20th) of the total vote.

Since its first inception period, only one member asked to join after the fact, although CPA staff believes more will want to join during the 2019 calendar year. CPA in working with the other jurisdiction has incurred the additional cost of approximately **$6,000** and CPA staff anticipates similar costs for the City. The costs are based on the costs to CPA to update their plan to accommodate the City of Palmdale's addition to their program. Once the Implementation Plan has been updated, there will be no more membership costs to the City. However, the City will have some participation obligations as a governing board member of CPA (Directors will be reimbursed for mileage expenses for Governing Board meetings and travel expenses associated with approved conference and similar event participation) along with discretionary expenses that it may incur, such as additional outreach to local stakeholders. CPA's start-up costs have already been financed and have been factored into their current rate structure; therefore, the City would not have any of those financial obligations. Although, it should be noted that admitting another jurisdiction as a member could potentially have an impact on CPA's reserves.

Since an Implementation Plan can't be submitted to the CPUC in time for full implementation in 2020, a central focus on the City's potential to join CPA would be the Power Plant. Although the City's financial considerations with the building of the Power Plant along with its impact to the local economy is attractive to the City, staff has further concerns with long term planning and would want to ensure that all City stakeholders

are protected from the potential negative effects and risks outlined above. Staff does not want to expose City stakeholders to damaging and costly repercussions relating to fluctuating short term energy costs.

Potentially Becoming a Member of CCEA. If the City were to move forward with CCEA, Council would need to adopt a resolution authorizing CCEA staff to work with City staff to submit an Implementation Plan to the CPUC for review and approval. If submitted before January 1, 2019, CCEA believes that the City could start providing CCA services by May 2020. Currently, members of CCEA include the cities of Lancaster, San Jacinto, Pico Rivera, Rancho Mirage, and Apple Valley.

In mid-2017, the City had a feasibility study performed by CCEA. The feasibility study was in the form of a PowerPoint printout and staff felt that it did not have sufficient substance for the City to make an informed decision on the potential for a CCA program. A CCEA representative has informed staff that a CCA program is feasible and submitted a refreshed Draft Implementation Plan to the City for submission to the CPUC. Staff is bringing forward a resolution to allow all necessary documentation to be prepared and submitted in time for the January 1, 2019 CPUC deadline. However, the City **does not** have an updated feasibility study which accommodates the recent regulatory changes in providing energy that have been outlined above. The City's Study has looked at the potential issues, but couldn't state with certainty what the rates would be, or what the further changes to the PCIA may be and the potential rate impacts, but estimated that slight savings may be accomplished or the City may meet rate parity. If the City were to expedite decisions and move forward with what is necessary to meet the deadline, the yearlong process would be needed for the City to work towards implementing the program and for SCE and CalISO to adjust for the shift in load from SCE suppliers. The implementation period is not designed to allow a jurisdiction to change course or decide to move forward with a different program. If the City were forced to change direction or reevaluate its decision, the change could potentially be costly and have repercussions to the City.

If the City were to implement a CCEA CCA program, although the Board of Directors for CCEA is the Lancaster City Council, the City of Palmdale would have the authority to set policies, direct programs, and direct CCEA concerning its desired programs; however, it would be with a caveat. The other services provided by CCEA will be outsourced to consultants with experience and expertise in CCA start-up and operations. The Lancaster City Council would select CCEA's contractors and all selections made by the City would be within the set services selected by Lancaster City Council in their agreement with their contractors. The City has no say in who is used to provide services or how the services are performed. Therefore, in some instances, its buying power can be combined with other CCEA members, *as long as they want to pursue the same course of action*. However, if no other member is interested in the City's planned direction (for example, if the Power Plant is built and is interested in

establishing a PPA with CCEA members), the procurement would only be for the City's needs, *assuming that the agreements CCEA has in place will permit it.* This also means that the City would need to establish its own reserves and, as is the current case with the current PCIA decision, in the early phases of program implementation the City would not have sufficient reserves to protect against policy changes or large market fluctuations.

There are several startup costs that are associated with forming an autonomous or semi-autonomous CCA, including initial power procurement; CCA formation fees; staff and consultant costs; and public notices and information. There are also costs associated with running a CCA which include continued staff and consultant costs; customer service; and payback on any loans. Further cost factors will vary depending on the route City Council decides to pursue. Pursuant to State law, any revenue generated through a CCA must be used for the implementation of the program or to benefit **only** CCA rate payers. If the City were to generate or use revenue beyond what is outlined above, the rates could be interpreted as a tax and could be subject to challenge under Proposition 26. An opt out provision may or may not fully protect the City from a challenge regarding how CCA funds are expended. This issue is untested at this point.

To date, the City has paid $63,000 to CCEA to perform an initial study and an Implementation Plan for submission to the CPUC. If the City were to move forward with a CCA through CCEA, the start-up costs will be significant. Staff is having difficulties with ascertaining the actual costs of implementation, since in practice for most CCA programs, the start-up costs are estimated to be approximately **$1 million**. However, according to information provided to Palmdale by CCEA about start-up costs, they anticipate that the City would need to budget approximately **$621,000** for the 2019 calendar year, their updated Draft Implementation Plan prepared for the City identified that **$741,000** would be needed, and the previous draft provided to the City approximately a year ago identified **$3,000,000**. To meet the implementation costs, the City would need to find financing or fund the full amount as a loan or reimbursable expense through the General Fund.

According to CCEA, the funding will cover the following costs:

- Technical Consultants: $160,000
- CCA Bond & California Independent System Operator Fee: $151,000
- Required Noticing: $60,000
- Power Procurement (estimated): $250,000

There are additional discretionary costs that may also be incurred. The City should be able to recoup the costs through rates charged through the program once implemented. The amount of time needed to recoup the costs depends on the rates adopted by Council in establishing the program and the terms established by the financiers (if

applicable). However, with the concerns staff has with potential rates, staff believes it will be difficult to recoup costs if the City were looking to provide competitive rates and to minimize impacts to local stakeholders. Finally, it should be noted that as an autonomous CCA, the City Council would be responsible for holding hearings and voting to establish any needed rate changes to ensure the solvency of the CCA as long as it exists.

Staff Recommendation. A decision to move forward with a CCA should not be taken lightly. A bad decision would have serious repercussions on everyone in the City. Jumping into the energy market is not without significant risk. If the implementation of the program is rushed or poorly planned, it could possibly drive away local businesses and even residents, leaving the ones who can't leave with an expensive debt to pay. Staff feels that, due to the changing regulatory environment, there is not sufficient information to move forward now with either CCA. However, should the Council elect to move forward as as soon as possible the Lancaster CCEA provides the only option for submitting the documentation required by the CPUC in time to start CCA services by mid-2020.

Based on the information and findings outlined above, staff recommends the City Council direct staff to work with the Los Angeles County CPA to determine if they would be willing to execute a 15-year Power Purchase Agreement with the Palmdale Power Plant and, if so could also provide value to City rate payers through a CCA agreement. Additionally, staff recommends the success of CCEA partners be monitored for the 2019 calendar year to determine the feasibility of participating in CCEA if the City can't come to reasonable terms with CPA and joining CCEA would provide significant value to the City at a manageable risk and cost.

If the Council determines that the City should move forward with CCEA in order to start services by May 2020, Council must adopt Resolution Number CC 2018-087, A Resolution of the City Council of the City of Palmdale Approving the Palmdale Community Choice Aggregation Program Implementation Plan and Statement of Intent Pursuant to Public Utilities Code Section 366.2(c)3. By adopting the Resolution, Council will direct the City Manager to submit an Implementation Plan to the CPUC to start the process for having the City of Palmdale start a Palmdale Community Choice Aggregation Program in 2020.

Submitted by:

Benjamin A. Lucha
Environmental & Technology Manager

Charles Heffernan, P.E.
Director of Public Works

Reviewed by:

James Purtee
City Manager

Attachments:

1. Independent Third Party Consultant Review of Palmdale's Potential to Join a CCA
2. Memo to Council Regarding Changes to Energy Time of Use Rates
3. Resolution No. CC 2018-087
4. Palmdale Community Choice Aggregation Program DRAFT Implementation Plan

After the posting of the Agenda, the attached document(s) for item no(s) CC Item 5.1 was/were made available to the public and distributed to the Council/Authority/Agency at the

City Council Meeting

(CC/HA/IDA/PAA/PCA/PFA/SA)

3/19/2019

(DATE OF MEETING)

CITY OF PALMDALE

REPORT to the Mayor and Members of the City Council from the City Manager

DATE: March 19, 2019

SUBJECT: Supplemental Information Regarding Item 5.1 of March 19, 2019 City Council Meeting Regarding Decision on Potentially Forming a Community Choice Aggregation Program

ISSUING DEPARTMENT: Public Works

SUMMARY

Issues:
In staff's efforts to prepare the Staff Report for this item in time to meet internal and external deadlines, it has come to our attention that the Staff Report as written contains information which differs from that held by California Choice Energy Authority (CalChoice). Staff requests Council review the following in conjunction with Item 5.1.

Recommendation:
Not Applicable, please see Item 5.1.

Fiscal Impact:
Not Applicable, please see Item 5.1.

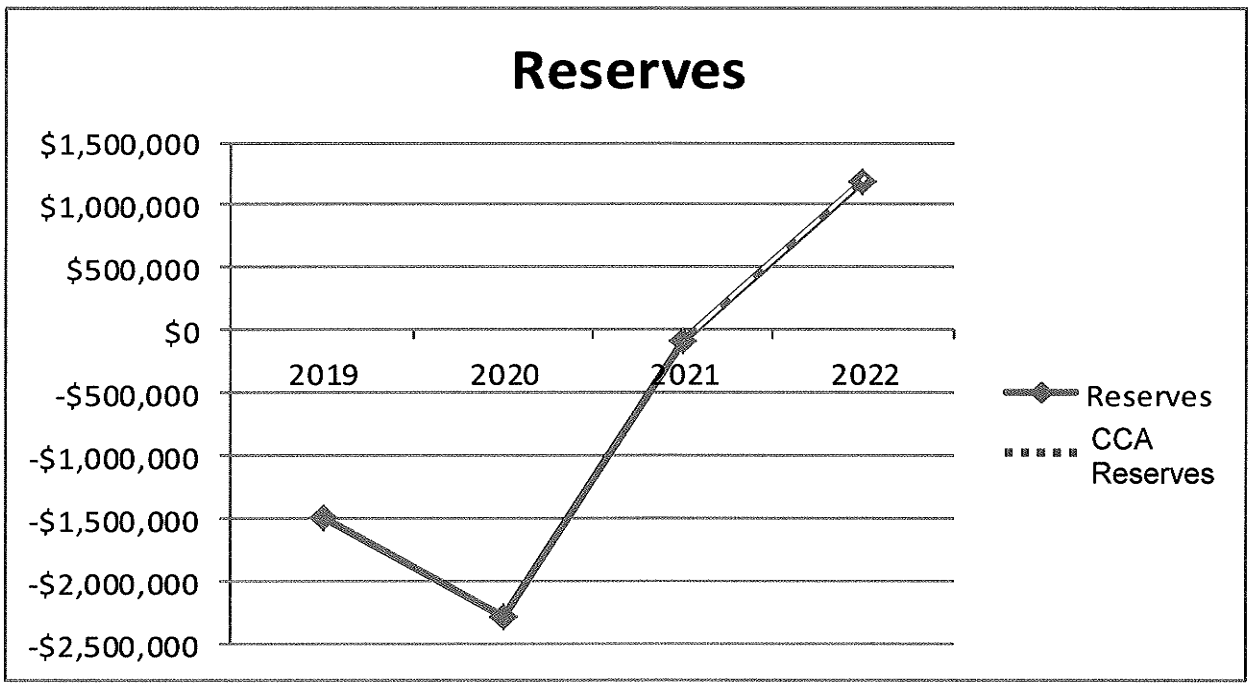
BACKGROUND

Financial Feasibility of CalChoice. In our staff report we indicated that CalChoice operated at a $900,000 deficit last year, which is based on information found in Lancaster's Comprehensive Annual Financial Report (CAFR) for the 2018/2019 Fiscal Year (FY). CalChoice recently provided staff with its Financial Statement and reviewed the information with them. The misunderstanding stems from the $2,243,082 that was transferred in to the account as outlined in the CAFR. According to CalChoice that was Lancaster's proportionate share based on their load paid to CalChoice, which was labeled as a Transfer In rather than a payment. According to CalChoice, the proportional amounts should decrease as more members join their Joint Power Agreement (JPA) since the economies of scale created by more members increases at a lesser proportion than the increased load. According to CalChoice's Pro Forma, our share will be in the $800,000 to $1,040,000 range depending on the operating year.

Next Steps. CalChoice asserts that the Community Choice Aggregation (CCA) won't need an additional $2,500,000 to operate and the proposed interfund loan of $1,500,000 is more than sufficient. Staff made the assessment that the City needed financial backing for the expenses that will be incurred in the 2019/2020 FY, since it was assumed the City won't generate revenue until July or August of 2020. However, CalChoice asserts that the City won't need the backing since they have negotiated deferred payments from their suppliers for about 45 days, which will allow the City to receive revenue, which will be put in our account, before we have to make payments on the service.

It should be noted that the $1,500,000 does not included funds required to be put in the "lockbox" fund, which is anticipated to be in the $200,000 to $500,000 range. CalChoice asserts that since these are funds held in a trust account and not intended to be spent that it isn't an expense to the City. However, staff feels that it is an expense since the money would be unavailable until the Palmdale CCA generates sufficient revenue to take it out and place it back in the City's reserves.

In summary, if the City chooses to follow CalChoice's recommendation and the Council chooses to not provide the financial backing needed for the account and to expect sufficient revenue to be generated with the time allotted for payments, staff will return to Council in the 2019/2020 FY for another interfund loan of approximately $500,000 for the lockbox. The following revised table has been prepared to outline the City's anticipated return on investment.



As noted above, the CCA will fully repay the funds loaned from the City's General Fund Reserve in 2022 and not 2023. However, all revenue generated from 2022 forward will be dedicated CCA funds and pursuant to State law, the City must follow specific requirements pertaining to the use of these funds.

Submitted by:

Benjamin A. Lucha
Environmental & Technology Manager

Charles Heffernan, P.E.
Director of Public Works

Reviewed by:

James Purtee
City Manager

A-6849

CITY OF PALMDALE
CITY CLERK ORIGINAL

INTERFUND LOAN AGREEMENT

Approved by the City of Palmdale City Council with Resolution No. CC 2019-029, this Loan Agreement (Agreement) is executed as of March 19, 2019, between the General Fund (Lender) and the Community Choice Aggregation Fund (Borrower). Lender agrees to lend to Borrower, and Borrower agrees to repay Lender, an amount not to exceed the Principal Amount and interest accrued on the unpaid loan balance, in accordance with the following:

1. **Purpose of the Loan.** To provide funds for use by the Borrower or its designee to provide funding to cover all anticipated costs for implementing Community Choice Aggregation programs including startup, community engagement and establishment of staff structure based on an approved budget and plan.

2. **Principal Loan Amount.** Not to exceed $1,500,000. The loan will be recorded as Note Receivable to the Lender and Note Payable to the Borrower.

3. **Term of the Loan.** The term of this loan shall be five years, beginning on the Effective Date, and shall be repaid in full as of March 19, 2024.

4. **Scheduled Payments.** Borrower shall make payments annually against principal and interest. The first payment shall commence on the date that is one year from the Effective Date of this Agreement. At a minimum, each annual scheduled payment shall equal the amount of any accrued interest through the date of payment, plus a principal payment equal to one-fifth (1/5) of the original principal amount. Payments will be credited first to interest then due, and then to principal. Borrower may make partial or complete payment of principal and earned interest at any time before its due date and without any prepayment penalty.

5. **Rate of Interest.** Interest shall accrue at a rate of 2.280%, the City's Pooled Investment Rate, fixed monthly, calculated, and accrued in the same manner that the City would otherwise earn interest on the funds if deposited and earning interest as a pooled investment. Loan interest will be recorded as revenue to the Lender and expenditure to the Borrower.

A-6849

6. **General Provisions.** This Agreement constitutes the full Agreement by and between the parties and no other representations have been made regarding the contents of this Agreement. This Agreement shall not be amended, modified, or altered in any respect unless such amendment, modification, or alteration has been reduced to writing and executed by both parties.

LENDER

James Purtee, City Manager
City of Palmdale

APPROVED AS TO FORM

Wm. Matthew Ditzhazy, City Attorney

ATTEST:

Rebecca J. Smith, City Clerk

BORROWER

James Purtee, City Manager
City of Palmdale

APPROVED AS TO FORM

Noel Doran, Assistant City Attorney

ATTEST:

Rebecca J. Smith, City Clerk

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE – FINANCE DIVISION**

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-089, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DESIGNATING BY TITLE AND NAME THOSE OFFICIALS WHO ARE AUTHORIZED TO SIGN CHECKS AND WARRANTS, AND REPEAL RESOLUTION NO. CC 2021-065**

ISSUE

Adopt Resolution No. CC 2021-089, a Resolution of the City Council of the City of Palmdale designating by title and name those officials who are authorized to sign checks and warrants and repeal Resolution No. CC 2020-065.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2021-089 designating by title and name those officials who are authorized to sign checks and warrants, and repeal Resolution No. CC 2020-065.

DISCUSSION

Resolution No. CC 2021-089 will reflect the hiring, appointment, or deletion of the following, and add or delete him or her as an authorized signer of checks and warrants for the City.

Marie Ricci, Assistant City Manager– Deleting
TBD, Assistant City Manager, Adding

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Janelle Samson, Assistant Finance Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-089

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-089

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DESIGNATING BY TITLE AND NAME THOSE OFFICIALS WHO ARE AUTHORIZED TO SIGN CHECKS AND WARRANTS, AND REPEAL RESOLUTION NO. CC 2020-065.

WHEREAS, the City has engaged various financial institutions as depositories of City moneys: and

WHEREAS, the City Council has, by ordinance, heretofore designated by title certain officials who are authorized to sign checks, drafts, warrants or other orders for the payment of money drawn in the name of the City.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. For purposes of implementing Section 4 of Ordinance No. U-1146, the following persons are designated by name and are expressly authorized to sign checks, drafts, warrants or other orders for the payment of money drawn in the name of the City:

Mayor	- STEVEN D. HOFBAUER
or	
Mayor Pro Tem	- LAURA BETTENCOURT
or	
City Manager	- JOHN J. MURPHY
or	
Assistant City Manager	- TBD
or	
Finance Manager	- KEITH KANG
or	
City Treasurer	- KEITH KANG
or	
Assistant Finance Manager	- JANELLE SAMSON
or	
Deputy City Treasurer	- JANELLE SAMSON

SECTION 2. Resolution No. CC 2020-065 is repealed in its entirety.

SECTION 3. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 7th day of September, 2021.

_____
Steven D. Hofbauer, Mayor

Approved as to form:

ATTEST:

_____
Christopher L. Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September, 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE – FINANCE DIVISION**

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT WITH EIDE BAILLY, LLC TO PROVIDE AUDITOR SERVICES IN AN AMOUNT NOT TO EXCEED $323,792 FOR A TWO (2) YEAR TERM**

ISSUE

Approve agreement with Eide Bailly, LLC for auditing services in an amount not to exceed $323,792, for a two (2) year term commencing July 1, 2021 through June 30, 2023.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement A-7499 for auditing services between the City of Palmdale and Eide Bailly not to exceed $323,792 for a term of two (2) years commencing July 1, 2021 through June 30, 2023.

2. Direct the City Attorney to finalize the Agreement and authorize the City Manager or his designee to execute the agreement, including making minor and non-substantive changes.

BACKGROUND

The City of Palmdale is required to have annual audits performed by an independent audit firm in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Governmental Auditing Standards issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended in 1996, and the U.S. Office of Management and Budget (OMB) circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

In 2017, the City engaged in an agreement with Vavrinek, Trine, Day & Company to provide auditing services for the City of Palmdale, The Palmdale Civic Authority, the Palmdale Financing Authority, the City of Palmdale Housing Authority, and the Palmdale Community Foundation. In addition to performing financial audits, they have also performed the Single Audit, an audit of the City's GANN limit calculation.

In May 2019, Eide Bailly, LLC acquired Vavrinek, Trine, Day & Company. As a result of the acquisition, the City's engagement continued with Eide Bailly, LLC. In 2019 and 2020, the City opted to exercise its two options to extend the agreement with Eide Bailly, LLC through June 30, 2021.

DISCUSSION

The contract with Eide Bailly, LLC expired June 30, 2021. In an effort to meet the audit deadline of Fiscal Year 2020-21, the City's engagement with Eide Bailly, LLC continued after June 30, 2021 in the months of July and August 2021.

Prior to that expiration, staff assessed the feasibility of issuing a Request for Proposal for audit services. After reviewing the requirements of new Governmental Accounting Standards Board (GASB) pronouncements such as GASB 84 (Fiduciary Activities) and GASB 87 (Leases), staff determined that extending the agreement with Eide Bailly, LLC for an additional two (2) years is beneficial to the City until a Request for Proposal can be issued in Fiscal Year 2022-23.

The City is entering into a two (2) year agreement with Eide Bailly, LLC to perform the audit of the City's Annual Comprehensive Financial Report for the City of Palmdale and all Component Units, including the Palmdale Civic Authority, Palmdale Finance Authority, City of Palmdale Housing Authority and the Palmdale Community Foundation. In addition to these services, Eide Bailly will perform the Single Audit, an audit of the City's compliance with federally funded programs and other services, which are outlined in Section 1 – Description of Services in the attached Agreement.

Eide Bailly, LLC is a top 25 CPA and consulting firm. Their knowledge and expertise will continue to benefit the City, solidifying our financial strength and positioning us for future growth and stability. Eide Bailly, LLC has extensive experience auditing California Cities, Counties, School Districts, and Other Special Districts creating a vast knowledge of California Revised Statutes and California Administrative Codes. The firm also has extensive experience auditing the City of Palmdale – in depth knowledge of the City's Departments and employees including operations, internal controls, and risks making the potential transition seamless while the new GASB standards are implemented.

FISCAL IMPACT

The total cost for the two (2) year period is $323,792; a total of $161,896 per fiscal year. The annual amount of $161,896 is budgeted and available for both FY 2021-22 and FY 2022-23 in consultant services-audit account(s): 10115001, 25018001, 46062000, 29164006, 29364002, 73451000, 7355100, 73851000, 73951000 and 7405100.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Janelle Samson, Assistant Finance Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Agreement A-7499 Eide Bailly, LLC

AGREEMENT NO. A-7499
CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF PALMDALE AND EIDE BAILLY

THIS CONTRACT FOR CONSULTANT SERVICES ("Contract" herein) is made and entered into this 01 day of July, 2021 by and between the City of Palmdale a public body corporate and politic, (hereinafter called "CITY") and EIDE BAILLY (hereinafter called "CONSULTANT").

RECITALS

WHEREAS, City desires to engage CONSULTANT to provide certain consultant services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in this Contract. And, if required, is duly registered under the laws of the State of California; and

WHEREAS, CONSULTANT desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages CONSULTANT, and CONSULTANT accepts such engagement, to provide the following services:

Auditor shall audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprises the basic financial; statements of the City as of and for each year of the Contract term.

A. City of Palmdale Comprehensive Annual Financial Report (CAFR):

- The Auditor will conduct the examination of the City's financial statements in accordance with generally accepted auditing standards and Government Auditing Standards for the fiscal years ending June 30th 2021 and June 30th 2022.

- The City will have the responsibility of preparing the annual CAFR.

B. City of Palmdale Civic Authority (the Authority):

- The Auditor will conduct an examination of the Authority's financial statements in accordance with generally accepted auditing standards and Government Auditing Standards for the fiscal years ending June 30th, 2021 and June 30th, 2022.

- The CITY will have the responsibility of preparing the annual financial statement.

C. City of Palmdale Financing Authority Audit

- The Auditor will conduct an examination of the Authority's financial statements in accordance with generally accepted auditing standards and Government Auditing Standards for the fiscal years ending June 30th, 2021 and June 30th, 2022

- The CITY will have the responsibility of preparing the annual financial statement.

D. City of Palmdale Housing Authority (Housing Authority):

- The Auditor will conduct an examination of the Housing Authority's financial statements in accordance with generally accepted auditing standards and Government Auditing Standards for the fiscal years ending June 30th 2021 and June 30th, 2022.

- The CITY will have the responsibility of preparing the annual financial statement.

E. City of Palmdale Community Foundation (the Foundation):

- The Auditor will conduct an examination of the Housing Authority's financial statements in accordance with generally accepted auditing standards for the fiscal years ending June 30th 2021 and June 30th, 2022.

- The Auditor will prepare the tax returns for each fiscal year by May 15th of the following year.

- The CITY will have the responsibility of preparing the annual financial statement.

F. The Single Audit:

- The Auditor will supply a multiple part auditor's report on the City's compliance with requirements of Federally-funded programs for which it receives funding, in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget's (OMB) Circular A-133 ("Audits of States, Local Governments and Non-Profit Organizations'), and the GAO's Government Auditing Standards, January 2007 Revisions for the fiscal years ending June 30th 2021 and June 30th, 2022

- The Auditor will submit the Single Audit and the Single Audit Form SF-SAC with the

Federal Audit Clearing House (FAC}.

- The City will have the responsibility of preparing the Schedule of Expenditures of Federal Awards

G. Gann Limit:

- The Auditor will conduct an Agreed Upon Procedures Examination of the Appropriations Limit Calculation in accordance with procedures as presented in the League of California Cities publication Agreed Upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-8 of the California Constitution for the fiscal years ending June 30th 2021 and June 30th, 2022.

H. City Hotel Tax Ordinance:

- The Auditor shall assist City with financial consulting services related to documenting compliance with City hotel tax ordinance.

- The Auditor shall verify, by recalculation, the mathematical accuracy of the monthly TOT Returns for the period of two (2) calendar years covering tax collection from January through December for June 30th 2021 and June 30 2022.

- The Auditor agrees the tax rate used in calculating the TOT in the TOT Returns to the tax rate stated In the City Ordinance.

- The Auditor shall compare rental revenues from the TOT Returns to the sum of the Lodge's monthly revenue summaries for the period of inspection.

- The Auditor shall select ten (10) days to test for the period of Inspection. For each of these days, Auditor shall total the daily guest room revenue reports and agree the total to the monthly summary.

- The Auditor shall reconcile all bank deposits per the bank statements of the hotel to reported revenues per the monthly TOT Returns for the period of inspection.

- The Auditor shall select a total sample of five (5) tax-exempt guests for the period of Inspection. For each of these guests, Auditor shall verify that the guest stayed more than 30 days. Additionally, Auditor shall agree one day's exempt room revenue from the dally room revenue report to the monthly summary.

- The Auditor shall compare the date the monthly TOT Returns and payments were

filed by the hotel to the due date stated In the Ordinance.

- If provided by the hotel operator, Auditor shall compare the annual revenue per the monthly summaries to the federal income tax return for each calendar year.

- The Auditor shall prepare a report for each hotel establishment noting Auditor's findings, recommendations, and conclusions.

I. Assessment and Community Facilities District:

- The Auditor shall review the following financial statements on behalf of the City as of and for the years ended June 30th 2021 and June 30th, 2022, which includes the Governmental Activities and each major fund, for the year then ended and issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants:

i. Community Facilities District No. 91-1 (Sierra Gateway)

ii. Community Facilities District No. 93-1 (Ritter Ranch)

iii. Community Facilities District No. 2003-1 (Anaverde Improvement Area A)

iv. Community Facilities District No. 05-1 (Trade & Commerce Center)

v. Assessment District No. 2006-1 (Godde Hills Estates Sewer Improvements)

In addition, the Auditor submittal to the City will include certain required supplementary information, including management's discussion and analysis and budgetary comparison information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The Auditor shall indicate the degree of responsibility taken regarding such information but will not audit such information nor express an opinion on it.

The objective of a review is to obtain limited assurance that there are no material modifications that should be made to the financial statements for the statements to be in conformity with accounting principles generally accepted in the United States of America.

- The Auditor will prepare the financial statements for the above-mentioned reports for the fiscal years ended June 30th 2021 and June 30th, 2022.

J. Annual Development Impact Fees Report:

- The Auditor will transcribe data from expenditure and revenue information and trial balances provided by the City onto spreadsheets that summarizes expenditure and revenue items in accordance with Government Code Section 66000 et al.

- The Auditor will sort the revenue and expenditure data in accordance with Government Code that will be consistent with the manner used by the City in prior annual reports. If such a manner is inconsistent with Government Code, the City will provide direction to the Auditor as to which method of presentation to use. The summary spreadsheets will provide the following:

i. The beginning and ending fund balance for each development fee account.

ii. The amount of funds expended on each project for the year just ended.

iii. The amount of developer fees collected and interest earned for the year just ended.

iv. If applicable, a description of each inter-fund transfer or loan made from each development fee account.

v. If applicable, the amount of refunds made pursuant to the Government Code Section 66001.

- The Auditor will transcribe cash balance totals and fund balance totals from trial balances or drafted financial statements provided by the City onto spreadsheets for the purpose of documenting the length of time the City has held such funds.

- If fund balance or cash totals in the development fee accounts are being held by the City for more than five years, the Auditor will identify such development fee accounts to the City.

- From copies of ordinances and resolutions provided to us by the City, the Auditor will summarize the existing developer fee levies by fee type in a schedule and summarize the work in a written report to the City.

CONSULTANT shall perform and complete all such work and services in a manner satisfactory to CITY.

1.2 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion. CITY shall have the right to review and inspect the work during the course of its performance at such times as may be specified by CITY.

1.3 CONSULTANT shall not accept any change of scope, or change in contract provisions, unless issued in writing, as a contract change order or amendment and signed by CITY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

1.4 CITY shall provide to CONSULTANT, without charge, all data, program information, including reports, records, maps, and other information, now in CITY's possession, which may facilitate the timely performance of the work.

2 CITY PROJECT MANAGER

To provide the services required by this Contract, CONSULTANT shall act under the authority and approval of a Project Manager appointed by CITY. The City Project Manager will oversee the work under this Contract, assist CONSULTANT with any necessary information, audit billings, and approve payments. CONSULTANT shall channel reports, deliverables, and special requests through the City Project Manager.

3 CONSULTANT'S KEY PERSONNEL

CONSULTANT's Team and Key Personnel are as follows:

Chad Birdsong, CPA Audit Manager ; Roger Alfaro, Partner

This Consultant Services Contract has been awarded to CONSULTANT based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed herein. CONSULTANT shall not deviate nor substitute any of these team members without prior written approval by CITY.

4 CONTRACT TERM

The term of this contract is TWO (2) years, commencing on July 1, 2021.

5 TAXES

5.1 CONSULTANT shall pay all sales, consumer, use, and other similar taxes required to be paid by CONSULTANT in accordance with state and local laws.

5.2 CONSULTANT is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of CITY. No person employed by CONSULTANT or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 CONSULTANT shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

6 PATENT FEES AND ROYALTIES

CONSULTANT shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or device is specified by CITY for use in the performance of the work and if, to the actual knowledge of CITY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by CITY in the contract documents. CONSULTANT shall indemnify and hold harmless CITY and anyone directly or indirectly employed by CITY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, product or device not specified by CITY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

CONSULTANT shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. CONSULTANT shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY -furnished information.

8 CONSULTANT'S PERSONNEL

8.1 All services required under this Contract shall be performed by CONSULTANT, or under CONSULTANT'S direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 CONSULTANT shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this Contract, and compliance with all reasonable performance standards established by CITY.

8.3 CONSULTANT shall be responsible for payment of all CONSULTANT's employees' and subcontractor's wages and benefits and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

8.4 CONSULTANT shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONSULTANT's acts or omissions with respect to any liability,

damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, CITY shall pay to CONSULTANT an amount not to exceed the sum of Three hundred and twenty thousand dollars ($323.792.00), payable as follows:

Complete Audit for Fiscal Year(s):

Auditor Services: 2021/21	$157,396.00
Development Impact Report	$ 4,500.00
Auditor Services: 2021/22	$157,396.00
Development Impact Report	$4,500.00

Total Contract Price: $323,792.00

The Contract Price is CONSULTANT'S estimate of its charges for all of the services, including all labor, equipment, material, subcontractor and reimbursable costs, to be provided under this Agreement. Progress payments shall be made on a time and material basis. Final payment shall be made upon completion of all services and City acceptance of all deliverables, not-to-exceed the Contract Price.

9.2 CONSULTANT shall perform no work in excess of the total contract price without prior written approval of CITY. Total contract price includes expenses related to travel to and from CITY to meet with City and to appear, if so required, before City Council or any other board or commission of CITY.

9.3 CONSULTANT shall maintain adequate records and shall permit inspection and audit by CITY of CONSULTANT's charges under this Contract. CONSULTANT shall make such records available to CITY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to CITY and any specified public agencies. Such records shall be maintained by CONSULTANT for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event CONSULTANT shall retain its records for the time required by such laws.

Concord - Document ID generated after first signature

9.4 No payment made hereunder by CITY to CONSULTANT, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by CONSULTANT of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT and any contractors or subcontractors working on its behalf agree to indemnify CITY, its officers, employees, agents and elected and appointed boards (hereinafter "Indemnified Parties") for any loss, claim, demand, cause of action, cost, expense, damage, obligation or liability which arises out of CONSULTANT's negligence or willful misconduct in the performance of any work under this agreement. At their own expense, CONSULTANT and, as applicable, any contractors or subcontractors working on its behalf, shall defend any suit, claim or action against the Indemnified Parties founded upon such loss, claim, demand, cause of action, cost, expense, damage, obligation or liability. CONSULTANT shall ensure that the contract of any contractor or subcontractor working under this agreement contain an indemnity agreement, requiring the contractor or subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONSULTANT shall indemnify the Indemnified Parties, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any breach of the aforesaid obligations and covenants, and any other provision or covenant of this agreement. CONSULTANT's indemnity obligation under this paragraph 10 shall not exceed two times the fees to be paid by CITY to CONSULTANT under this Agreement during the year in which the indemnity obligation arises.

11 INSURANCE

11.1 CONSULTANT, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. **Proof of Insurance, as identified in Section 11.8, must be reviewed and accepted by the City Attorney**.

11.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation—coverage as required by the State of California
- Employer's Liability:
  $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

11.1.2 Professional Liability Insurance*

- $1,000,000.00 with no deductible, or;
- Comparable alternative as determined by the City Attorney; and
- Policy form on a claims-made basis

11.1.3 Commercial General Liability

- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability

- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of CONSULTANT's policies shall contain an endorsement providing that written notice shall be given to CITY at least thirty- (30) calendar days prior to termination, cancellation or reduction of coverage in the policy.

11.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, in the same manner as the named insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificate and endorsements shall state: "The City of Palmdale, the Successor Agency of the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Industrial Development Authority of the City of Palmdale, Palmdale Airport Authority, their officers, agents, employees and volunteers are named as additional insured's."

B. "Severability of Interest" clause.

11.4 Promptly on execution of this Contract, and prior to commencement of any work, CONSULTANT shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONSULTANT has the required coverage and showing the required named insureds. Within five (5) days of written request from CITY, CONSULTANT shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

11.5 The requirements as to the types and limits of insurance to be maintained by CONSULTANT are not intended to and shall not in any manner limit or qualify CONSULTANT's liabilities and obligations under this Contract.

11.6 Any policy or policies of insurance that CONSULTANT elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

11.7 All insurance coverage must be maintained throughout the duration of this Contract.

11.8 Acceptable Proof of Insurance:

11.8.1 ACORD Certificate of Insurance listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

11.8.3 *When coverage is provided on a "claims made basis", CONTRACTOR will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONTRACTOR for all claims made by CITY arising out of any acts or omissions of CONTRACTOR, or its officers, employees or agents during the time this Agreement was in effect.

11.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time CONSULTANT fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

12 TERMINATION WITHOUT CAUSE

CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. CONSULTANT shall also surrender to CITY all finished or unfinished documents or programs and other materials, which shall be City's property. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

13 TERMINATION FOR CAUSE

13.1 If the City determines that the CONSULTANT has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any

other respect to satisfactorily perform the services specified in this Contract, the City shall give written notice to the CONSULTANT specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the City's dissatisfaction and suggest corrective measures. If, after thirty days, the CONSULTANT has failed to implement the corrective measures, the City may elect to terminate this Contract, in whole or in part.

13.2 In the event the City terminates this Contract in whole or in part as provided herein above, the City may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

13.3 If this Contract is terminated as provided above, the City may require the CONSULTANT to provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by the CONSULTANT. Upon such termination, the CONSULTANT shall be paid an amount equal to the value of the services provided and work performed as of the date of termination. Such payment by the City may take into consideration the costs associated with hiring another CONSULTANT to complete the services. In the event no new CONSULTANT is employed, the CONSULTANT shall be paid an amount equal to the value of the work performed. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress, to complete and incomplete documents when such are delivered to CITY, and to authorized reimbursement expenses.

The above is in addition to any other remedies available by law or equity to the City.

13.4 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that CONSULTANT was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 12.

14 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and CONSULTANT arising out of, or relating to this Contract, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, research, field notes, investigations, analysis, and studies which are prepared in the performance of this Contract are to be, and remain the property of CITY. CONSULTANT shall furnish CITY, upon its request, originals or reproducible or electronic copies of reports, studies and of all other documents listed above. This provision does not apply to the Auditor's working papers / audit documentation which are the property of the Auditor.

16 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

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16.1 CONSULTANT shall not delegate, subcontract or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY; provided, however, that claims for money due or to become due to CONSULTANT from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegates or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegates or subcontractor shall include the following:

A. The amount involved, together with CONSULTANT's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

16.2 Any assignment, delegation or subcontract shall be made in the name of CONSULTANT and shall not bind or purport to bind CITY and shall not release CONSULTANT from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegates and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to CONSULTANT under this Contract.

17 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

17.1 In performance of this Contract, CONSULTANT shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. CONSULTANT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation or age. Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

17.2 The provisions of subsection 17.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONSULTANT for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONSULTANT and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is

incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

18 FINANCIAL INTEREST CERTIFICATION

18.1 CONSULTANT warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in CONSULTANT's firm.

18.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

19 CONFLICT OF INTEREST

19.1 CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause CONSULTANT to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

19.2 CONSULTANT shall not employ any City official or employee to perform any work required pursuant to this Contract.

19.3 If CONSULTANT is a registered professional engineer or licensed land surveyor and the scope of work requires CONSULTANT'S recommendation of the actual formula to spread the costs of an assessment district's improvements, then CONSULTANT shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) CONSULTANT has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which CONSULTANT received the income. In the event a conflict of interest does arise in that context, City shall select a different CONSULTANT to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to CONSULTANT.

19.4 To the extent required by the City Manager/designee, CONSULTANT shall complete and file with the City Clerk a Form 700 Statement of Economic Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

20 COMPLIANCE WITH LAW

20.1 CONSULTANT shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal law to work in the United States. If CONSULTANT uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONSULTANT.

20.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

21 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

22 ENTIRE CONTRACT AND AMENDMENTS

22.1 This Contract is the complete agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

22.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by CONSULTANT hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

22.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party's right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

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23 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

Steve Hofbauer Date
Mayor

EIDE BAILLY:

8/25/2021

Roger Alfaro Date
Partner

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Highway, Suite D
Palmdale, CA 93550

ADDRESS FOR NOTICE:
EIDE BAILLY
10681 Foothill Blvd., Ste. 300 Rancho Cucamonga, CA
91730

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

ATTEST: If Corporation

Secretary

EideBailly

CPAs & BUSINESS ADVISORS

April 21, 2021

Mr. Keith Kang, CPA
Finance Manager / City Treasurer
City of Palmdale

Dear Keith:

We appreciate the opportunity to continue to serve the City of Palmdale (City) as the independent auditors.

At the request of the City, we have prepared a fee quotation for auditing services for the fiscal years ending June 30, 2021 and June 30, 2022. Our scope of work, which is further delineated in Exhibit A of our current agreement includes the audits/engagements of the:

- City Annual Comprehensive Financial Report
- Palmdale Civic Authority
- Palmdale Financing Authority
- Palmdale Housing Authority
- Palmdale Community Foundation
- Single Audit
- GANN Limit Agreed-Upon Procedures
- Reviews for the Assessment Districts

There are numerous changes affecting governmental agencies including changes in the way services are delivered to constituents in the "new normal" as a result of COVID-19, new accounting standards issued by the Governmental Accounting Standards Board (GASB) and, regulatory requirements associated with CARES Act funding and the American Rescue Plan Act (ARPA).

As a valued client, we propose assisting the City by:

- Providing the City tailored training sessions on General Accounting Topics (for example, GASB 34), GASB 84 - Fiduciary Activities, GASB 87 – Leases and a Regulatory Update (CARES, ARPA and/or Uniform Guidance). The training would be designed for staff involved in carrying out daily activities and implementation (more hands-on, less theory). We propose 6 hours of training sessions specifically for City staff at no additional cost. This is in addition to the firm's regular webinar training sessions that are offered to the City's staff.

- The new lease accounting standard is a significant change in the accounting and financial reporting for local governments. We have assisted other governments with the early adoption/implementation and propose to assist the City by providing up to 16 hours of consulting at no additional cost. We can provide value in the following areas:
    - Identification of contracts that result in lease arrangements within the scope of GASB 87.
    - Assistance with identifying the lease term.
    - Identification of cashflows that are subject to the determination of lease receivables or payables.
    - Guidance on changes to the financial statements and related note disclosures.

Our proposed fees for the 2021 fiscal year audit are $157,396, which reflect a 2% increase from the 2019/2020 contract amount. Further, we agree to hold the fees to the same amount for the 2021/2022 fiscal year.

We feel that Eide Bailly LLP is the best selection for the City. As one of the leading firms in governmental auditing in California, we have invested significant time and resources to proactively address these changes and provide efficient and timely audits. Further, in conformity with Government Code Section 12410.6(b), the firm has provided a new engagement partner starting with the 2020 fiscal year audit. This change to the engagement team provides a "fresh perspective" to the City's policies, procedures and practices while leveraging institutional knowledge gained from prior years to minimize the impact to City staff.

We value serving as the City's independent auditors. Should you have any questions, please feel free to call me at 909.466.4410.

Sincerely,

Roger Alfaro, CPA
Partner

A-7499

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 4/26/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Dawson Insurance, a Marsh & McLennan Agency LLC company
505 Broadway North, Suite 100
Fargo ND 58102

CONTACT NAME: Holly Fitch
PHONE (A/C, No, Ext): 701-237-3311 FAX (A/C, No): 701-232-4442
E-MAIL ADDRESS: holly@dawsonins.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Phoenix Insurance Company	25623
INSURER B : Travelers Property Casualty Co of Amer	25674
INSURER C : Travelers Cas & Surety Co of America	31194
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Eide Bailly LLP
PO Box 2545
Fargo ND 58103

COVERAGES **CERTIFICATE NUMBER:** 1751491447 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC OTHER:			6307206X385	4/29/2021	4/29/2022	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG 	$ 1,000,000 $ 300,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000 $
A	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY X HIRED AUTOS ONLY SCHEDULED AUTOS X NON-OWNED AUTOS ONLY			BA8M6636072043G	4/29/2021	4/29/2022	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) 	$ 1,000,000 $ $ $ $
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			CUP2J961189	4/29/2021	4/29/2022	EACH OCCURRENCE AGGREGATE 	$ 15,000,000 $ 15,000,000 $
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBEREXCLUDED? Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		UB9L19981A2043G	4/29/2021	4/29/2022	X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
C	Employee Theft and Dishonesty			107251131	4/29/2021	4/29/2022	Limit Ded	$5,000,000 $25,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Workers Compensation applies to: AR, AL, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, NY, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WI & WV
Employers Liability applies to above states and ND,OH,WA,WY
Zero Deductible for Auto Liability coverage. Hired Auto Physical Damage Deductible Comp/Coll Ded is $500/$500
City of Palmdale, City of Palmdale in its capacity as the Successor Agency to the CRA, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are additional insured including primary &non-contributory coverage for General Liability and for Auto Liability, to the extent required by written contract, subject to policy terms and conditions. Waiver of Subrogation applies on the General Liability, including Separation of Insureds and Workers' Compensation to the extent required by written contract, subject to policy terms and conditions. 60 days notice of cancellation applies to the extent required

CERTIFICATE HOLDER

City of Palmdale
38300 Sierra Highway, Suite D
Palmdale CA 93550

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Thomas C. Dawson

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A-7499

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED
(Includes Products-Completed Operations If Required By Contract)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

The following is added to **SECTION II – WHO IS AN INSURED**:

Any person or organization that you agree in a written contract or agreement to include as an additional insured on this Coverage Part is an insured, but only:

a. With respect to liability for "bodily injury" or "property damage" that occurs, or for "personal injury" caused by an offense that is committed, subsequent to the signing of that contract or agreement and while that part of the contract or agreement is in effect; and

b. If, and only to the extent that, such injury or damage is caused by acts or omissions of you or your subcontractor in the performance of "your work" to which the written contract or agreement applies. Such person or organization does not qualify as an additional insured with respect to the independent acts or omissions of such person or organization.

The insurance provided to such additional insured is subject to the following provisions:

a. If the Limits of Insurance of this Coverage Part shown in the Declarations exceed the minimum limits required by the written contract or agreement, the insurance provided to the additional insured will be limited to such minimum required limits. For the purposes of determining whether this limitation applies, the minimum limits required by the written contract or agreement will be considered to include the minimum limits of any Umbrella or Excess liability coverage required for the additional insured by that written contract or agreement. This provision will not increase the limits of insurance described in Section **III** – Limits Of Insurance.

b. The insurance provided to such additional insured does not apply to:

(1) Any "bodily injury", "property damage" or "personal injury" arising out of the providing, or failure to provide, any professional architectural, engineering or surveying services, including:

(a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders or change orders, or the preparing, approving, or failing to prepare or approve, drawings and specifications; and

(b) Supervisory, inspection, architectural or engineering activities.

(2) Any "bodily injury" or "property damage" caused by "your work" and included in the "products-completed operations hazard" unless the written contract or agreement specifically requires you to provide such coverage for that additional insured during the policy period.

c. The additional insured must comply with the following duties:

(1) Give us written notice as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, such notice should include:

(a) How, when and where the "occurrence" or offense took place;

(b) The names and addresses of any injured persons and witnesses; and

(c) The nature and location of any injury or damage arising out of the "occurrence" or offense.

(2) If a claim is made or "suit" is brought against the additional insured:

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(a) Immediately record the specifics of the claim or "suit" and the date received; and

(b) Notify us as soon as practicable and see to it that we receive written notice of the claim or "suit" as soon as practicable.

(3) Immediately send us copies of all legal papers received in connection with the claim or "suit", cooperate with us in the investigation or settlement of the claim or defense against the "suit", and otherwise comply with all policy conditions.

(4) Tender the defense and indemnity of any claim or "suit" to any provider of other insurance which would cover such additional insured for a loss we cover. However, this condition does not affect whether the insurance provided to such additional insured is primary to other insurance available to such additional insured which covers that person or organization as a named insured as described in Paragraph **4.**, Other Insurance, of Section **IV** – Commercial General Liability Conditions.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS AUTO EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to the Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

A. **BROAD FORM NAMED INSURED**
B. **BLANKET ADDITIONAL INSURED**
C. **EMPLOYEE HIRED AUTO**
D. **EMPLOYEES AS INSURED**
E. **SUPPLEMENTARY PAYMENTS – INCREASED LIMITS**
F. **HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS**
G. **WAIVER OF DEDUCTIBLE – GLASS**
H. **HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT**
I. **PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT**
J. **PERSONAL PROPERTY**
K. **AIRBAGS**
L. **NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS**
M. **BLANKET WAIVER OF SUBROGATION**
N. **UNINTENTIONAL ERRORS OR OMISSIONS**

PROVISIONS

A. BROAD FORM NAMED INSURED

The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any organization you newly acquire or form during the policy period over which you maintain 50% or more ownership interest and that is not separately insured for Business Auto Coverage. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier.

B. BLANKET ADDITIONAL INSURED

The following is added to Paragraph **c.** in **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any person or organization who is required under a written contract or agreement between you and that person or organization, that is signed and executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to be named as an additional insured is an "insured" for Covered Autos Liability Coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in Section II.

C. EMPLOYEE HIRED AUTO

1. The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

   An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in an "employee's" name, with your permission, while performing duties related to the conduct of your business.

2. The following replaces Paragraph **b.** in **B.5., Other Insurance**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

   b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

   (1) Any covered "auto" you lease, hire, rent or borrow; and

   (2) Any covered "auto" hired or rented by your "employee" under a contract in an "employee's" name, with your

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permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

D. EMPLOYEES AS INSURED

The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

E. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS

1. The following replaces Paragraph **A.2.a.(2)**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

   (2) Up to $3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

2. The following replaces Paragraph **A.2.a.(4)**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

   (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to $500 a day because of time off from work.

F. HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS

The following replaces Subparagraph **(5)** in Paragraph **B.7., Policy Period, Coverage Territory**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

(5) Anywhere in the world, except any country or jurisdiction while any trade sanction, embargo, or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or within such country or jurisdiction, for Covered Autos Liability Coverage for any covered "auto" that you lease, hire, rent or borrow without a driver for a period of 30 days or less and that is not an "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

(a) With respect to any claim made or "suit" brought outside the United States of America, the territories and possessions of the United States of America, Puerto Rico and Canada:

(i) You must arrange to defend the "insured" against, and investigate or settle any such claim or "suit" and keep us advised of all proceedings and actions.

(ii) Neither you nor any other involved "insured" will make any settlement without our consent.

(iii) We may, at our discretion, participate in defending the "insured" against, or in the settlement of, any claim or "suit".

(iv) We will reimburse the "insured" for sums that the "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, that the "insured" pays with our consent, but only up to the limit described in Paragraph **C.**, Limits Of Insurance, of SECTION II – COVERED AUTOS LIABILITY COVERAGE.

(v) We will reimburse the "insured" for the reasonable expenses incurred with our consent for your investigation of such claims and your defense of the "insured" against any such "suit", but only up to and included within the limit described in Paragraph **C.**, Limits Of Insurance, of SECTION II – COVERED AUTOS LIABILITY COVERAGE, and not in addition to such limit. Our duty to make such payments ends when we have used up the applicable limit of insurance in payments for damages, settlements or defense expenses.

(b) This insurance is excess over any valid and collectible other insurance available to the "insured" whether primary, excess, contingent or on any other basis.

(c) This insurance is not a substitute for required or compulsory insurance in any country outside the United States, its territories and possessions, Puerto Rico and Canada.

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You agree to maintain all required or compulsory insurance in any such country up to the minimum limits required by local law. Your failure to comply with compulsory insurance requirements will not invalidate the coverage afforded by this policy, but we will only be liable to the same extent we would have been liable had you complied with the compulsory insurance requirements.

(d) It is understood that we are not an admitted or authorized insurer outside the United States of America, its territories and possessions, Puerto Rico and Canada. We assume no responsibility for the furnishing of certificates of insurance, or for compliance in any way with the laws of other countries relating to insurance.

G. WAIVER OF DEDUCTIBLE – GLASS

The following is added to Paragraph **D., Deductible**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

H. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT

The following replaces the last sentence of Paragraph **A.4.b., Loss Of Use Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

However, the most we will pay for any expenses for loss of use is $65 per day, to a maximum of $750 for any one "accident".

I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT

The following replaces the first sentence in Paragraph **A.4.a., Transportation Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will pay up to $50 per day to a maximum of $1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

J. PERSONAL PROPERTY

The following is added to Paragraph **A.4., Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Personal Property

We will pay up to $400 for "loss" to wearing apparel and other personal property which is:

(1) Owned by an "insured"; and

(2) In or on your covered "auto".

This coverage applies only in the event of a total theft of your covered "auto".

No deductibles apply to this Personal Property coverage.

K. AIRBAGS

The following is added to Paragraph **B.3., Exclusions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Exclusion **3.a.** does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs **A.1.b.** and **A.1.c.**, but only:

a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;

b. The airbags are not covered under any warranty; and

c. The airbags were not intentionally inflated.

We will pay up to a maximum of $1,000 for any one "loss".

L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS

The following is added to Paragraph **A.2.a.**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

Your duty to give us or our authorized representative prompt notice of the "accident" or "loss" applies only when the "accident" or "loss" is known to:

(a) You (if you are an individual);

(b) A partner (if you are a partnership);

(c) A member (if you are a limited liability company);

(d) An executive officer, director or insurance manager (if you are a corporation or other organization); or

(e) Any "employee" authorized by you to give notice of the "accident" or "loss".

M. BLANKET WAIVER OF SUBROGATION

The following replaces Paragraph **A.5., Transfer Of Rights Of Recovery Against Others To Us**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

5. Transfer Of Rights Of Recovery Against Others To Us

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract signed and executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of operations contemplated by

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A-7499

such contract. The waiver applies only to the person or organization designated in such contract.

N. UNINTENTIONAL ERRORS OR OMISSIONS

The following is added to Paragraph **B.2., Concealment, Misrepresentation, Or Fraud**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

The unintentional omission of, or unintentional error in, any information given by you shall not prejudice your rights under this insurance. However this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

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A-7499

TRAVELERS

ONE TOWER SQUARE
HARTFORD CT 06183

WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY

ENDORSEMENT WC 99 03 76 (A) - 001

POLICY NUMBER: UB-9L19981A-19-43-G

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT – CALIFORNIA (BLANKET WAIVER)

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule.

The additional premium for this endorsement shall be 2.00 % of the California workers' compensation premium.

Schedule

Person or Organization	Job Description
ANY PERSON OR ORGANIZATION FOR WHICH THE INSURED HAS AGREED BY WRITTEN CONTRACT EXECUTED PRIOR TO LOSS TO FURNISH THIS WAIVER.	

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

DATE OF ISSUE: 10-30-19 **ST ASSIGN:**

A-7499

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 04/26/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 1-847-385-6800 Edgewood Partners Insurance Center Lemme, a division of EPIC 111 West Campbell 4th Floor Arlington Heights, IL 60005	CONTACT NAME: John Hecht PHONE (A/C, No, Ext): 847-385-6800 FAX (A/C, No): E-MAIL ADDRESS: PSGCerts@lemme.com
INSURED Eide Bailly LLP 4310 17th Avenue S. Fargo, ND 58103	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A: Various Insurers INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES **CERTIFICATE NUMBER:** 62036357 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY HIRED AUTOS ONLY SCHEDULED AUTOS NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $						EACH OCCURRENCE AGGREGATE	$ $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y / N N / A If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $
A	Professional Liability			See Below	05/01/21	05/01/22	Each Claim Aggregate	5,000,000 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The following insurers combine to provide the Professional Liability Insurance referred to above:
Scottsdale Ins. Co. NAIC #41297, Policy #HWS0000125
Aspen Specialty Ins. Co. NAIC #10717, Policy# LR0049M21
Endurance American Specialty Ins. Co. NAIC #41718, Policy #ACL30001050402
Gotham Ins. Co. NAIC #25569, Policy #PL2021APL10040
Underwriters at Lloyd's London / Beat Syndicate & HDI Global, Policy #B0572MR210017

CERTIFICATE HOLDER

City of Palmdale

38300 Sierra Highway, Suite D

Palmdale, CA 93550 USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE – FINANCE DIVISION**

DISTRICT: **4**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-090, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY ('CALPFA") FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING PROJECT LOCATED AT THE SOUTHEAST CORNER OF PALMDALE BOULEVARD AND 52ND STREET EAST LOCATED IN PALMDALE, CALIFORNIA TO BE OWNED BY A LIMITED PARTNERSHIP TO BE FORMED BY RAVELLO HOLDINGS, INCORPORATED.**

ISSUE

1. Adopt Resolution No. CC 2021-090, approving a plan of finance for the issuance of the California Public Finance Authority revenue bonds (Ravello Holdings, Incorporated Project) in an aggregate amount not to exceed $30,000,000 for the purpose of financing the acquisition and construction of a multifamily rental housing project located at the southeast corner of Palmdale Boulevard and 52nd Street East in Palmdale, and certain other matters relating thereto.

RECOMMENDATION

Staff recommends to following:

1. Adopt Resolution No. CC 2021-090, approving a plan of finance for the issuance of the California Public Finance Authority revenue bonds (Ravello Holdings, Incorporated Project) in an aggregate amount not to exceed $30,000,000 for the purpose of financing the acquisition and construction of a multifamily rental housing project located at the southeast corner of Palmdale Boulevard and 52nd Street East in Palmdale, and certain other matters relating thereto.

BACKGROUND

Maison's Palmdale, LP (the "Borrower") has applied to the California Public Finance Authority ("CalPFA") to issue tax-exempt revenue bonds in an amount not to exceed $30,000,000 for financing and refinancing the acquisition and construction of a multifamily

rental housing project located at southeast corner of Palmdale Boulevard and 52nd Street East, Palmdale, California, generally known as the Maison's Palmdale Apartments (the "Project"). The Project will be owned by Maison's Palmdale, LP (the "Borrower") or a partnership of which Ravello Holdings, Inc. (the "Developer") or a related person to the Developer is the general partner.

DISCUSSION

The CalPFA is a political subdivision of the state of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt and taxable conduit bonds for public and private entities throughout California. The CalPFA is authorized to issue bonds to promote economic development and public benefit. It has issued over $1.4 billion of bonds for more than 40 jurisdictions within the State of California. To initiate such financing and for the Borrower to obtain financing, the City must conduct a public hearing and approve the CalPFA's issuance of indebtedness.

Approval by the government jurisdiction in which the proposed facilities are located is a requirement of Section 147(f) of the Internal Revenue Code of 1986 (IRS Code).

The Bonds to be issued by the CalPFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

FISCAL IMPACT

CalPFA is the issuer of the Bonds. The Bonds are not an obligation of the City. The City bears no cost for the issuance of the proposed Bonds and no administrative burden for ongoing reporting and disclosure.

Through CalPFA's Community Benefit Program, CalPFA will share 10% of the annual administrative fees it receives with the City, throughout the term of the Bonds.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Kirsten Perez, Administrative Assistant
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager

Approved as to form: Christopher Beck, City Attorney

ATTACHMENTS

1. Notice of Public Hearing Regarding Issuance of Multifamily Housing Revenue Bonds for Maison's Palmdale Apartments
2. Resolution No. CC 2021-090

NOTICE OF PUBLIC HEARING
REGARDING ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS FOR
MAISON'S VILLAGE APARTMENTS

NOTICE IS HEREBY GIVEN that on September 7, 2021, the City of Palmdale will conduct a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), at which it will hear and consider information concerning a proposed plan of financing providing for the issuance by the California Municipal Finance Authority (the "Authority") of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Code in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed $30,000,000 in outstanding aggregate principal amount (the "Bonds"), to finance or refinance the acquisition and construction of a multifamily rental housing project located at the Southeast corner of Palmdale Boulevard E & 52nd Street E, Palmdale, California. The facilities are to be owned by Maison's Palmdale Blvd 170, LP (the "Borrower") or a partnership of which Ravello Holdings, Inc. (the "Developer") or a related person to the Developer is the general partner (the "Project").

The Bonds and the obligation to pay principal of and interest thereon and any redemption premium with respect thereto do not constitute indebtedness or an obligation of the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

The hearing will commence at 7:00 p.m. or as soon thereafter as the matter can be heard, and will be held in the Council Chamber, 38300 Sierra Highway, Suite B, Palmdale, California. Interested persons wishing to express their views on the issuance of the Bonds or on the nature and location of the facilities proposed to be financed or refinanced may attend the public hearing or, prior to the time of the hearing, submit written comments.

Additional information concerning the above matter may be obtained from, and written comments should be addressed to, City Clerk, 38300 Sierra Highway Palmdale, California 93550 or cityclerk@cityofpalmdale.org.

Dated: _____, 2021

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF MAISON'S VILLAGE APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Maison's Palmdale Blvd 170, LP or a partnership of which Ravello Holdings, Inc. (the "Developer") or a related person to the Developer is the general partner, has requested that the California Municipal Finance Authority (the "Authority") adopt a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed $30,000,000 in outstanding aggregate principal amount (the "Bonds"), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at the Southeast corner of Palmdale Boulevard E & 52nd Street E, Palmdale, California (the "Project"); and

WHEREAS, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the City of Palmdale (the "City") because the Project is located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is the applicable elected representative under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement"), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires the City Council to approve the issuance of the Bonds by the Authority; and

WHEREAS, the City Council understands that its action approving this Resolution do not obligate the City in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and said City Council expressly conditions its approval of this Resolution on that understanding.

NOW, THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The foregoing resolutions are true and correct.

SECTION 2. The City Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

SECTION 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds.

SECTION 4. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

SECTION 5. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

SECTION 6. This resolution shall take effect immediately upon its passage and approval.

SECTION 7. The City Clerk shall certify to the adoption of this resolution.

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-090

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $30,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION AND CONSTRUCTION OF MAISON'S PALMDALE APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Maison's Palmdale LP or a partnership of which Ravello Holdings, Inc. (the "Developer") or a related person to the Developer is the general partner, has requested that the California Public Finance Authority (the "Authority") adopt a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed $30,000,000 in outstanding aggregate principal amount (the "Bonds"), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at the Southeast corner of Palmdale Boulevard E & 52nd Street E, Palmdale, California.

WHEREAS, the Project is located within the City of Palmdale (the "City"); and

WHEREAS, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the City because the Project is located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is the applicable elected representative under Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority; and

WHEREAS, the City Council understands that its actions in holding this public hearing and in approving this Resolution do not obligate the City in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and said City Council expressly conditions its approval of this Resolution on that understanding.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby approves the issuance of the Bonds by the Authority for the purposes of financing the Project. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 12 of the Agreement.

SECTION 2. The officers of the City Council are hereby authorized and directed, jointly and severally, to do any and all things and execute and deliver any and all documents, certificates and other instruments which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby. Any actions heretofore taken by such officers are hereby ratified and approved.

SECTION 3. The City Council expressly conditions its approval of this Resolution on its understanding that the City shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the Authority's issuance of the Loan for the financing of the Project.

SECTION 4. This Resolution shall take effect from and after its passage and approval.

SECTION 5. The City Clerk shall certify to the adoption of this resolution.

PASSED, **APPROVED** and **ADOPTED** this 7th day of September 2021.

APPROVED AS TO FORM:

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Christopher Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____

_____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **September 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE – FINANCE DIVISION**

DISTRICT: **ALL**

SUBJECT: **APPROVE PROFESSIONAL SERVICES AGREEMENT WITH SHUSTER ADVISORY GROUP, LLC FOR DEFINED CONTRIBUTION PLAN CONSULTING AND INVESTMENT FIDUCIARY SERVICES IN AN AMOUNT NOT TO EXCEED $150,000 FOR A THREE (3) YEAR TERM.**

ISSUE

Approve Professional Services Agreement with Shuster Advisory Group, LLC for Defined Contribution Plan Consulting and Investment Fiduciary Services in an amount not to exceed $150,000 for a three- year term with the option to extend the Agreement for two additional one- year terms.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement A-7513 to replace Agreement A-6776 between the City of Palmdale and Shuster Advisory Group, LLC for Defined Contribution Plan Consulting, and Investment Fiduciary Services not to exceed $150,000 for the initial term of three years with an option to extend the Agreement for two additional one-year terms, commencing April 1, 2021 through March 3, 2024.

2. Direct the City Attorney to finalize the Agreement and authorize the City Manager or his designee to execute the agreement, including making minor and non-substantive changes.

BACKGROUND

The City provides its employees with deferred compensation plans to encourage and assist with retirement planning. Mission Square Retirement, formerly known as ICMA-RC, currently provides 457 (b) plan services and administers the City's 401(a) plan along with the Retirement Health Savings (RHS) plan. In an effort to achieve a better investment return on the City's employee retirement assets and for lower expenses, the City entered into an agreement with SFG Retirement Plan Consulting, LLC for the period from September 3, 2019 through September 2, 2022. In December 2020, SFG Retirement Plan Consulting, LLC changed its name to Shuster Advisory Group, LLC. Staff is recommending that the City Council approve the professional services agreement with

Shuster Advisory Group LLC for the new three (3) year term with two additional one-year term options for the total of five (5) years.

DISCUSSION

Under Section 457(b) of the Internal Revenue Code (IRC), government entities may sponsor a deferred compensation plan, while meeting fiduciary responsibilities under California law, to allow employees to defer income tax on retirement savings into future years. Currently, the City is providing employer-sponsored deferred compensation plans under Section 457(b) with Mission Square Retirement. Alongside the 457(b) Plan, the City also offers a separate defined contribution plan under 401(a) of the IRC, which is also with Mission Square Retirement.

As the plan sponsor, the City has certain fiduciary duties and responsibilities under State law (California State Constitution, Article XVI Section 17). These duties and responsibilities focus on ensuring that the operation and investment of the public retirement plan is for the exclusive purpose of providing benefits to participants and beneficiaries. Fiduciary responsibilities include:

- Investing the assets of the plan;
- Administering the plan; and,
- Engaging in a prudent process for making all decisions related to the operation of the plan, including decisions related to the plan's investments and related services.

As the plan sponsor, the City has the right to contract with third-party service providers in fulfilling the City's responsibilities for the plans. The City currently utilizes Mission Square Retirement to provide record keeping and administration services for the plans. Due to increased regulatory responsibilities and the complexity of the investment process and associated responsibilities, staff sought to learn more about trends affecting the employer-sponsored retirement plan marketplace and laws governing fiduciary requirements for the operation of the City's sponsored plans. In addition, in an effort to fulfill the City's fiduciary responsibility to provide plans in the best interests of participating employees, the City sought to conduct a review of the City's 457(b), 401(a), and RHS Plans and a Request for Proposals (RFP) for record-keeping services.

Staff learned of Shuster Advisory Group, LLC and the significant value Shuster's consulting and fiduciary services provided to other municipalities. Staff met with Shuster to find out more about their process and the results Shuster obtained for other cities. Shuster provides fiduciary and consulting services to over 50 other Southern California cities and agencies. These agencies utilize Shuster to evaluate their contract terms, plan fees and investments with their current providers. Shuster also conducted RFP processes resulting in client cities greatly reducing their plan fees and enhancing their investment options.

At no cost to the City, Shuster conducted a review of City's existing plans including a Request for Information (RFI) to industry' leading record-keepers such as MassMutual,

Voya, Empower, Prudential, Lincoln, and ICMA-RC, the City's incumbent provider, at the time of review. The RFI included a review of all contract related data, including but not limited to, administrative fees associated with the plans, investment options, asset values, fixed account interest rates, and additional fees that may be charged by the plans. Utilizing the information obtained through the RFI, and with staff authorization, Shuster then conducted an RFP from leading record-keepers, including the incumbent, to determine whether the incumbent plans were competitive, and fees assessed were reasonable. Based on Shuster's analysis, staff determined that continuing with ICMA-RC as a record-keeper would be most beneficial to the plans.

Shuster provided a proposed comprehensive institutional class investment menu for the 457(b) and 401(a) plans that is lower in cost than the current menus and provides a higher blended fixed interest rate to plan participants. By aggregating plan assets and implementing the new investment menu, the City would: 1) reduce plan and investment fees; 2) enhance the investment options; and, 3) provide participants a competitive fixed interest rate. Shuster's services will provide an annual financial benefit to plan participants (net of consultant costs) of approximately $118,000.

By engaging Shuster to provide investment advisory and consulting services, participants will benefit from a significant reduction in plan record keeping costs, and a reduction in total plan costs, inclusive of the Shuster consultant fee. Shuster would assist the City in performing its fiduciary responsibilities with respect to applicable IRC and California law. Shuster would also assist the City in educating our employees with the goal of increasing participation and help employees become more retirement ready. Shuster would provide conversion support services, including the review and consultation on plan design and provisions. Shuster and Mission Square Retirement would also provide participant communications and education on-site and via web meetings.

FISCAL IMPACT

There is no direct fiscal impact to the City, as the fee for Shuster's services is paid by plan assets at $2,500 per month.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Keith Kang, Finance Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Agreement A-7513 Shuster Advisory Group

AGREEMENT NO. A-7513
CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF PALMDALE AND SHUSTER ADVISORY GROUP, LLC

THIS CONTRACT FOR CONSULTANT SERVICES ("Contract" herein) is made and entered into this 01 day of April, 2021 by and between the City of Palmdale a public body corporate and politic, (hereinafter called "CITY") and SHUSTER ADVISORY GROUP, LLC (hereinafter called "CONSULTANT").

RECITALS

WHEREAS**,** City desires to engage CONSULTANT to provide certain consultant services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in this Contract. And, if required, is duly registered under the laws of the State of California; and

WHEREAS, CONSULTANT desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages CONSULTANT, and CONSULTANT accepts such engagement, to provide the following services:

CITY, as the responsible plan fiduciary for the Plan(s) as further identified in Appendix A, desires to engage CONSULTANT to provide the services described in this Agreement according to the terms of this Agreement.

(A) Fiduciary Services: CONSULTANT shall perform the Fiduciary Services described in Appendix B.

(B) Non-Fiduciary Services: CONSULTANT shall perform the Non-Fiduciary Services described in Appendix C.

(C) CITY acknowledges that CONSULTANT has no responsibility to provide any services related to the following types of assets: employer securities; real estate (except for real estate funds and publicly traded REITs); stock brokerage accounts or mutual fund windows; in-plan retirement income annuity products; participant loans; non-publicly traded partnership interests; other non-publicly traded securities (other than collective trusts and similar vehicles); or other hard-to-value securities or assets. Such assets (except for real estate funds, publicly traded REITs, and collective trusts and similar vehicles) shall be referred to collectively as "Excluded Assets." The Excluded Assets shall be disregarded in determining the Fees payable to CONSULTANT pursuant to this Agreement, and the Fees shall be calculated only on

the remaining assets (the "Included Assets").

- FIDUCIARY AUTHORITY. CITY, as the responsible plan fiduciary has the authority to designate investment alternatives under the Plan and the related trust, and to enter into an Agreement with third parties to assist in these and related duties.

- FIDUCIARY STATUS: LIMITATIONS ON FUNCTIONS. CITY acknowledges that:

(A) In performing the Fiduciary Services, CONSULTANT is acting as a fiduciary of the Plan and as a registered investment advisor under the Investment Advisers Act of 1940.

(B) In performing the Non-Fiduciary Services, CONSULTANT is not acting as a fiduciary of the Plan.

(C) In performing both Non-Fiduciary Services and Fiduciary Services, CONSULTANT does not act as, nor has CONSULTANT agreed to assume the duties of, a trustee or the Plan Administrator, and CONSULTANT has no discretion or responsibility to interpret the Plan documents, to determine eligibility or participation under the Plan, or to take any other action with respect to the management, administration or any other aspect of the Plan.

(D) CONSULTANT does not provide legal or tax advice.

(E) Investments are subject to various market, political, currency, economic, and business risks, and may not always be profitable. As a result, CONSULTANT does not and cannot guarantee financial results.

(F) CONSULTANT may, by reason of performing services for other clients, from time to time acquire confidential information. CITY acknowledges and agrees that CONSULTANT is unable to divulge to the CITY or any other party, or to act upon, any such confidential information with respect to its performance of this Agreement.

(G) CONSULTANT is entitled to rely upon all information provided to CONSULTANT (whether financial or otherwise) from reputable third parities or by CITY, CITY's representatives or third-party service providers to CITY, the Plan or CONSULTANT, without independent verification. CITY agrees to promptly notify CONSULTANT in writing of any material change in the financial and other information provided to CONSULTANT and to promptly provide any such additional information as may be

reasonably requested by CONSULTANT.

(H) CONSULTANT shall not be responsible for voting (or recommending how to vote) proxies of any publicly traded securities (including mutual fund shares) held by the Plan (or its trust). Responsibility for voting proxies of investments held by the Plan or its trust remain with CITY (or, if applicable, the Plan participants).

- REPRESENTATIONS OF CLIENT. CITY represents and warrants as follows:

(A) It is the responsible plan fiduciary for the control and/or management of the assets of the Plan, and for the selection and monitoring of service providers for the Plan. CONSULTANT is entitled to rely upon this statement until notified in writing to the contrary.

(B) The person signing the Agreement on behalf of CITY has all necessary authority to do so.

(C) The execution of this Agreement and the performance thereof is within the scope of the investment authority authorized by the governing instrument and/or applicable laws. The signatory on behalf of CITY represents that the execution of the Agreement has been duly authorized by appropriate action and agrees to provide such supporting documentation as may be reasonably required by CONSULTANT.

(D) The Plan and related Trust permit payment of fees out of Plan assets. CITY has determined that the fees charged by CONSULTANT are reasonable and are the obligation of the Plan; however, if CITY desires, it may pay the fees directly, rather than with Plan assets.

- REPRESENTATION OF CONSULTANT. CONSULTANT represents as follows:

(A) CONSULTANT is registered as an investment adviser ("RIA") under the Investment Advisers Act of 1940.

(B) The person signing this Agreement on behalf of CONSULTANT has the power and authority to enter into and perform this Agreement.

(C) CONSULTANT shall comply with its obligations under TITLE 1.81.5. California Consumer Privacy Act of 2018 the California Consumer Privacy Act and agrees to take all reasonable steps to protect consumer personal information in its possession;

CONSULTANT is not responsible for the assessment of systems and procedures of third parties for the protection of consumer personal information.

CONSULTANT is not responsible for the actions by or the failure to act by CITY, by other service providers, or by Plan participants to protect consumer personal information;

CONSULTANT shall have no liability in the event of a data breach or a violation of participant privacy rights (under the California Consumer Privacy Act or otherwise) unless said breach is the direct result of negligence, recklessness, or willful misconduct of an employee of CONSULTANT.

- STANDARD OF CARE.

(A) CONSULTANT shall perform the Fiduciary Services described in Appendix B to the Plan in accordance with the standard of care of the prudent man rule set forth in the Investment Adviser Act of 1940.

(B) CONSULTANT shall perform the Non-Fiduciary Services described in Appendix C using reasonable business judgment and shall not be liable for any liabilities and claims arising thereunder, unless directly arising from CONSULTANT's intentional misconduct or gross negligence.

- RECEIPT OF DISCLOSURE AND CONSENT TO ELECTRONIC DELIVERY.

CITY acknowledges receipt and undertakes to review and consider the disclosures made by CONSULTANT (including in this Agreement, the Form ADV Part 2 and CONSULTANT's Privacy Policy), in particular the portions related to services, compensation, and potential conflicts of interest, as well as the remainder of the disclosures concerning, among other matters, background information such as educational and business history, business practices such as the types of advisory services provided, the methods of securities analysis used, and the like.

Further, CITY consents to electronic delivery (via email or other generally accepted

method) of current and future distributions of CONSULTANT's Form ADV Part 2 and Privacy Policy. Consent to electronic delivery may be canceled at any time by sending a written request to CONSULTANT.

CONSULTANT shall perform and complete all such work and services in a manner satisfactory to CITY.

1.2 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion. CITY shall have the right to review and inspect the work during the course of its performance at such times as may be specified by CITY.

1.3 CONSULTANT shall not accept any change of scope, or change in contract provisions, unless issued in writing, as a contract change order or amendment and signed by CITY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

1.4 CITY shall provide to CONSULTANT, without charge, all data, program information, including reports, records, maps, and other information, now in CITY's possession, which may facilitate the timely performance of the work.

2 CITY PROJECT MANAGER

To provide the services required by this Contract, CONSULTANT shall act under the authority and approval of a Project Manager appointed by CITY. The City Project Manager will oversee the work under this Contract, assist CONSULTANT with any necessary information, audit billings, and approve payments. CONSULTANT shall channel reports, deliverables, and special requests through the City Project Manager.

3 CONSULTANT'S KEY PERSONNEL

CONSULTANT's Team and Key Personnel are as follows:

Mark Shuster, JoAnn Parrino

This Consultant Services Contract has been awarded to CONSULTANT based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed herein. CONSULTANT shall not deviate nor substitute any of these team members without prior written approval by CITY.

4 CONTRACT TERM

The term of this contract is three (3) years, commencing on April 1, 2021 to March 31, 2024, with the option of extending the agreement two (2) additional one-year terms..

5 TAXES

5.1 CONSULTANT shall pay all sales, consumer, use, and other similar taxes required to be paid by CONSULTANT in accordance with state and local laws.

5.2 CONSULTANT is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of CITY. No person employed by CONSULTANT or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 CONSULTANT shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

6 PATENT FEES AND ROYALTIES

CONSULTANT shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or device is specified by CITY for use in the performance of the work and if, to the actual knowledge of CITY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by CITY in the contract documents. CONSULTANT shall indemnify and hold harmless CITY and anyone directly or indirectly employed by CITY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, product or device not specified by CITY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

CONSULTANT shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. CONSULTANT shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY -furnished information.

8 CONSULTANT’S PERSONNEL

8.1 All services required under this Contract shall be performed by CONSULTANT, or under CONSULTANT’S direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 CONSULTANT shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this

Contract, and compliance with all reasonable performance standards established by CITY.

8.3 CONSULTANT shall be responsible for payment of all CONSULTANT's employees' and subcontractor's wages and benefits and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

8.4 CONSULTANT shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONSULTANT's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, CITY shall pay to CONSULTANT an amount not to exceed the sum of One Hundred Fifty Thousand dollars ($150000.00), payable as follows:

FEE SCHEDULE

(A) The compensation direct and indirect, of CONSULTANT for the performance of the Services is described in Appendix D.

The Contract Price is CONSULTANT'S estimate of its charges for all of the services, including all labor, equipment, material, subcontractor and reimbursable costs, to be provided under this Agreement. Progress payments shall be made on a time and material basis. Final payment shall be made upon completion of all services and City acceptance of all deliverables, not-to-exceed the Contract Price.

9.2 CONSULTANT shall perform no work in excess of the total contract price without prior written approval of CITY. Total contract price includes expenses related to travel to and from CITY to meet with City and to appear, if so required, before City Council or any other board or commission of CITY.

9.3 CONSULTANT shall maintain adequate records and shall permit inspection and audit by CITY of CONSULTANT's charges under this Contract. CONSULTANT shall make such records available to CITY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to CITY and any specified public agencies. Such records shall be maintained by CONSULTANT for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event CONSULTANT shall retain its records for the time required by such laws.

9.4 No payment made hereunder by CITY to CONSULTANT, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by CONSULTANT of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT and any contractors or subcontractors working on its behalf agree to indemnify CITY, its officers, employees, agents and elected and appointed boards (hereinafter "Indemnified Parties") for any loss, claim, demand, cause of action, cost, expense, damage, obligation or liability which arises out of or is in any way connected with the performance of any work under this agreement, including any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of CONSULTANT, its contractors or subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, CONSULTANT and, as applicable, any contractors or subcontractors working on its behalf, shall defend any suit, claim or action against the Indemnified Parties founded upon such loss, claim, demand, cause of action, cost, expense, damage, obligation or liability. CONSULTANT shall ensure that the contract of any contractor or subcontractor working under this agreement contain an indemnity agreement, requiring the contractor or subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONSULTANT shall indemnify the Indemnified Parties, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any breach of the aforesaid obligations and covenants, and any other provision or covenant of this agreement.

11 INSURANCE

11.1 CONSULTANT, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. **Proof of Insurance, as identified in Section 11.8, must be reviewed and accepted by the City Attorney**.

11.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation—coverage as required by the State of California
- Employer's Liability:
  $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

11.1.2 Professional Liability Insurance*

- $1,000,000.00 with no deductible, or;
- Comparable alternative as determined by the City Attorney; and

- Policy form on a claims-made basis

11.1.3 Commercial General Liability
- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability
- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of CONSULTANT's policies shall contain an endorsement providing that written notice shall be given to CITY at least thirty- (30) calendar days prior to termination, cancellation or reduction of coverage in the policy.

11.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, in the same manner as the named insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificate and endorsements shall state: "The City of Palmdale, the Successor Agency of the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Industrial Development Authority of the City of Palmdale, Palmdale Airport Authority, their officers, agents, employees and volunteers are named as additional insured's."

B. "Severability of Interest" clause.

11.4 Promptly on execution of this Contract, and prior to commencement of any work, CONSULTANT shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONSULTANT has the required coverage and showing the required named insureds. Within five (5) days of written request from CITY, CONSULTANT shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

11.5 The requirements as to the types and limits of insurance to be maintained by CONSULTANT are not intended to and shall not in any manner limit or qualify CONSULTANT's liabilities and obligations under this Contract.

11.6 Any policy or policies of insurance that CONSULTANT elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

11.7 All insurance coverage must be maintained throughout the duration of this Contract.

11.8 Acceptable Proof of Insurance:

11.8.1 ACORD Certificate of Insurance listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

11.8.3 *When coverage is provided on a “claims made basis”, CONTRACTOR will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONTRACTOR for all claims made by CITY arising out of any acts or omissions of CONTRACTOR, or its officers, employees or agents during the time this Agreement was in effect.

11.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time CONSULTANT fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

12 TERMINATION WITHOUT CAUSE

CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

13 TERMINATION FOR CAUSE

13.1 If the City determines that the CONSULTANT has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any other respect to satisfactorily perform the services specified in this Contract, the City shall give written notice to the CONSULTANT specifying all defaults to be remedied

within thirty (30) days. Such notice shall set forth the basis for the City's dissatisfaction and suggest corrective measures. If, after thirty days, the CONSULTANT has failed to implement the corrective measures, the City may elect to terminate this Contract, in whole or in part.

13.2 In the event the City terminates this Contract in whole or in part as provided herein above, the City may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

The above is in addition to any other remedies available by law or equity to the City.

13.3 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that CONSULTANT was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 12.

14 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and CONSULTANT arising out of, or relating to this Contract, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, research, field notes, investigations, analysis, and studies which are prepared in the performance of this Contract are to be, and remain the property of CITY and CONSULTANT. CONSULTANT shall furnish CITY, upon its request, reproducible or electronic copies of reports, studies and of all other documents listed above.

16 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

16.1 CONSULTANT shall not delegate, subcontract or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY; provided, however, that claims for money due or to become due to CONSULTANT from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegates or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegates or subcontractor shall include the following:

A. The amount involved, together with CONSULTANT's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

16.2 Any assignment, delegation or subcontract shall be made in the name of CONSULTANT and shall not bind or purport to bind CITY and shall not release CONSULTANT from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegates and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to CONSULTANT under this Contract.

17 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

17.1 In performance of this Contract, CONSULTANT shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. CONSULTANT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation or age. Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

17.2 The provisions of subsection 17.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONSULTANT for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONSULTANT and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

18 FINANCIAL INTEREST CERTIFICATION

18.1 CONSULTANT warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in CONSULTANT's firm.

18.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

19 CONFLICT OF INTEREST

19.1 CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause CONSULTANT to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

19.2 CONSULTANT shall not employ any City official or employee to perform any work required pursuant to this Contract.

19.3 If CONSULTANT is a registered professional engineer or licensed land surveyor and the scope of work requires CONSULTANT'S recommendation of the actual formula to spread the costs of an assessment district's improvements, then CONSULTANT shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) CONSULTANT has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which CONSULTANT received the income. In the event a conflict of interest does arise in that context, City shall select a different CONSULTANT to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to CONSULTANT.

19.4 To the extent required by the City Manager/designee, CONSULTANT shall complete and file with the City Clerk a Form 700 Statement of Economic Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

20 COMPLIANCE WITH LAW

20.1 CONSULTANT shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal law to work in the United States. If CONSULTANT uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONSULTANT.

20.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

21 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by

registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

22 ENTIRE CONTRACT AND AMENDMENTS

22.1 This Contract is the complete agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

22.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by CONSULTANT hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

22.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party's right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

23 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

Steve Hofbauer Date
MAYOR

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Highway, Suite D
Palmdale, CA 93550

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

SHUSTER ADVISORY GROUP, LLC:

Mark Shuster Date
Managing Member

ADDRESS FOR NOTICE:
SHUSTER ADVISORY GROUP, LLC
225 S. Lake Avenue, Suite 600
Pasadena, CA 91101

ATTEST: If Corporation

Secretary

City Council Staff Report

DATE: **September 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE – FINANCE DIVISION**

DISTRICT: **ALL**

SUBJECT: **APPROVE TWO AGREEMENTS WITH NBS GOVERNMENT FINANCE GROUP: 1) AGREEMENT TO PROVIDE ASSESSMENT DISTRICT AMINISTRATION, COMMUNITY FACILITIES DISTRICTS ADMINISTRATION, OTHER RELATED CONSULTING SERVICES, AND CONTINUING DISCLOSURE SERVICES ON ALL DEBTS ISSUED BY THE CITY; 2) AGREEMENT TO PROVIDE CONTINUING DISCLOSURE SERVICES FOR SUCCESSOR AGENCY DEBTS**

ISSUE

Approve two Agreements with NBS Government Finance Group: 1) Agreement No. A-7611 to provide Assessment District administration, Community Facilities Districts administration, other related consulting services, and continuing disclosure services on all debts issued by the City; 2) Agreement No. A-7620 to provide continuing disclosure services for Successor Agency debts, in an amount not to exceed $935,000 ($900,000 for the City and $35,000 for Successor Agency) for a 5-year term; to include 3-year initial term with option to extend each agreement for two additional one-year terms.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve two Agreements with NBS Government Finance Group: 1) Agreement No. A-7611 to provide Assessment District administration, Community Facilities Districts administration, other related consulting services, and continuing disclosure services on all debts issued by the City; and Agreement No. A-7620 to provide continuing disclosure services for Successor Agency debts, in an amount not to exceed $935,000 ($900,000 for the City and $35,000 for Successor Agency) for a 5-year term; to include a 3-year initial term with option to extend each agreement for two additional one-year terms commencing July 1, 2021.
2. Direct the City Attorney to finalize the Agreements and authorize the City Manager or his designee to execute the agreements, including making minor and non-substantive changes.

BACKGROUND

NBS has assisted the City with managing and reporting on behalf of its Special Financing Districts for years. The City's Special Financing Districts include one Assessment District

and six Community Facilities Districts that require continuous management and reporting. Services could include (but are not limited to) notice of special tax disclosures, debt disclosures, delinquency monitoring, reminder and demand letters, data collection, policy review, cost recovery, cash flow analysis, fund analysis, levy submittal, tax roll removal and notice, foreclosure proceedings, resubmission of rejects, maintaining parcel change data, annual reports, prepayment and recalculation of amortization schedules, bond calls, bond tenders, release of liens, notice of special assessment, California Debt and Investment Advisory Commission reporting, and county assessor reporting.

In addition to the administration services for Assessment District and Community Facilities Districts, NBS provides the continuing disclosure services, required by Federal regulations for debts issued by the City of Palmdale and Successor Agency of the City of Palmdale.

Please note the agreement with NBS for Lighting and Landscaping Maintenance Districts is separate and independent from the two agreements discussed in this staff report.

FISCAL IMPACT

The total cost of the two agreements is $935,000 for five (5) years. The annual cost is shown in the table below. The vast majority of the costs will be borne by the Assessment District and Community Facilities Districts while the direct impact to the General Fund will be approximately $258,000 for five (5) years. $35,000 is the cost to the Successor Agency over the five-year term. The annual cost to Successor Agency is $7,000. FY 2022 amounts are budgeted in the below accounts:

Agency	Object Account	FY 2022 Budget
General City	10118001-721419	$51,600
AD & CFD	73451000-721422	$58,700
AD & CFD	73551000-721422	$69,400
AD & CFD	73651000-721422	$24,300
AD & CFD	73851000-721422	$18,400
AD & CFD	73951000-721422	$10,800
Housing Authority	29164006-721421	$3,000
Successor Agency	46062000-721421	$7,000

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Keith Kang, Finance Manager
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Agreement A-7611 NBS Government Finance Group
2. Agreement A-7620 NBS Government Finance Group

AGREEMENT NO. A-7611
CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF PALMDALE AND NBS GOVERNMENT FINANCE GROUP

THIS CONTRACT FOR CONSULTANT SERVICES ("Contract" herein) is made and entered into this 01 day of July, 2021 by and between the City of Palmdale a public body corporate and politic, (hereinafter called "CITY") and NBS GOVERNMENT FINANCE GROUP (hereinafter called "CONSULTANT").

RECITALS

WHEREAS, City desires to engage CONSULTANT to provide certain consultant services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in this Contract. And, if required, is duly registered under the laws of the State of California; and

WHEREAS, CONSULTANT desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages CONSULTANT, and CONSULTANT accepts such engagement, to provide the following services:

1915 ACT ASSESSMENT DISTRICT ADMINISTRATION

Kick-Off Meeting, Project Schedule.

CONSULTANT shall meet with CITY staff, legal counsel and other interested parties to:

- Establish lines of communication.

- Clarify the specific project goals and criteria that will meet the CITY's preference.

- Identify and resolve any special circumstances that may be involved in the administration of the districts.

- Develop project schedules to meet legal requirements and provide for effective interaction of all involved parties.

- Establish meeting dates consistent with schedule to achieve project milestones.

DATA COLLECTION.

CONSULTANT shall gather and review data pertinent to the administration of the 1915 Act Assessment Districts. Data will be obtained from various sources, including CITY records, Assessor's parcel maps, and County Assessor information. CONSULTANT shall maintain and periodically update a database of all parcels within the district and relevant parcel information.

POLICY REVIEW.

CONSULTANT shall review policies and procedures that have been established by the CITY for compliance with the governing documents and law. These policies shall be incorporated into CONSULTANT's service to the CITY.

COST RECOVERY.

CONSULTANT shall identify all costs associated with the administration of the Assessment District and recover those costs through the levy process as outlined in Section 8682 and Section 8682.1 of the California Streets and Highways Code. These costs may include, but not be limited to Registrar/Transfer/Paying Agent fees, Arbitrage Rebate calculation fees, bank fees, and expenses of the CITY and its consultants related to the administration of the district.

FUND ANALYSIS.

CONSULTANT shall determine the balance requirements and acquire the current cash balances for the district. CONSULTANT shall make recommendations to ensure that the flow of funds and fund balances are in compliance with bond documents. Cash flow analysis shall also be performed to determine any levy shortfall or surplus.

LEVY SUBMITTAL.

CONSULTANT shall calculate the annual assessment levy for each parcel in the district and submit the amount for each parcel to the County in the format and medium (i.e. tape, diskette) required by the County Auditor-Controller.

RESUBMISSION OF REJECTS.

CONSULTANT shall research the status of any parcels rejected by the County Auditor-Controller, and resubmit corrected data for collection on the County Tax Roll. Any parcels that are not accepted by the County for collection shall be invoiced directly, with payment directed to the CITY.

MAINTAIN PARCEL CHANGE DATA.

CONSULTANT shall annually track all parcel changes to ensure that all changes are documented. Historical parcel change and assessment apportionment data shall be maintained by CONSULTANT.

ANNUAL REPORT.

CONSULTANT shall provide a comprehensive Annual Report that shall show a detailed listing of the amounts submitted to the County or directly billed for collection, details of delinquent assessments, fund analysis, paid off parcels and release of liens, all bond call activity, and assessed valuation information.

DELINQUENCY MONITORING.

CONSULTANT shall provide a comprehensive list of delinquencies after each special assessment installment becomes due. The delinquency report shall provide the district's overall delinquency percentage as well as a detailed list of each delinquent parcel, with the name and address of the delinquent parcel owner, the delinquent amount and penalties.

PREPAYMENT CALCULATION/AMORTIZATION SCHEDULE.

CONSULTANT shall provide assessment prepayment calculations and amortization schedules to interested parties. The requester shall pay the cost of this service; however, there will be no charge to the CITY or property owners.

BOND CALLS.

CONSULTANT shall prepare the spread of principal to be called within maturities for

all bond calls and coordinate the call with the Paying Agent/Trustee.

RELEASE OF LIENS.

CONSULTANT shall prepare all documents required to release the liens of parcels that have prepaid the assessment.

NOTICE OF SPECIAL ASSESSMENT.

CONSULTANT shall provide a "Notice of Special Assessment" disclosure notice to requesting parties as required by Section 53754 of the Government Code of the State of California. The fee of any Notice of Special Assessment shall be paid by the party requesting the disclosure notice.

TOLL-FREE PHONE NUMBER.

CONSULTANT shall provide a toll-free phone number for use by the CITY, other interested parties and all property owners. CONSULTANT's staff shall be available to answer questions regarding the formation and ongoing collection of assessments for the district. Bilingual staff shall be available for Spanish-speaking property owners.

COUNTY ASSESSOR REPORTING.

CONSULTANT shall work with the County Assessor to aid in complying with the requirements of Revenue & Taxation Code 163. This includes providing data such as parcel number, original assessment and current principal balance to the County Assessor.

COMMUNITY FACILITIES DISTRICT ADMINISTRATION

Kick-Off Meeting, Project Schedule.

CONSULTANT shall meet with CITY staff, legal counsel and other interested parties to:

- Establish lines of communication.

- Clarify the specific project goals and criteria that will meet the CITY's preference.

- Identify and resolve any special circumstances that may be involved in the administration of the districts.

- Develop project schedules to meet legal requirements and provide for effective interaction of all involved parties.

- Establish meeting dates consistent with schedule to achieve project milestones.

DATA COLLECTION.

CONSULTANT shall gather and review data pertinent to the administration of the Community Facilities Districts. Data shall be obtained from various sources such as Assessor's parcel maps, building permits and County Assessor information as determined to be necessary based on the requirements of the Rate and Method of Apportionment. CONSULTANT shall maintain and periodically update a database of all parcels within the district and relevant parcel information.

POLICY REVIEW.

CONSULTANT shall review policies and procedures that have been established by the CITY for compliance with the governing documents and law. These policies shall be incorporated into CONSULTANT's service to the CITY.

ADMINISTRATIVE COST RECOVERY.

CONSULTANT shall identify all costs associated with the administration of the Community Facilities District and recover those costs through the levy process as outlined in Section 53317(e) and Section 53340 of the Government Code of the State of California. Such costs may include, but are not to be limited to: bank fees, legal fees, county tax collection fees, and all costs and expenses of the CITY and its consultants related to district administration.

CASH FLOW ANALYSIS.

CONSULTANT shall determine the cash flow requirement, acquire current fund balances and make recommendations to keep the flow of funds and fund balances in

compliance with the bond documents. Fund transfers might include the transfer of available surplus funds to be used as levy credits or the transfer of reserve funds to the redemption fund upon the prepayment of special taxes. Cash flow analysis shall also be performed to determine any levy shortfall or surplus collections.

SPECIAL TAX REQUIREMENT.

CONSULTANT shall calculate the annual Special Tax Requirement that shall include all necessary components as outlined in the Rate and Method of Apportionment, such as principal and interest due, administrative expenses, collection for direct financing of services or facilities, and a fund credit or replenishment as determined from analysis of the district funds.

LEVY CALCULATION.

CONSULTANT shall calculate the annual special tax levy for each parcel within the Community Facilities District following the guidelines established in the Rate and Method of Apportionment.

MEETING ATTENDANCE.

CONSULTANT shall attend up to two (2) district-related Council/Board meetings related to district administration, as requested by the CITY.

PARCEL TAX REPORTING.

CONSULTANT shall prepare a report with information relating to the imposition of each locally assessed parcel tax required by the addition of Government Code (GC) section 12463.2 (chapter 781, statutes of 2014.).

LEVY SUBMITTAL.

CONSULTANT shall calculate the annual special tax levy for each parcel in the district and submit the amount for each parcel to the County in the format and medium (i.e. tape, diskette) required by the County Auditor-Controller.

RESUBMISSION OF REJECTS.

CONSULTANT shall research the status of any parcels rejected by the County Auditor-Controller, and resubmit corrected data for collection on the County Tax Roll. Any parcels that are not accepted by the County for collection will be invoiced directly, with payment directed to the CITY.

MAINTAIN PARCEL CHANGE DATA.

CONSULTANT shall annually track all parcel changes to ensure that all changes are documented. Historical parcel change and assessment apportionment data shall be maintained by CONSULTANT.

SPECIAL TAX LEVY REPORT.

CONSULTANT shall provide an annual Special Tax Levy Report. This report shall include a parcel listing with levy amounts and other parcel information, the details of the annual Special Tax Requirement, current delinquency information, fund analysis, administrative expenses to be recovered, and status of the project and current issues affecting the districts.

DELINQUENCY MONITORING.

CONSULTANT shall provide a comprehensive list of delinquencies after each special tax installment becomes due. The delinquency report shall provide the district's overall delinquency percentage as well as a detailed list of each delinquent parcel, with the name and address of the delinquent parcel owner, the delinquent amount and penalties.

PREPAYMENT CALCULATIONS.

CONSULTANT shall provide special tax prepayment calculations to interested parties. The party requesting the calculation shall pay the fee of any prepayment calculation.

BOND CALLS.

CONSULTANT shall prepare the spread of principal to be called within maturities for all bond calls and coordinate the call with the Paying Agent/Trustee.

RELEASE OF LIENS.

CONSULTANT shall prepare all documents required to release the liens of parcels that have prepaid the special tax.

CDIAC REPORTING.

CONSULTANT shall perform all necessary reporting to the California Debt and Investment Advisory Commission as required by Section 53359.5(b) and Section 53359.5(c) of the Government Code of the State of California.

NOTICE OF SPECIAL TAX DISCLOSURE.

CONSULTANT shall provide Notice of Special Tax Disclosure notices to requesting parties as required by Section 53340.2 and Section 53341.5 of the Government Code of the State of California. The fee of any Notice of Special Tax shall be billed to the party requesting the disclosure form.

TOLL-FREE PHONE NUMBER.

CONSULTANT shall provide a toll-free phone number for use by the CITY, other interested parties and all property owners. CONSULTANT'S staff shall be available to answer questions regarding the districts and ongoing collection of the special tax. Bilingual staff shall be available for Spanish-speaking property owners.

D-FAST ONLINE.

CONSULTANT has developed proprietary software, called D-FAST for District Fees, Assessments, and Special Taxes. This software is a very powerful administrative tool, which CONSULTANT uses in-house to administer CITY districts. It is also used by public agencies across the United States. D-FAST Online will give CITY "real-time" access to CITY districts and underlying parcel data, allowing CITY to:

- Answer questions in house
- Understand a particular parcel status within a district
- Confirm if there are overlapping districts on a single parcel
- Research other issues

With this software, CITY and CITY staff have enhanced access to the data while CONSULTANT still provides the full administration and toll-free phone support.

ENHANCED ADMINSTRATION SUPPORT.

Communication.

- CONSULTANT shall attend any bondholder meetings or other meeting for which CONSULTANT presence is requested.

- CONSULTANT shall coordinate with bond counsel and foreclosure attorneys on agenda items as needed.

DELINQUENCY MANAGEMENT, WORKOUTS, PAYMENT PLAN ADMINISTRATION.

- CONSULTANT shall provide the foreclosure attorney a filtered Delinquency Detail report showing only the parcels that are in foreclosure. CONSULTANT shall update any foreclosure spreadsheets as needed, provide payoff calculations, check foreclosure fees, and provide information as needed for ultimate loss and litigation cases.

- CONSULTANT shall review Letters of Credit and help to implement procedures for addressing when to draw and renew.

REPORTING.

- CONSULTANT shall answer questions or provide information to the auditors as requested by the CITY.

- CONSULTANT shall handle statistical requests received by various requesting agencies such as California Municipal Statistics.

- CONSULTANT shall provide debt service information needed to complete the

state controllers report.

- CONSULTANT shall provide the narratives and footnotes for the budget and CAFR. CONSULTANT shall also provide the information related to the assessment districts for the District Financial Reports.

- CONSULTANT shall disseminate supplemental information related to continuing disclosure annual reports.

- CONSULTANT shall provide additional reporting as required by AB 2109, AB 1666, and AB 1029.

COST RECOVERY.

- CONSULTANT shall be able to keep track of the invoices received by the CITY so these costs are recovered via the following years levy. The CITY will continue to pay invoices received; however, the CITY will send a copy of all invoices to CONSULTANT. The CITY will provide salary information and time spent per CITY Personnel involved in the administration of these Districts. CONSULTANT shall compile a spreadsheet aggregating the invoices and personnel time on a per District basis so the full amounts are recovered via the levy.

BOND TENDERS.

- CONSULTANT shall calculate the value of the bonds and the amounts that must be paid in cash as part of CONSULTANT's already established Bond Tender Fee.

- CONSULTANT shall have two people verify bond tender calculations (one person will perform the calculation and verify, another person will verify calculations). There shall be no additional fee above and beyond CONSULTANT's already established Bond Tender Fee.

- CONSULTANT shall track and provide a summary of the bonds that have been tendered and track tender credit surpluses.

DELINQUENCY MANAGEMENT.

CONSULTANT shall develop a comprehensive delinquency management program

which includes a discussion and interpretation of the issuer's foreclosure covenant together with a review of the existing policies and procedures of the CITY. This service can be provided as part of overall annual administration or as a stand-alone service. When deemed as the appropriate course of action, CONSULTANT shall perform the following:

DELINQUENCY REPORTS.

CONSULTANT shall provide the CITY with an updated list of delinquencies prior to sending any of the below letters. This report shall also detail each district's percentage of delinquencies, as well as a detailed list of each delinquent parcel.

REMINDER LETTER.

At the CITY's direction, send a reminder letter to the property owner of each delinquent parcel for the December 10th installment. The purpose of the letter is to inform and educate the property owner of their obligation to pay assessments.

DEMAND LETTER.

At the CITY's direction, send a demand letter to the property owner of each delinquent parcel for the April 10th installment. This letter shall be mailed to any property owner who remains delinquent for both installments or who is delinquent for April 10th only. The purpose of this letter is to further educate the property owner and advise them of a potential foreclosure.

FORECLOSURE LETTER.

This type of letter is typically sent after the installments for a parcel have been removed from the tax roll. The letter delineates what amount must be paid directly to the CITY to forestall the turnover of documents to the foreclosure attorney.

TAX ROLL REMOVAL AND NOTICE.

CONSULTANT shall provide the information required to remove parcels from the tax roll and coordinate with the County Auditor Controller to verify the removal. This step is in preparation of turning the parcels over for foreclosure. Once removed from the tax roll, each property owner will receive one final foreclosure letter indicating the amount due and payment instructions. CONSULTANT shall file the Notice of Intent to

Remove delinquent Installments and remove such Notice upon payment of the delinquency.

PAYMENT PLANS.

At the CITY's discretion, CONSULTANT shall offer payment plans to property owners in lieu of turning parcels over to the CITY's foreclosure counsel.

SUBSEQUENT FORECLOSURE SERVICES.

CONSULTANT shall prepare and deliver all information to the CITY's foreclosure counsel. CONSULTANT shall also continue to supply the CITY's counsel with additional information throughout the foreclosure process. CONSULTANT shall continue to respond to property owner and CITY staff phone calls regarding the status of all cases, and shall coordinate and audit status reports on a bi-monthly basis from the CITY's foreclosure counsel.

TOLL-FREE PHONE NUMBER.

CONSULTANT shall provide a toll-free phone number for use by the CITY, other interested parties and all property owners. CONSULTANT's staff shall be available to answer questions regarding the formation and ongoing collection of assessments/special taxes for the districts. Bilingual staff shall be available for Spanish-speaking property owners.

CONTINUING DISCLOSURE.

In accordance with the Continuing Disclosure Certificate of the Bonds, CONSULTANT shall assist to ensure full compliance with the annual disclosure requirement of the SEC Continuing Disclosure Rule 15c2-12. Specifically, CONSULTANT shall perform the following:

DOCUMENT REVIEW.

CONSULTANT shall review pertinent documents of the Bonds, including the Official Statement and Continuing Disclosure Certificate. CONSULTANT shall identify material such as the Consolidated Annual Financial Report and/or other operating data that the Client has agreed to provide in the Continuing Disclosure Certificate.

DATA COLLECTION.

CONSULTANT shall collect the annual financial information and operating data that the Client has agreed to provide to the Electronic Municipal Market Access system, or EMMA.

REPORT PREPARATION.

CONSULTANT shall prepare the Annual Disclosure Report as required in the Disclosure Certificate.

ANNUAL DISSEMINATION.

CONSULTANT shall disseminate the Annual Disclosure Report including CITY Financials to EMMA and any relevant State Information Depository (SID).

SIGNIFICANT EVENTS.

CONSULTANT shall prepare and disseminate a "Notice of Significant Events", as listed on the Continuing Disclosure Certificate, to EMMA, as required in the certificate. Action shall commence upon notification by the Client of the occurrence of any of the events.

ANNUAL COMPLIANCE CERTIFICATION.

CONSULTANT shall provide annual compliance certification in the form of a copy of the EMMA filing confirmation along with a copy of the Annual Disclosure Report.

CITY'S RESPONSIBILITIES. The CITY shall:

- Furnish CONSULTANT with any pertinent information that is available to the CITY and applicable to the services.

- Designate a person to act with authority on its behalf in respect to the services.

- Notify CONSULTANT of the occurrence of any events listed in the Continuing Disclosure Certificate.

- Promptly respond to CONSULTANT's requests for reviews and approvals of its work, and to its requests for decisions related to the services.

- Understand and agree that CONSULTANT is entitled to rely on all information, data and documents (collectively, "Information") supplied to CONSULTANT by the CITY or any of its agents, contractors or proxies or obtained by CONSULTANT from other usual and customary sources including other government sources or proxies as being accurate and correct. CONSULTANT shall have no obligation to confirm that such information is correct and shall have no liability to the CITY or any third party if such Information is not correct.

APPORTIONMENTS.

Parts 10 and 10.5 of the Streets and Highways Code detail the methodology and procedure that the CITY must follow in apportioning the assessment lien on parcels that are reconfigured and/or subdivided. With CONSULTANT's experience in district formation and the development of methods of assessment, CONSULTANT shall be able to ensure that apportionments are properly performed.

Assuming proceeding under the preferred procedure of Part 10.5, CONSULTANT shall perform the following:

APPLICATION FORMS.

CONSULTANT shall provide apportionment application forms and instructions to the CITY's Engineering representative for inclusion as a condition of approval for subdivision within an assessment district.

SEGREGATION.

CONSULTANT shall apportion the special assessment according to the method of spread as described in the engineer's report.

NOTICE OF APPORTIONMENT.

CONSULTANT shall prepare a notice of apportionment and send it via certified mail to the issuing underwriter, as required.

ASSESSMENT DIAGRAM.

CONSULTANT shall prepare an amended assessment diagram and notice. The diagram and notice shall be filed and recorded with the County Recorder.

AMORTIZATION SCHEDULE.

CONSULTANT shall prepare an amortization schedule for each newly created assessment type.

APPORTIONMENT REPORT.

CONSULTANT shall prepare and submit to the CITY an Apportionment Report showing the finalized apportionment and the amended assessment diagram.

In the event proceedings are undertaken under Part 10, the following additional items are required:

RESOLUTIONS.

CONSULTANT shall prepare the required resolutions to order the amended assessment, the amended assessment diagram, notices to the property owner, and fix the amount of costs to perform the apportionment.

PUBLIC MEETINGS.

CONSULTANT shall be available to attend any public meetings required to complete the apportionment.

CONSULTANT shall perform and complete all such work and services in a manner satisfactory to CITY.

1.2 Project deliverables shall be reviewed and approved by CITY to determine acceptable completion. CITY shall have the right to review and inspect the work during the course of its performance at such times as may be specified by CITY.

1.3 CONSULTANT shall not accept any change of scope, or change in contract provisions, unless issued in writing, as a contract change order or amendment and signed by CITY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

1.4 CITY shall provide to CONSULTANT, without charge, all data, program information, including reports, records, maps, and other information, now in CITY's possession, which may facilitate the timely performance of the work.

2 CITY PROJECT MANAGER

To provide the services required by this Contract, CONSULTANT shall act under the authority and approval of a Project Manager appointed by CITY. The City Project Manager will oversee the work under this Contract, assist CONSULTANT with any necessary information, audit billings, and approve payments. CONSULTANT shall channel reports, deliverables, and special requests through the City Project Manager.

3 CONSULTANT'S KEY PERSONNEL

CONSULTANT's Team and Key Personnel are as follows:

Kristin Harvey, Senior Consultant; Dave Ketcham, Client Services Director/Project Manager and Tim Seufert, Managing Director

This Consultant Services Contract has been awarded to CONSULTANT based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed herein. CONSULTANT shall not deviate nor substitute any of these team members without prior written approval by CITY.

4 CONTRACT TERM

The term of this contract is three (3) years, commencing on July 1, 2021, with CITY reserving the option to extend the Contract for two (2) additional one year terms each.

5 TAXES

5.1 CONSULTANT shall pay all sales, consumer, use, and other similar taxes required to be paid by CONSULTANT in accordance with state and local laws.

5.2 CONSULTANT is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of CITY. No person employed by CONSULTANT or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 CONSULTANT shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

6 PATENT FEES AND ROYALTIES

CONSULTANT shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or device is specified by CITY for use in the performance of the work and if, to the actual knowledge of CITY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by CITY in the contract documents. CONSULTANT shall indemnify and hold harmless CITY and anyone directly or indirectly employed by CITY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, product or device not specified by CITY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

CONSULTANT shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and CITY shall not be responsible for discovering deficiencies therein. CONSULTANT shall correct any such deficiencies or errors without additional compensation and without cost to CITY, except to the extent any such deficiency is directly attributable to deficiencies in CITY -furnished information.

8 CONSULTANT'S PERSONNEL

8.1 All services required under this Contract shall be performed by CONSULTANT, or under CONSULTANT'S direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 CONSULTANT shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this

Contract, and compliance with all reasonable performance standards established by CITY.

8.3 CONSULTANT shall be responsible for payment of all CONSULTANT's employees' and subcontractor's wages and benefits and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

8.4 CONSULTANT shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONSULTANT's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, CITY shall pay to CONSULTANT an amount not to exceed the sum of Eight Hundred Ninety Six Thousand One Hundred Twenty Nine dollars ($896129.00), payable as follows:

See Exhibit B - Fee Schedule attached.

The Contract Price is CONSULTANT'S estimate of its charges for all of the services, including all labor, equipment, material, subcontractor and reimbursable costs, to be provided under this Agreement. Progress payments shall be made on a time and material basis. Final payment shall be made upon completion of all services and City acceptance of all deliverables, not-to-exceed the Contract Price.

9.2 CONSULTANT shall perform no work in excess of the total contract price without prior written approval of CITY. Total contract price includes expenses related to travel to and from CITY to meet with City and to appear, if so required, before City Council or any other board or commission of CITY.

9.3 CONSULTANT shall maintain adequate records and shall permit inspection and audit by CITY of CONSULTANT's charges under this Contract. CONSULTANT shall make such records available to CITY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to CITY and any specified public agencies. Such records shall be maintained by CONSULTANT for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event CONSULTANT shall retain its records for the time required by such laws.

9.4 No payment made hereunder by CITY to CONSULTANT, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by CONSULTANT of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT and any contractors or subcontractors working on its behalf agree to indemnify CITY, its officers, employees, agents and elected and appointed boards (hereinafter "Indemnified Parties") for any loss, claim, demand, cause of action, cost, expense, damage, obligation or liability which arises out of or is in any way connected with the performance of any work under this agreement, including any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of CONSULTANT, its contractors or subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, CONSULTANT and, as applicable, any contractors or subcontractors working on its behalf, shall defend any suit, claim or action against the Indemnified Parties founded upon such loss, claim, demand, cause of action, cost, expense, damage, obligation or liability. CONSULTANT shall ensure that the contract of any contractor or subcontractor working under this agreement contain an indemnity agreement, requiring the contractor or subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONSULTANT shall indemnify the Indemnified Parties, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any breach of the aforesaid obligations and covenants, and any other provision or covenant of this agreement.

11 INSURANCE

11.1 CONSULTANT, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. **Proof of Insurance, as identified in Section 11.8, must be reviewed and accepted by the City Attorney**.

11.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation—coverage as required by the State of California
- Employer's Liability:
  $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

11.1.2 Professional Liability Insurance*

- $1,000,000.00 with no deductible, or;
- Comparable alternative as determined by the City Attorney; and

- Policy form on a claims-made basis

11.1.3 Commercial General Liability
- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability
- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of CONSULTANT's policies shall contain an endorsement providing that written notice shall be given to CITY at least thirty- (30) calendar days prior to termination, cancellation or reduction of coverage in the policy.

11.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, in the same manner as the named insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificate and endorsements shall state: "The City of Palmdale, the Successor Agency of the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Industrial Development Authority of the City of Palmdale, Palmdale Airport Authority, their officers, agents, employees and volunteers are named as additional insured's."

B. "Severability of Interest" clause.

11.4 Promptly on execution of this Contract, and prior to commencement of any work, CONSULTANT shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONSULTANT has the required coverage and showing the required named insureds. Within five (5) days of written request from CITY, CONSULTANT shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

11.5 The requirements as to the types and limits of insurance to be maintained by CONSULTANT are not intended to and shall not in any manner limit or qualify CONSULTANT's liabilities and obligations under this Contract.

11.6 Any policy or policies of insurance that CONSULTANT elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

11.7 All insurance coverage must be maintained throughout the duration of this Contract.

11.8 Acceptable Proof of Insurance:

11.8.1 ACORD Certificate of Insurance listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the City Attorney.

11.8.3 *When coverage is provided on a "claims made basis", CONTRACTOR will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONTRACTOR for all claims made by CITY arising out of any acts or omissions of CONTRACTOR, or its officers, employees or agents during the time this Agreement was in effect.

11.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time CONSULTANT fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

12 TERMINATION WITHOUT CAUSE

CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. CONSULTANT shall also surrender to CITY all finished or unfinished documents or programs and other materials, which shall be City's property. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

13 TERMINATION FOR CAUSE

13.1 If the City determines that the CONSULTANT has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any

other respect to satisfactorily perform the services specified in this Contract, the City shall give written notice to the CONSULTANT specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the City's dissatisfaction and suggest corrective measures. If, after thirty days, the CONSULTANT has failed to implement the corrective measures, the City may elect to terminate this Contract, in whole or in part.

13.2 In the event the City terminates this Contract in whole or in part as provided herein above, the City may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

13.3 If this Contract is terminated as provided above, the City may require the CONSULTANT to provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by the CONSULTANT. Upon such termination, the CONSULTANT shall be paid an amount equal to the value of the services provided and work performed as of the date of termination. Such payment by the City may take into consideration the costs associated with hiring another CONSULTANT to complete the services. In the event no new CONSULTANT is employed, the CONSULTANT shall be paid an amount equal to the value of the work performed. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress, to complete and incomplete documents when such are delivered to CITY, and to authorized reimbursement expenses.

The above is in addition to any other remedies available by law or equity to the City.

13.4 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that CONSULTANT was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 12.

14 DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and CONSULTANT arising out of, or relating to this Contract, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, research, field notes, investigations, analysis, and studies which are prepared in the performance of this Contract are to be, and remain the property of CITY. CONSULTANT shall furnish CITY, upon its request, originals or reproducible or electronic copies of reports, studies and of all other documents listed above.

16 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

16.1 CONSULTANT shall not delegate, subcontract or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of CITY; provided, however, that claims for money due or to become due to CONSULTANT from CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation, assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegates or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegates or subcontractor shall include the following:

A. The amount involved, together with CONSULTANT's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of CITY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

16.2 Any assignment, delegation or subcontract shall be made in the name of CONSULTANT and shall not bind or purport to bind CITY and shall not release CONSULTANT from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegates and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to CONSULTANT under this Contract.

17 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

17.1 In performance of this Contract, CONSULTANT shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. CONSULTANT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation or age. Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

17.2 The provisions of subsection 17.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONSULTANT for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONSULTANT and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is

incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

18 FINANCIAL INTEREST CERTIFICATION

18.1 CONSULTANT warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in CONSULTANT's firm.

18.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

19 CONFLICT OF INTEREST

19.1 CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause CONSULTANT to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

19.2 CONSULTANT shall not employ any City official or employee to perform any work required pursuant to this Contract.

19.3 If CONSULTANT is a registered professional engineer or licensed land surveyor and the scope of work requires CONSULTANT'S recommendation of the actual formula to spread the costs of an assessment district's improvements, then CONSULTANT shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) CONSULTANT has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which CONSULTANT received the income. In the event a conflict of interest does arise in that context, City shall select a different CONSULTANT to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to CONSULTANT.

19.4 To the extent required by the City Manager/designee, CONSULTANT shall complete and file with the City Clerk a Form 700 Statement of Economic Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

20 COMPLIANCE WITH LAW

20.1 CONSULTANT shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal law to work in the United States. If CONSULTANT uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONSULTANT.

20.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

21 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

22 ENTIRE CONTRACT AND AMENDMENTS

22.1 This Contract is the complete agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

22.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by CONSULTANT hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

22.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party's right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

23 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

Steve Hofbauer Date
MAYOR

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Highway, Suite D
Palmdale, CA 93550

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

NBS GOVERNMENT FINANCE GROUP:

Mike Rentner Date
President and CEO

ADDRESS FOR NOTICE:
NBS GOVERNMENT FINANCE GROUP
32605 Temecula, California 92592
Temecula, California 92592

ATTEST: If Corporation

Secretary

EXHIBIT B - FEE SCHEDULE

Palmdale Contract A-7611

City's Administration Services	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25 (Optional)	FY 2025/26 (Optional)	5 Year Total[1]
AD 2006-01	2,707.50	2,788.73	2,872.39	2,958.56	3,047.32	**14,374.49**
CFD 91-1 (Sierra Gateway)	7,401.83	7,623.88	7,852.60	8,088.18	8,330.82	**39,297.32**
CFD 93-1 (Ritter Ranch)	7,401.83	7,623.88	7,852.60	8,088.18	8,330.82	**39,297.32**
CFD No. 05-1, Special Tax 1	17,835.68	18,370.75	18,921.87	19,489.53	20,074.21	**94,692.05**
CFD No. 05-1, Special Tax 2	13,362.57	13,763.45	14,176.35	14,601.64	15,039.69	**70,943.70**
CFD 2003-1 (Anaverde)	28,038.09	28,879.23	29,745.61	30,637.98	31,557.12	**148,858.03**
CFD 16-1 (Joshua Ranch)	6,207.74	6,393.97	6,585.79	6,783.37	6,986.87	**32,957.73**
Not to Exceed for Each Year	**82,955.24**	**85,443.90**	**88,007.21**	**90,647.43**	**93,366.85**	**440,420.64**

[1] Fees increased by an estimated 3% but will not exceed the annual percent change in the Consumer Price Index.

D-FAST	4,025.43	4,146.19	4,270.58	4,398.70	4,530.66	21,371.55
Enhanced Administration	55,429.44	57,092.32	58,805.09	60,569.25	62,386.32	294,282.42

City's Continuing Disclosure	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25 (Optional)	FY 2025/26 (Optional)	5 Year Total(1)
AD 2006-01	1,324.82	1,364.56	1,405.50	1,447.67	1,491.10	**7,033.65**
2002 Subordinate Lien TAB	1,207.06	1,243.27	1,280.57	1,318.99	1,358.56	**6,408.45**
CFD No. 05-1, 2005 Special Tax Refunding Bonds, Series A	1,605.81					**1,605.81**
CFD No. 05-1, 2007 Special Tax Refunding Bonds, Series A	1,544.97					**1,544.97**
CFD 2003-1, IA A, 2019 Special Tax Refunding	1,604.25	1,652.38	1,701.95	1,753.01	1,805.60	**8,517.18**
Lease Revenue Refunding Bonds, Series 2012	1,164.30	1,199.23	1,235.21	1,272.26	1,310.43	**6,181.43**
Lease Revenue Refunding Bonds, Series 2017	1,626.00	1,674.78	1,725.02	1,776.77	1,830.08	**8,632.65**
Multifamily Housing Revenue Bonds Series 2015	1,325.52	1,365.29	1,406.24	1,448.43	1,491.88	**7,037.37**
Taxable COP (2007 Land Acquisition Financing Project)	1,287.50					**1,287.50**
CFD No. 05-1, 2021 Special Tax Refunding Bonds	2,500.00	2,575.00	2,652.25	2,731.82	2,813.77	**13,272.84**
$13,584,908 Lease Agreement Dated May 1, 2021	1,000.00	1,030.00	1,060.90	1,092.73	1,125.51	**5,309.14**
Dissemination per Report (13 x 25 = $325 per year)	325.00	325.00	325.00	325.00	325.00	**1,625.00**
Not to Exceed for Each Year	**16,515.23**	**12,429.51**	**12,792.64**	**13,166.67**	**13,551.92**	**68,455.98**

[1] Fees increased by an estimated 3% but will not exceed the annual percent change in the Consumer Price Index.

Significant Events Estimated 6 Per Year ($250 + $25 = $275 x 6 per year = $1,650)	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	8,250.00
Delinquency Management (Estimate)	4,500.00	4,635.00	4,774.05	4,917.27	5,064.79	23,891.11
Apportionment (Estimated 3 per year at $2,050 each)	6,150.00	6,150.00	6,150.00	6,150.00	6,150.00	30,750.00
Expenses (Estimated and Includes DM Postage)	1,639.97	1,689.17	1,739.84	1,792.04	1,845.80	8,706.82
City's Total						**896,128.53**

AGREEMENT NO. A-7620
CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE SUCCESSOR AGENCY AND NBS GOVERNMENT FINANCE GROUP

THIS CONTRACT FOR CONSULTANT SERVICES ("Contract" herein) is made and entered into this 01 day of July, 2021 by and between the Successor Agency a public body corporate and politic, (hereinafter called "AGENCY") and NBS GOVERNMENT FINANCE GROUP (hereinafter called "CONSULTANT").

RECITALS

WHEREAS, Agency desires to engage CONSULTANT to provide certain consultant services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in this Contract. And, if required, is duly registered under the laws of the State of California; and

WHEREAS, CONSULTANT desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The Agency hereby engages CONSULTANT, and CONSULTANT accepts such engagement, to provide the following services:

1915 ACT ASSESSMENT DISTRICT ADMINISTRATION

Kick-Off Meeting, Project Schedule.

CONSULTANT shall meet with AGENCY staff, legal counsel and other interested parties to:

- Establish lines of communication.

- Clarify the specific project goals and criteria that will meet the AGENCY's preference.

- Identify and resolve any special circumstances that may be involved in the administration of the districts.

- Develop project schedules to meet legal requirements and provide for effective

interaction of all involved parties.

- Establish meeting dates consistent with schedule to achieve project milestones.

DATA COLLECTION.

CONSULTANT shall gather and review data pertinent to the administration of the 1915 Act Assessment Districts. Data will be obtained from various sources, including CITY records, Assessor's parcel maps, and County Assessor information. CONSULTANT shall maintain and periodically update a database of all parcels within the district and relevant parcel information.

POLICY REVIEW.

CONSULTANT shall review policies and procedures that have been established by the CITY for compliance with the governing documents and law. These policies shall be incorporated into CONSULTANT's service to the AGENCY.

COST RECOVERY.

CONSULTANT shall identify all costs associated with the administration of the Assessment District and recover those costs through the levy process as outlined in Section 8682 and Section 8682.1 of the California Streets and Highways Code. These costs may include, but not be limited to Registrar/Transfer/Paying Agent fees, Arbitrage Rebate calculation fees, bank fees, and expenses of the AGENCY and its consultants related to the administration of the district.

FUND ANALYSIS.

CONSULTANT shall determine the balance requirements and acquire the current cash balances for the district. CONSULTANT shall make recommendations to ensure that the flow of funds and fund balances are in compliance with bond documents. Cash flow analysis shall also be performed to determine any levy shortfall or surplus.

LEVY SUBMITTAL.

CONSULTANT shall calculate the annual assessment levy for each parcel in the district and submit the amount for each parcel to the County in the format and

medium (i.e. tape, diskette) required by the County Auditor-Controller.

RESUBMISSION OF REJECTS.

CONSULTANT shall research the status of any parcels rejected by the County Auditor-Controller, and resubmit corrected data for collection on the County Tax Roll. Any parcels that are not accepted by the County for collection shall be invoiced directly, with payment directed to the AGENCY.

MAINTAIN PARCEL CHANGE DATA.

CONSULTANT shall annually track all parcel changes to ensure that all changes are documented. Historical parcel change and assessment apportionment data shall be maintained by CONSULTANT.

ANNUAL REPORT.

CONSULTANT shall provide a comprehensive Annual Report that shall show a detailed listing of the amounts submitted to the County or directly billed for collection, details of delinquent assessments, fund analysis, paid off parcels and release of liens, all bond call activity, and assessed valuation information.

DELINQUENCY MONITORING.

CONSULTANT shall provide a comprehensive list of delinquencies after each special assessment installment becomes due. The delinquency report shall provide the district's overall delinquency percentage as well as a detailed list of each delinquent parcel, with the name and address of the delinquent parcel owner, the delinquent amount and penalties.

PREPAYMENT CALCULATION/AMORTIZATION SCHEDULE.

CONSULTANT shall provide assessment prepayment calculations and amortization schedules to interested parties. The requester shall pay the cost of this service; however, there will be no charge to the AGENCY or property owners.

BOND CALLS.

CONSULTANT shall prepare the spread of principal to be called within maturities for all bond calls and coordinate the call with the Paying Agent/Trustee.

RELEASE OF LIENS.

CONSULTANT shall prepare all documents required to release the liens of parcels that have prepaid the assessment.

NOTICE OF SPECIAL ASSESSMENT.

CONSULTANT shall provide a "Notice of Special Assessment" disclosure notice to requesting parties as required by Section 53754 of the Government Code of the State of California. The fee of any Notice of Special Assessment shall be paid by the party requesting the disclosure notice.

TOLL-FREE PHONE NUMBER.

CONSULTANT shall provide a toll-free phone number for use by the AGENCY, other interested parties and all property owners. CONSULTANT's staff shall be available to answer questions regarding the formation and ongoing collection of assessments for the district. Bilingual staff shall be available for Spanish-speaking property owners.

COUNTY ASSESSOR REPORTING.

CONSULTANT shall work with the County Assessor to aid in complying with the requirements of Revenue & Taxation Code 163. This includes providing data such as parcel number, original assessment and current principal balance to the County Assessor.

COMMUNITY FACILITIES DISTRICT ADMINISTRATION

Kick-Off Meeting, Project Schedule.

CONSULTANT shall meet with AGENCY staff, legal counsel and other interested parties to:

- Establish lines of communication.

- Clarify the specific project goals and criteria that will meet the AGENCY's preference.

- Identify and resolve any special circumstances that may be involved in the administration of the districts.

- Develop project schedules to meet legal requirements and provide for effective interaction of all involved parties.

- Establish meeting dates consistent with schedule to achieve project milestones.

DATA COLLECTION.

CONSULTANT shall gather and review data pertinent to the administration of the Community Facilities Districts. Data shall be obtained from various sources such as Assessor's parcel maps, building permits and County Assessor information as determined to be necessary based on the requirements of the Rate and Method of Apportionment. CONSULTANT shall maintain and periodically update a database of all parcels within the district and relevant parcel information.

POLICY REVIEW.

CONSULTANT shall review policies and procedures that have been established by the AGENCY for compliance with the governing documents and law. These policies shall be incorporated into CONSULTANT's service to the AGENCY.

ADMINISTRATIVE COST RECOVERY.

CONSULTANT shall identify all costs associated with the administration of the Community Facilities District and recover those costs through the levy process as outlined in Section 53317(e) and Section 53340 of the Government Code of the State of California. Such costs may include, but are not to be limited to: bank fees, legal fees, county tax collection fees, and all costs and expenses of the AGENCY and its consultants related to district administration.

CASH FLOW ANALYSIS.

CONSULTANT shall determine the cash flow requirement, acquire current fund balances and make recommendations to keep the flow of funds and fund balances in compliance with the bond documents. Fund transfers might include the transfer of available surplus funds to be used as levy credits or the transfer of reserve funds to the redemption fund upon the prepayment of special taxes. Cash flow analysis shall also be performed to determine any levy shortfall or surplus collections.

SPECIAL TAX REQUIREMENT.

CONSULTANT shall calculate the annual Special Tax Requirement that shall include all necessary components as outlined in the Rate and Method of Apportionment, such as principal and interest due, administrative expenses, collection for direct financing of services or facilities, and a fund credit or replenishment as determined from analysis of the district funds.

LEVY CALCULATION.

CONSULTANT shall calculate the annual special tax levy for each parcel within the Community Facilities District following the guidelines established in the Rate and Method of Apportionment.

MEETING ATTENDANCE.

CONSULTANT shall attend up to two (2) district-related Council/Board meetings related to district administration, as requested by the AGENCY.

PARCEL TAX REPORTING.

CONSULTANT shall prepare a report with information relating to the imposition of each locally assessed parcel tax required by the addition of Government Code (GC) section 12463.2 (chapter 781, statutes of 2014.).

LEVY SUBMITTAL.

CONSULTANT shall calculate the annual special tax levy for each parcel in the district and submit the amount for each parcel to the County in the format and medium (i.e. tape, diskette) required by the County Auditor-Controller.

RESUBMISSION OF REJECTS.

CONSULTANT shall research the status of any parcels rejected by the County Auditor-Controller, and resubmit corrected data for collection on the County Tax Roll. Any parcels that are not accepted by the County for collection will be invoiced directly, with payment directed to the AGENCY.

MAINTAIN PARCEL CHANGE DATA.

CONSULTANT shall annually track all parcel changes to ensure that all changes are documented. Historical parcel change and assessment apportionment data shall be maintained by CONSULTANT.

SPECIAL TAX LEVY REPORT.

CONSULTANT shall provide an annual Special Tax Levy Report. This report shall include a parcel listing with levy amounts and other parcel information, the details of the annual Special Tax Requirement, current delinquency information, fund analysis, administrative expenses to be recovered, and status of the project and current issues affecting the districts.

DELINQUENCY MONITORING.

CONSULTANT shall provide a comprehensive list of delinquencies after each special tax installment becomes due. The delinquency report shall provide the district's overall delinquency percentage as well as a detailed list of each delinquent parcel, with the name and address of the delinquent parcel owner, the delinquent amount and penalties.

PREPAYMENT CALCULATIONS.

CONSULTANT shall provide special tax prepayment calculations to interested parties. The party requesting the calculation shall pay the fee of any prepayment calculation.

BOND CALLS.

CONSULTANT shall prepare the spread of principal to be called within maturities for all bond calls and coordinate the call with the Paying Agent/Trustee.

RELEASE OF LIENS.

CONSULTANT shall prepare all documents required to release the liens of parcels that have prepaid the special tax.

CDIAC REPORTING.

CONSULTANT shall perform all necessary reporting to the California Debt and Investment Advisory Commission as required by Section 53359.5(b) and Section 53359.5(c) of the Government Code of the State of California.

NOTICE OF SPECIAL TAX DISCLOSURE.

CONSULTANT shall provide Notice of Special Tax Disclosure notices to requesting parties as required by Section 53340.2 and Section 53341.5 of the Government Code of the State of California. The fee of any Notice of Special Tax shall be billed to the party requesting the disclosure form.

TOLL-FREE PHONE NUMBER.

CONSULTANT shall provide a toll-free phone number for use by the AGENCY, other interested parties and all property owners. CONSULTANT'S staff shall be available to answer questions regarding the districts and ongoing collection of the special tax. Bilingual staff shall be available for Spanish-speaking property owners.

D-FAST ONLINE.

CONSULTANT has developed proprietary software, called D-FAST for District Fees, Assessments, and Special Taxes. This software is a very powerful administrative tool, which CONSULTANT uses in-house to administer AGENCY districts. It is also used by public agencies across the United States. D-FAST Online will give AGENCY "real-time" access to AGENCY districts and underlying parcel data, allowing AGENCY to:

- Answer questions in house
- Understand a particular parcel status within a district
- Confirm if there are overlapping districts on a single parcel
- Research other issues

With this software, AGENCY and AGENCY staff have enhanced access to the data while CONSULTANT still provides the full administration and toll-free phone support.

ENHANCED ADMINSTRATION SUPPORT.

Communication.

- CONSULTANT shall attend any bondholder meetings or other meeting for which CONSULTANT presence is requested.

- CONSULTANT shall coordinate with bond counsel and foreclosure attorneys on agenda items as needed.

DELINQUENCY MANAGEMENT, WORKOUTS, PAYMENT PLAN ADMINISTRATION.

- CONSULTANT shall provide the foreclosure attorney a filtered Delinquency Detail report showing only the parcels that are in foreclosure. CONSULTANT shall update any foreclosure spreadsheets as needed, provide payoff calculations, check foreclosure fees, and provide information as needed for ultimate loss and litigation cases.

- CONSULTANT shall review Letters of Credit and help to implement procedures for addressing when to draw and renew.

REPORTING.

- CONSULTANT shall answer questions or provide information to the auditors as requested by the AGENCY.

- CONSULTANT shall handle statistical requests received by various requesting agencies such as California Municipal Statistics.

- CONSULTANT shall provide debt service information needed to complete the state controllers report.

- CONSULTANT shall provide the narratives and footnotes for the budget and CAFR. CONSULTANT shall also provide the information related to the assessment districts for the District Financial Reports.

- CONSULTANT shall disseminate supplemental information related to continuing disclosure annual reports.

- CONSULTANT shall provide additional reporting as required by AB 2109, AB 1666, and AB 1029.

COST RECOVERY.

- CONSULTANT shall be able to keep track of the invoices received by the AGENCY so these costs are recovered via the following years levy. The AGENCY will continue to pay invoices received; however, the AGENCY will send a copy of all invoices to CONSULTANT. The AGENCY will provide salary information and time spent per AGENCY Personnel involved in the administration of these Districts. CONSULTANT shall compile a spreadsheet aggregating the invoices and personnel time on a per District basis so the full amounts are recovered via the levy.

BOND TENDERS.

- CONSULTANT shall calculate the value of the bonds and the amounts that must be paid in cash as part of CONSULTANT's already established Bond Tender Fee.

- CONSULTANT shall have two people verify bond tender calculations (one person will perform the calculation and verify, another person will verify calculations). There shall be no additional fee above and beyond CONSULTANT's already established Bond Tender Fee.

- CONSULTANT shall track and provide a summary of the bonds that have been tendered and track tender credit surpluses.

DELINQUENCY MANAGEMENT.

CONSULTANT shall develop a comprehensive delinquency management program which includes a discussion and interpretation of the issuer's foreclosure covenant together with a review of the existing policies and procedures of the AGENCY. This service can be provided as part of overall annual administration or as a stand-alone service. When deemed as the appropriate course of action, CONSULTANT shall perform the following:

DELINQUENCY REPORTS.

CONSULTANT shall provide the AGENCY with an updated list of delinquencies prior to sending any of the below letters. This report shall also detail each district's percentage of delinquencies, as well as a detailed list of each delinquent parcel.

REMINDER LETTER.

At the AGENCY's direction, send a reminder letter to the property owner of each delinquent parcel for the December 10th installment. The purpose of the letter is to inform and educate the property owner of their obligation to pay assessments.

DEMAND LETTER.

At the AGENCY's direction, send a demand letter to the property owner of each delinquent parcel for the April 10th installment. This letter shall be mailed to any property owner who remains delinquent for both installments or who is delinquent for April 10th only. The purpose of this letter is to further educate the property owner and advise them of a potential foreclosure.

FORECLOSURE LETTER.

This type of letter is typically sent after the installments for a parcel have been removed from the tax roll. The letter delineates what amount must be paid directly to the AGENCY to forestall the turnover of documents to the foreclosure attorney.

TAX ROLL REMOVAL AND NOTICE.

CONSULTANT shall provide the information required to remove parcels from the tax roll and coordinate with the County Auditor Controller to verify the removal. This step is in preparation of turning the parcels over for foreclosure. Once removed from the

tax roll, each property owner will receive one final foreclosure letter indicating the amount due and payment instructions. CONSULTANT shall file the Notice of Intent to Remove delinquent Installments and remove such Notice upon payment of the delinquency.

PAYMENT PLANS.

At the AGENCY's discretion, CONSULTANT shall offer payment plans to property owners in lieu of turning parcels over to the AGENCY's foreclosure counsel.

SUBSEQUENT FORECLOSURE SERVICES.

CONSULTANT shall prepare and deliver all information to the AGENCY's foreclosure counsel. CONSULTANT shall also continue to supply the AGENCY's counsel with additional information throughout the foreclosure process. CONSULTANT shall continue to respond to property owner and AGENCY staff phone calls regarding the status of all cases, and shall coordinate and audit status reports on a bi-monthly basis from the AGENCY's foreclosure counsel.

TOLL-FREE PHONE NUMBER.

CONSULTANT shall provide a toll-free phone number for use by the AGENCY, other interested parties and all property owners. CONSULTANT's staff shall be available to answer questions regarding the formation and ongoing collection of assessments/special taxes for the districts. Bilingual staff shall be available for Spanish-speaking property owners.

CONTINUING DISCLOSURE.

In accordance with the Continuing Disclosure Certificate of the Bonds, CONSULTANT shall assist to ensure full compliance with the annual disclosure requirement of the SEC Continuing Disclosure Rule 15c2-12. Specifically, CONSULTANT shall perform the following:

DOCUMENT REVIEW.

CONSULTANT shall review pertinent documents of the Bonds, including the Official Statement and Continuing Disclosure Certificate. CONSULTANT shall identify material such as the Consolidated Annual Financial Report and/or other operating

data that the Client has agreed to provide in the Continuing Disclosure Certificate.

DATA COLLECTION.

CONSULTANT shall collect the annual financial information and operating data that the Client has agreed to provide to the Electronic Municipal Market Access system, or EMMA.

REPORT PREPARATION.

CONSULTANT shall prepare the Annual Disclosure Report as required in the Disclosure Certificate.

ANNUAL DISSEMINATION.

CONSULTANT shall disseminate the Annual Disclosure Report including AGENCY Financials to EMMA and any relevant State Information Depository (SID).

SIGNIFICANT EVENTS.

CONSULTANT shall prepare and disseminate a "Notice of Significant Events", as listed on the Continuing Disclosure Certificate, to EMMA, as required in the certificate. Action shall commence upon notification by the Client of the occurrence of any of the events.

ANNUAL COMPLIANCE CERTIFICATION.

CONSULTANT shall provide annual compliance certification in the form of a copy of the EMMA filing confirmation along with a copy of the Annual Disclosure Report.

AGENCY'S RESPONSIBILITIES. The AGENCY shall:

- Furnish CONSULTANT with any pertinent information that is available to the AGENCY and applicable to the services.

- Designate a person to act with authority on its behalf in respect to the services.

- Notify CONSULTANT of the occurrence of any events listed in the Continuing Disclosure Certificate.

- Promptly respond to CONSULTANT's requests for reviews and approvals of its work, and to its requests for decisions related to the services.

- Understand and agree that CONSULTANT is entitled to rely on all information, data and documents (collectively, "Information") supplied to CONSULTANT by the AGENCY or any of its agents, contractors or proxies or obtained by CONSULTANT from other usual and customary sources including other government sources or proxies as being accurate and correct. CONSULTANT shall have no obligation to confirm that such information is correct and shall have no liability to the AGENCY or any third party if such Information is not correct.

APPORTIONMENTS.

Parts 10 and 10.5 of the Streets and Highways Code detail the methodology and procedure that the AGENCY must follow in apportioning the assessment lien on parcels that are reconfigured and/or subdivided. With CONSULTANT's experience in district formation and the development of methods of assessment, CONSULTANT shall be able to ensure that apportionments are properly performed.

Assuming proceeding under the preferred procedure of Part 10.5, CONSULTANT shall perform the following:

APPLICATION FORMS.

CONSULTANT shall provide apportionment application forms and instructions to the AGENCY's Engineering representative for inclusion as a condition of approval for subdivision within an assessment district.

SEGREGATION.

CONSULTANT shall apportion the special assessment according to the method of spread as described in the engineer's report.

NOTICE OF APPORTIONMENT.

CONSULTANT shall prepare a notice of apportionment and send it via certified mail to the issuing underwriter, as required.

ASSESSMENT DIAGRAM.

CONSULTANT shall prepare an amended assessment diagram and notice. The diagram and notice shall be filed and recorded with the County Recorder.

AMORTIZATION SCHEDULE.

CONSULTANT shall prepare an amortization schedule for each newly created assessment type.

APPORTIONMENT REPORT.

CONSULTANT shall prepare and submit to the AGENCY an Apportionment Report showing the finalized apportionment and the amended assessment diagram.

In the event proceedings are undertaken under Part 10, the following additional items are required:

RESOLUTIONS.

CONSULTANT shall prepare the required resolutions to order the amended assessment, the amended assessment diagram, notices to the property owner, and fix the amount of costs to perform the apportionment.

PUBLIC MEETINGS.

CONSULTANT shall be available to attend any public meetings required to complete the apportionment.

CONSULTANT shall perform and complete all such work and services in a manner satisfactory to AGENCY.

1.2 Project deliverables shall be reviewed and approved by AGENCY to determine acceptable completion. AGENCY shall have the right to review and inspect

the work during the course of its performance at such times as may be specified by AGENCY.

1.3 CONSULTANT shall not accept any change of scope, or change in contract provisions, unless issued in writing, as a contract change order or amendment and signed by AGENCY. Any extensions of time must be mutually agreed upon in writing and executed by both parties.

1.4 AGENCY shall provide to CONSULTANT, without charge, all data, program information, including reports, records, maps, and other information, now in AGENCY's possession, which may facilitate the timely performance of the work.

2 AGENCY PROJECT MANAGER

To provide the services required by this Contract, CONSULTANT shall act under the authority and approval of a Project Manager appointed by AGENCY. The Agency Project Manager will oversee the work under this Contract, assist CONSULTANT with any necessary information, audit billings, and approve payments. CONSULTANT shall channel reports, deliverables and special requests through the Agency Project Manager.

3 CONSULTANT'S KEY PERSONNEL

CONSULTANT's Team and Key Personnel are as follows:

Kristen Harvey, Senior Consultant; Dave Ketcham, Client Services Director/Project Manager and Tim Seufert, Managing Director

This Consultant Services Contract has been awarded to CONSULTANT based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed herein. CONSULTANT shall not deviate nor substitute any of these team members without prior written approval by AGENCY.

4 CONTRACT TERM

The term of this contract is three (3) years, commencing on July 1, 2021, with AGENCY reserving the option to extend the Contract for two (2) additional one year terms each..

5 TAXES

5.1 CONSULTANT shall pay all sales, consumer, use, and other similar taxes required to be paid by CONSULTANT in accordance with state and local laws.

5.2 CONSULTANT is an independent contractor and shall have no power or authority to incur any debt, obligation, or liability on behalf of AGENCY. No person employed by CONSULTANT or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of AGENCY.

5.3 CONSULTANT shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before an Authorization to Proceed is issued.

6 PATENT FEES AND ROYALTIES

CONSULTANT shall pay all license fees and royalties and assume all costs incident to the use, in the performance of the work or the incorporation in the work of any invention, design, process, product or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product or device is specified by AGENCY for use in the performance of the work and if, to the actual knowledge of AGENCY, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by AGENCY in the contract documents. CONSULTANT shall indemnify and hold harmless AGENCY and anyone directly or indirectly employed by AGENCY from and against all claims, damages, losses and expenses (including attorneys' fees) arising out of any infringement of patent rights or copyrights incident to the use in the performance of the work, or resulting from the incorporation in the work of any invention, design, process, product or device not specified by AGENCY, and shall defend all such claims in connection with any alleged infringement of such rights.

7 STANDARDS OF PERFORMANCE

CONSULTANT shall be responsible for the completeness and accuracy of its services and work and documents resulting there from, and AGENCY shall not be responsible for discovering deficiencies therein. CONSULTANT shall correct any such deficiencies or errors without additional compensation and without cost to AGENCY, except to the extent any such deficiency is directly attributable to deficiencies in AGENCY-furnished information.

8 CONSULTANT'S PERSONNEL

8.1 All services required under this Contract shall be performed by CONSULTANT, or under CONSULTANT'S direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services.

8.2 CONSULTANT shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this Contract, and compliance with all reasonable performance standards established by AGENCY.

8.3 CONSULTANT shall be responsible for payment of all CONSULTANT's employees' and subcontractor's wages and benefits and shall comply with all requirements pertaining to the employer's liability, workers' compensation, unemployment insurance, and Social Security.

8.4 CONSULTANT shall indemnify and hold harmless AGENCY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from CONSULTANT's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, AGENCY shall pay to CONSULTANT an amount not to exceed the sum of Thirty Five Thousand dollars ($35000.00), payable as follows:

See Exhibit B - Fee Schedule attached.

The Contract Price is CONSULTANT'S estimate of its charges for all of the services, including all labor, equipment, material, subcontractor and reimbursable costs, to be provided under this Agreement. Progress payments shall be made on a time and material basis. Final payment shall be made upon completion of all services and Agency acceptance of all deliverables, not-to-exceed the Contract Price.

9.2 CONSULTANT shall perform no work in excess of the total contract price without prior written approval of AGENCY. Total contract price includes expenses related to travel to and from AGENCY to meet with Agency and to appear, if so required, before City Council or any other board or commission of AGENCY.

9.3 CONSULTANT shall maintain adequate records and shall permit inspection and audit by AGENCY of CONSULTANT's charges under this Contract. CONSULTANT shall make such records available to AGENCY during normal business hours upon reasonable notice. Nothing herein shall convert such records into public records, and they will be available only to AGENCY and any specified public agencies. Such records shall be maintained by CONSULTANT for one (1) year following completion of the work under this Contract unless a longer period of time is required by state or federal law, in which event CONSULTANT shall retain its records for the time required by such laws.

9.4 No payment made hereunder by AGENCY to CONSULTANT, shall be construed as an acceptance by AGENCY of any work or materials, nor as evidence of satisfactory performance by CONSULTANT of its obligations under this Contract.

10 INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT and any contractors or subcontractors working on its behalf agree to indemnify AGENCY, its officers, employees, agents and elected and appointed boards (hereinafter "Indemnified Parties") for any loss, claim, demand, cause of action, cost, expense, damage, obligation or liability which arises out of or is in any way connected with the

performance of any work under this agreement, including any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of CONSULTANT, its contractors or subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, CONSULTANT and, as applicable, any contractors or subcontractors working on its behalf, shall defend any suit, claim or action against the Indemnified Parties founded upon such loss, claim, demand, cause of action, cost, expense, damage, obligation or liability. CONSULTANT shall ensure that the contract of any contractor or subcontractor working under this agreement contain an indemnity agreement, requiring the contractor or subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. CONSULTANT shall indemnify the Indemnified Parties, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any breach of the aforesaid obligations and covenants, and any other provision or covenant of this agreement.

11 INSURANCE

11.1 CONSULTANT, at its expense, shall maintain in effect at all times during the performance of work under this Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers listed "A" or better in the Best's Insurance Guide and authorized to do business in the State of California. **Proof of Insurance, as identified in Section 11.8, must be reviewed and accepted by the Agency Attorney**.

11.1.1 Workers' Compensation and Employer's Liability

- Workers' Compensation—coverage as required by the State of California
- Employer's Liability:
  $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

11.1.2 Professional Liability Insurance*

- $1,000,000.00 with no deductible, or;
- Comparable alternative as determined by the Agency Attorney; and
- Policy form on a claims-made basis

11.1.3 Commercial General Liability

- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability

- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.2 All of CONSULTANT's policies shall contain an endorsement providing that written notice shall be given to AGENCY at least thirty- (30) calendar days prior to termination, cancellation or reduction of coverage in the policy.

11.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the Agency as an additional insured, in the same manner as the named insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the Agency, and any other insurance maintained by the Agency shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificate and endorsements shall state: "The City of Palmdale, the Successor Agency of the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Industrial Development Authority of the City of Palmdale, Palmdale Airport Authority, their officers, agents, employees and volunteers are named as additional insured's."

B. "Severability of Interest" clause.

11.4 Promptly on execution of this Contract, and prior to commencement of any work, CONSULTANT shall deliver to AGENCY certificates of insurance and endorsements to all required policies demonstrating that CONSULTANT has the required coverage and showing the required named insureds. Within five (5) days of written request from AGENCY, CONSULTANT shall deliver to AGENCY full and complete copies of all insurance policies required by this Contract.

11.5 The requirements as to the types and limits of insurance to be maintained by CONSULTANT are not intended to and shall not in any manner limit or qualify CONSULTANT's liabilities and obligations under this Contract.

11.6 Any policy or policies of insurance that CONSULTANT elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against AGENCY.

11.7 All insurance coverage must be maintained throughout the duration of this Contract.

11.8 Acceptable Proof of Insurance:

11.8.1 ACORD Certificate of Insurance listing all coverages, limits, deductibles and insureds; and endorsements for all applicable coverages if agent has authority to issue it; Additional insured Form CG20101185 or CG20100707 and CG20370704 or equivalent must be provided for general liability coverage.

Additional insured form CA0001 must be provided for automobile liability coverage.

11.8.2 Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements listing all insurers must be submitted to the Agency Attorney.

11.8.3 *When coverage is provided on a "claims made basis", CONSULTANT will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONSULTANT R for all claims made by AGENCY arising out of any acts or omissions of CONSULTANT, or its officers, employees or agents during the time this Agreement was in effect.

11.9 Notwithstanding any other provision of this Contract, AGENCY may immediately terminate this Contract if, at any time CONSULTANT fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

12 TERMINATION WITHOUT CAUSE

AGENCY reserves the right to terminate this Contract or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. CONSULTANT shall also surrender to AGENCY all finished or unfinished documents or programs and other materials, which shall be Agency's property. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

13 TERMINATION FOR CAUSE

13.1 If the Agency determines that the CONSULTANT has failed to supply an adequate working force, or to provide services of proper quality, or has failed in any other respect to satisfactorily perform the services specified in this Contract, the Agency shall give written notice to the CONSULTANT specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the Agency's dissatisfaction and suggest corrective measures. If, after thirty days, the CONSULTANT has failed to implement the corrective measures, the Agency may elect to terminate this Contract, in whole or in part.

13.2 In the event the Agency terminates this Contract in whole or in part as provided herein above, the Agency may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

13.3 If this Contract is terminated as provided above, the Agency may require the CONSULTANT to provide all finished or unfinished documents, data, studies, software, drawings, maps, photographs, reports, etc., prepared by the CONSULTANT. Upon such termination, the CONSULTANT shall be paid an amount equal to the value of the services provided and work performed as of the date of termination. Such payment by the Agency may take into consideration the costs associated with hiring another CONSULTANT to complete the services. In the event no new CONSULTANT is employed, the CONSULTANT shall be paid an amount equal to the value of the work performed. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress, to complete and incomplete documents when such are delivered to AGENCY, and to authorized reimbursement expenses.

The above is in addition to any other remedies available by law or equity to the Agency.

13.4 If, after notice of termination of the Contract under the provisions of this Section 13, it is determined, for any reason, that CONSULTANT was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 12.

14 DISPUTE RESOLUTION

All claims, disputes and other matters in question between AGENCY and CONSULTANT arising out of, or relating to this Contract, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

15 OWNERSHIP OF DOCUMENTS

All documents, including, but not limited to, research, field notes, investigations, analysis and studies which are prepared in the performance of this Contract are to be, and remain the property of AGENCY. CONSULTANT shall furnish AGENCY, upon its request, originals or reproducible or electronic copies of reports, studies and of all other documents listed above.

16 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

16.1 CONSULTANT shall not delegate, subcontract or assign its duties or rights hereunder, either in whole or in part, without the prior written consent of AGENCY; provided, however, that claims for money due or to become due to CONSULTANT from AGENCY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Any proposed delegation,

assignment or subcontract shall provide a description of the services covered, identification of the proposed assignee, delegates or subcontractor, and an explanation of why and how the same was selected, including the degree of competition involved. Any proposed agreement with an assignee, delegates or subcontractor shall include the following:

A. The amount involved, together with CONSULTANT's analysis of such cost or price; and

B. A provision requiring that any subsequent modification or amendment shall be subject to the prior written consent of AGENCY.

C. The requirement to hire only those persons authorized by federal law to work in the United States.

16.2 Any assignment, delegation or subcontract shall be made in the name of CONSULTANT and shall not bind or purport to bind AGENCY and shall not release CONSULTANT from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegates and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to CONSULTANT under this Contract.

17 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

17.1 In performance of this Contract, CONSULTANT shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. CONSULTANT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation or age. Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

17.2 The provisions of subsection 17.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONSULTANT for personnel to perform any services under this Contract. AGENCY shall have access to all documents, data and records of CONSULTANT and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

18 FINANCIAL INTEREST CERTIFICATION

18.1 CONSULTANT warrants that no person has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the AGENCY has any interest, financially or otherwise, in CONSULTANT's firm.

18.2 For breach or violation of this warranty, AGENCY shall have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

19 CONFLICT OF INTEREST

19.1 CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause CONSULTANT to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by AGENCY on any matter.

19.2 CONSULTANT shall not employ any City official or employee to perform any work required pursuant to this Contract.

19.3 If CONSULTANT is a registered professional engineer or licensed land surveyor and the scope of work requires CONSULTANT'S recommendation of the actual formula to spread the costs of an assessment district's improvements, then CONSULTANT shall not participate in making that recommendation if the additional elements set forth in Government Code section 87100.1(c) apply. Those additional elements are: (1) CONSULTANT has received income of $250 or more for professional services in connection with any parcel included in the benefit assessment district within 12 months prior to the creation of the district; and (2) the district includes other parcels in addition to those parcels for which CONSULTANT received the income. In the event a conflict of interest does arise in that context, Agency shall select a different CONSULTANT to recommend the actual formula to spread the costs of the assessment district's improvements and the costs of such services shall be deducted from the compensation to be paid to CONSULTANT.

19.4 To the extent required by the City Manager/designee, CONSULTANT shall complete and file with the City Clerk a Form 700 Statement of Economic Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

20 COMPLIANCE WITH LAW

20.1 CONSULTANT shall comply with all state and federal laws, including but not limited to, the requirement to hire only those persons authorized by federal law to

work in the United States. If CONSULTANT uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by CONSULTANT.

20.2 The law of the state of California shall govern this Contract. The venue of any legal action, either formal or informal, shall be the County of Los Angeles.

21 NOTICES

Any notice required under this Contract shall be in writing, addressed to the appropriate party at its address on the signature page and given personally or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

22 ENTIRE CONTRACT AND AMENDMENTS

22.1 This Contract is the complete agreement between the parties and supersedes all prior proposals, agreements, and understandings between the parties and may not be modified or terminated orally.

22.2 No attempted waiver of any of the provisions hereof, nor any modification in the nature, extent or duration of the work to be performed by CONSULTANT hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

22.3 The failure of any party to enforce against another party any provision of this Contract shall not constitute a waiver of that party's right to enforce such a provision at a later time, and shall not serve to vary the terms of this Contract.

23 ATTORNEY'S FEES

If any action at law or in equity is brought to enforce or interpret any provisions of this Contract, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

SUCCESSOR AGENCY OF THE CITY OF PALMDALE:

JJ Murphy Date
Executive Director

ADDRESS FOR NOTICE:
SUCCESSOR AGENCY OF THE
CITY OF PALMDALE
38300 Sierra Highway, Suite D
Palmdale, CA 93550

APPROVE AS TO FORM:

Christopher L. Beck
Agency Attorney

ATTEST:

Shanae S. Smith
Agency Secretary

NBS GOVERNMENT FINANCE GROUP:

Mike Rentner Date
President and CEO

ADDRESS FOR NOTICE:
NBS GOVERNMENT FINANCE GROUP
32605 Temecula Parkway, Suite 100
Temecula, California 92592

ATTEST: If Corporation

Secretary

Agreement A-7620

EXHIBIT B

FEE SCHEDULE

1915 Act Assessment District Administration

District	Parcel Count	Per Parcel Fee	Base Fee	Annual Fee
AD 2006-01	56	$0.00	$2,707.50	$2,707.50

Community Facilities District Administration

District	Parcel Count	Per Parcel Fee	Base Fee	Annual Fee
CFD 91-1 (Sierra Gateway)	4	$0.00	$7,401.83	$7,401.83
CFD 93-1 (Ritter Ranch)	35	0.00	7,401.83	7,401.83
CFD No. 05-1 (Trade and Commerce Center Area)	113	0.00	17,835.68	17,835.68
CFD No. 05-1 (Trade and Commerce Center Area) 2007 Series A	20	7.50	13,212.57	13,362.57
CFD 2003-1 (Anaverde)	1,417	7.50	17,410.59	28,038.09
CFD 16-1 (Joshua Ranch)	525	0.00	6,207.74	6,207.74
Total	1,560			$80,247.74

D-FAST Online

D-FAST Online Annual Fee $4,025.43

Enhanced Administration Support

Enhanced Administration Support Annual Fee [1] $55,429.44

[1] Includes CDIAC reporting services (Marks-Roos and Senate Bill 1029)

Delinquency Management

Reminder Letters [1] $15.00
Demand Letters [1] 30.00
Lienholder Letters [1, 2] 40.00
Lienholder Research (Notice of Default Not Filed) ..... Hourly
Foreclosure Letters 50.00
Payment Plan Administration 300.00
Tax Roll Removal [3, 4] 75.00

Removal of the Notice of Intent to Remove Delinquent Installments [4] 25.00
Subsequent Foreclosure Fees [4] 100.00

All fees are based on a per parcel/per district basis, except as noted below.

(1) This fee will be recovered as part of the next levy.
(2) Letter is sent to lienholders where public Notice of Default has been filed. Fee reduced to $20 when sent jointly with Foreclosure Letter to same parcel.
(3) This fee includes filing of the "Notice of Intent to Remove Delinquent Installments" but does not include County fees for removal from the tax roll.
(4) This fee is per parcel/per district/per year from the initiation of the foreclosure.

Continuing Disclosure

Bond Issue	Annual Fee
AD 2006-01	$1,324.82
2002 Subordinate Lien Tax Allocation Bonds	1,207.06
2016 Series A Subordinate Tax Allocation Bonds	2,761.48
2016 Series B Subordinate Tax Allocation Bonds	2,761.48
CFD 05-1 2005 Special Tax Refunding Bonds, Series A [1]	1,605.81
CFD 05-1 2007 Special Tax Refunding Bonds, Series A [1]	1,544.97
CFD 2003-1 Improvement Area A, 2019 Special Tax Refunding	1,604.25
Lease Revenue Refunding Bonds, Series 2012	1,164.30
Lease Revenue Refunding Bonds, Series 2017	1,626.00
Multifamily Housing Revenue Bonds, Series 2015	1,325.52
Taxable Certificates of Participation (2007 Land Acquisition Financing Project)[1]	1,287.50
CFD 05-1 2021 Special Tax Refunding Bonds	2,500.00
$13,584,908 Lease Agreement Dated May 1, 2021 [2]	1,000.00
Total	21,713.19

(1) One-time final reporting fee
(2) Services include deadline tracking and dissemination of financials and budget which are provided by the City.

Significant Event Notification (as needed)..... hourly or $250.00 per event

Dissemination Services
Report Dissemination (per recipient) $25.00
Significant Event Dissemination (per recipient, as needed) $25.00
Posting to NBS website ..... Included/No extra charge

A-7620

Apportionments

Apportionments will be performed upon request and paid for by the requesting party at our then current fee structure, as shown below. NBS will apportion the assessment according to the original method of spread, prepare the amended assessment diagram, and record the notice of apportionment and amended diagram per Parts 10 and 10.5 of the Streets and Highways Code.

Part 10.5

Apportionment Fee..... $1,800 plus $50 per parcel

Recording Fee .....At Cost

Part 10 | In addition to fees shown as Part 10.5 above

Resolutions..... $500

Meeting Attendance ..... Hourly, plus travel costs*

**Reasonable and customary travel costs, as needed*

ANNUAL FEE INCREASES

Cost of living increases may be applied to the Administration services listed above on October 1 each year, beginning with the invoices issued on October 1, 2021. The COLA would be the actual cost of living increase based on the 12-month change from May to May in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the applicable region for the District's location.

EXPENSES

Customary out-of-pocket expenses will be billed to the City at actual cost to NBS. These expenses may include, but not be limited to, mailing fulfillment, postage, reproduction, telephone, travel, meals and various third-party charges for data, maps, and recording fees.

ADDITIONAL SERVICES

The following table shows our current hourly rates. Additional services authorized by the City but not included in the scope of services will be billed at this rate or the then applicable hourly rate.

Title	Hourly Rate
Director	$225
Associate Director	$210
Senior Consultant / Manager	$175
Consultant	$155
Analyst	$130
Clerical/Support	$105

TERMS

Administration and Disclosure services will be invoiced at the beginning of each quarter. Expenses will be itemized and included in the next regular invoice. Fees for all other services will be invoiced upon completion of the task. If the project is prematurely terminated by either party, NBS shall receive

payment for work completed. Payment shall be made within 30 days of submittal of an invoice. If payment is not received within 90 days simple interest will begin to accrue at the rate of 1.5% per month. Either party may cancel this contract with 30 days written notice.

CITY'S RESPONSIBILITIES

The City shall furnish NBS with any pertinent information that is available to City and applicable to the Services. The City shall designate a person to act with authority on its behalf in respect to the Services. The City shall promptly respond to NBS' requests for reviews and approvals of its work, and to its requests for decisions related to the Services. City understands and agrees that NBS is entitled to rely on all information, data and documents (collectively, "Information") supplied to NBS by City or any of its agents, contractors or proxies or obtained by NBS from other usual and customary sources including other government sources or proxies as being accurate and correct and NBS will have no obligation to confirm that such Information is correct and that NBS will have no liability to City or any third party if such Information is not correct.

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **DEPARTMENT OF NEIGHBORHOOD SERVICES**

DISTRICT: **All**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-076, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE CDBG/HOME SECTION 3 PLAN IN COMPLIANCE WITH THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968**

ISSUE

Adopt Resolution No. CC 2021-076 approving CDBG/HOME Section 3 Plan in compliance with the Housing and Urban Development Act of 1968 providing economic and business opportunities.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2021-076 approving CDBG/HOME Section 3 Plan in compliance with the Housing and Urban Development Act of 1968 providing economic and business opportunities.

BACKGROUND

Each year the U.S. Department of Housing and Urban Development (HUD) invests billions of federal tax dollars into local communities for projects and activities that aid in creating healthy, strong, and sustainable communities. This investment not only provides for development and construction, but also can generate new employment, training, and contracting opportunities for local low and very low-income residents through contracts with local businesses that employ them. Section 3 of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u) is a legal and practical tool that fosters local economic development, neighborhood economic improvement, and individual self-sufficiency for low- and very low-income persons.

The CDBG/HOME Section 3 Plan is required to be implemented by cities and counties receiving and funding projects from a HUD funding source. The City of Palmdale (City) is an Entitlement City of the Community Development Block Grant (CDBG) program and a participating jurisdiction of the HOME Investment Partnerships Program (HOME). CDBG funds are used for Capital Improvement projects including infrastructure and modifications to comply with the Americans with Disabilities Act (ADA). HOME grant funds

are used for affordable housing development and Community Housing Development Organizations (CHDO's).

To comply with Section 3 the City must ensure that employment and other economic and business opportunities generated by HUD financial assistance, to the greatest extent feasible, are directed to public housing residents and other low- and very low-income persons, particularly recipients of government housing assistance, and business concerns that provide training and economic opportunities to low- and very low-income persons. The City Council approved the previous Section 3 Economic Opportunities Plan on September 5, 2007.

DISCUSSION

The Section 3 Final Rule (24 CFR Part 75) became effective July 1, 2021 with the goal to create more effective incentives for employers to retain and invest in their low- and very low-income workers, streamline reporting requirements by aligning them with typical business practices, provide for program-specific oversight, and clarify the obligations of entities that are covered by Section 3. Staff, with the assistance of LDM Associates, has updated the City's Section 3 Plan to comply with the Final Rule. Staff requests that the City Council adopt Resolution No. 2021-076 approving the updated CDBG/HOME Section 3 Plan.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

A. Manager resources, costs, and liabilities to ensure the City's long-term fiscal health.

Prepared by:	Michael P. Miller, Director of Neighborhood Services
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. RESOLUTION No. CC 2021-076
2. Draft CDBG/HOME Section 3 Plan

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-076

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE SECTION 3 PLAN

WHEREAS, the United States Congress passed Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) to further the goal of ensuring that federal funds benefit the residents of projects funded wholly or in part by those funds;

WHEREAS*,* Part 75 of Section 3 is to establish the standards and procedures to be followed to ensure that the objectives of Section 3 are met; and,

WHEREAS*,* the City of Palmdale staff has developed a revised Section 3 Plan in adherence to 24 CFR, Part 75 that more practically addresses the standards and procedures prescribed in the Act.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City Council authorizes the City of Palmdale to adopt and implement the revised Section 3 Plan to ensure compliance with Federal Law.

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

PASSED, APPROVED and **ADOPTED** this _____ day of _____, _____.

_____
Steven D. Hofbauer, Mayor

Approved as to form:

ATTEST:

_____
Christopher L. Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____

Shanae S. Smith, City Clerk



CDBG / HOME Section 3 Plan

Revised: July 2021

OVERVIEW

Each year the U.S. Department of Housing and Urban Development (HUD) invests billions of federal tax dollars into local communities for projects and activities that aid in creating healthy, strong, and sustainable communities. This investment not only provides for development and construction, but also can generate new employment, training and contracting opportunities for local low- and very low-income residents through contracts with local businesses that employ them.

Section 3 of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u) is a legal and practical tool that fosters local economic development, neighborhood economic improvement, and individual self-sufficiency for low- and very low-income persons. To comply with Section 3 requirements the City must ensure that employment and other economic and business opportunities generated in connection with HUD financial assistance, to the greatest extent feasible, is directed to public housing residents and other low-income persons, particularly recipients of government housing assistance (called Section 3 Workers), and business concerns that provide training and economic opportunities to low- and very-low income persons (called Section 3 Businesses).

It is the policy of the City of Palmdale (City) to implement the Section 3 requirements to the greatest extent feasible on HUD-assisted housing and community development funded activities that are subject to the Section 3 requirements. This is principally achieved through the contracting opportunities generated through the implementation of housing construction, housing rehabilitation and other public construction projects in the City. Contractors shall cooperate with the City and its representatives regarding compliance with Section 3 regulations and shall cause its employees and subcontractors to cooperate with the City in complying with Section 3.

A. Applicability

For Housing and Community Development funded activities (Section 3 Projects), Section 3 requirements apply to the following:

- Housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

The requirements apply to an entire Section 3 Project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

Examples of HUD Housing and Community Development funding include Community Development Block Grants (CDBG), the HOME Investment Partnerships Program (HOME),

Housing Opportunities for Persons with AIDS (HOPWA), Section 811 Supportive Housing for the Disabled, Section 202 Supportive Housing for the Elderly, Emegency Soultion Grants (ESG), the Neighborhood Stabilization Program (NSP), the Brownfield Economic Development Initiative (BEDI), Lead Hazard Control and Healthy Homes Programs, Disaster Recovery Programs, and the Choice Neighborhood Program.

B. Definitions

In accordance with 24 CFR Part 75, the following terms are defined to facilitate understanding of the terminology used to describe how the City will meet its obligation to implement Section 3 to the greatest extent feasible in connection with HUD-assisted projects.

Contractor: Any entity entering into a contract with (1) a recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or (2) a subrecipient for work in connection with a Section 3 Project.

Housing and Community Development Assistance: Any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of Community Development Block Grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

HUD: The U.S. Department of Housing and Urban Development.

Low-income Person: as defined in Section 3(b)(2) of the Housing Act of 1937 Act (42 U.S.C. 1437a(b)(2)), this term means a person whose income does not exceed 80 percent of the median for the area.

Metropolitan Area: A metropolitan statistical area (MSA), as established by the Office of Management and Budget.

Nonmetropolitan County: Any county outside of a metropolitan area.

New Hires: Full-time employees for permanent, temporary or seasonal employment opportunities.

Public Housing Resident: Any individual who resides in public housing as a signatory on a public housing lease, or as a member of the family of the individual(s) who is the signatory on the public housing lease.

Recipient: Any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, public housing authority, or other public agency, public or private nonprofit organization.

Section 3 Business: A business concern meeting at least one of the following criteria, documented within the last six-month period:

1. It is at least 51 percent owned and controlled by low- or very low-income persons;
2. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers; or
3. It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees. These requirements shall not be construed to require the contracting or subcontracting of a Section 3 business concern; Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 Clause: The basic contract provisions set forth in 24 CFR 75.17 and 24 CFR 75.27 that must be included in Section 3 Covered contracts. The City may, at its discretion, enhance or strengthen the Section 3 Clause to achieve maximum feasible compliance with Section 3.

Section 3 Covered Assistance: Section 3 requirements apply to all programs receiving public housing financial assistance regardless of the amount of assistance received from HUD. Section 3 also applies to the entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance.

Section 3 Project: means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

Section 3 Worker: Any worker who currently fits or when hired within the past five years fits at least one of the following categories, as documented:

1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
2. The worker is employed by a Section 3 business concern.
3. The worker is a YouthBuild participant.

The status of a Section 3 Worker shall not be negatively affected by a prior arrest or conviction. Nothing herein shall be construed to require the employment of someone who meets this definition of a Section 3 Worker; Section 3 Workers are not exempt from meeting the qualifications of the position to be filled.

Targeted Section 3 Worker: For Housing and Community Development financial assistance, a Targeted Section 3 Worker is defined as:

1. A worker employed by a Section 3 business concern; or
2. A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
    i. Living within the Service Area or the Neighborhood of the Project, as defined herein; or
    ii. A YouthBuild participant.

Service Area or the Neighborhood of the Project: An area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Subcontractor: any entity (other than an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 Covered Assistance oor a Section 3 Project, or arising in connection with Section 3 Covered Assiatnce or a Section 3 Project.

Subrecipient: A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Very Low-income Person: as defined in Section 3(b)(2) of the Housing Act of 1937 Act (42 U.S.C. 1437a(b)(2)), this term means a person whose income does not exceed 50 percent of the median for the area.

YouthBuild Programs: Programs that receive assistance through the U.S. Department of Labor under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226), and that provide at-risk youth with training and educational opportunities in construction and other industries.

C. Implementation

The City seeks, to the greatest extent feasible, to meet the Section 3 regulatory requirements by awarding Section 3 contracts to contractors (includes subrecipients) and subcontractors participating on Section 3 Covered Assistance and Section 3 Projects, in an effort to create employment and business opportunities for low- and very low-income persons. City staff is assigned to monitor and implement the requirements of Section 3 in accordance with these Section 3 Guidelines.

The implementation of these Section 3 Guidelines should result in a reasonable level of success in the recruitment, employment, and utilization of Section 3 Workers by contractors working on Section 3 Projects and Section 3 Covered Assistance. The City will examine and

consider a contractor's or potential for success in providing employment and business opportunities to Section 3 residents prior to acting on any proposed contract award.

1. Section 3 Contracting Policy

    a. Housing and Community Development Assisted Section 3 Projects

    The City will implement Section 3 on all Housing and Community Development assisted Section 3 Projects, including but not limited to housing rehabilitation, housing construction, and other public construction projects assisted with HUD Housing and Community Development funds of $200,000 or more. Section 3 covered procurements shall be implemented in accordance with this Section 3 Plan.

    To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, the City shall ensure contracts for work awarded in connection with Section 3 Projects are provided to business concerns that provide economic opportunities to Section 3 Workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

    Where feasible, priority for the contracting opportunities described above should be given to:

    (i) Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing within the service area or the neighborhood of the project, and

    (ii) Participants in YouthBuild programs.

2. Section 3 Employment & Training

    a. Housing and Community Development Assisted Section 3 Projects

    It is the City policy that to the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, that recipients of Housing and Community Development funding shall ensure that employment and training opportunities arising in connection with Section 3 Projects are provided to Section 3 Workers within the metropolitan area (or nonmetropolitan county) in which the project is located. Where feasible, priority for opportunities and training should be given to:

    (i) Section 3 Workers residing within the service area or the neighborhood of the project, and

    (ii) Participants in YouthBuild programs.

Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the employment, training, and contracting requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

It is the responsibility of the City and its contractors to implement and document their good faith efforts to attain Section 3 compliance with HUD established Section 3 Worker and Targeted Section 3 Worker labor benchmarks. Any contractor that does not meet the Section 3 labor benchmarks must submit documentation to the City with its Section 3 Labor Summary Report that demonstrate the qualitative measures undertaken to attempt to meet the Section 3 labor benchmarks.

3. Contract Provisions

The Section 3 Contract Clause specifies the requirements for contractors performing work under Section 3 Projects. The Section 3 Clause must be included in all contracts and subcontracts for Section 3 covered projects and activities. The following contract provision requirements apply to each of the respective funding sources:

a. Housing and Community Development Section 3 Projects

(i) Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project.

(ii) Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the employment, training, and contracting requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

4. Section 3 Procurement

The requirements of Section 3 are passed down from HUD to the City, and from the City to contractors (including subrecipients) and subcontractors participating on Section 3 Projects or Section 3 Covered Assistance. A contractor is any entity that contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 project. Such entities contracted to perform work may include:

- The State;
- A unit of local government;
- A public housing authority;
- A public body;
- A public or private non-profit agency;
- A private agency mortgagor;
- A sponsor;
- A builder or building contractor;
- A property manager;
- A community development organization; and
- Resident management or a resident council.

Under the federal procurement regulations applicable to the City at 2 CFR 200.318 et seq., most Section 3 covered procurements will be formal procurements involving a

Notice Inviting Bids that will be advertised in media of general circulation. The following statement shall be inserted in the bid advertisement:

This is a HUD Section 3 Project or Section 3 Covered Assistance. Contractors/ Subcontractors must comply with the employment, training and contracting opportunity requirements of Section 3 of the Housing and Community Development Act of 1968.

Within the bid document, staff will insert the "Section 3 Bid Package" which is comprised of the following documents:

- Section 3 Clause (Exhibit 1);
- Section 3 Pre-Bid Meeting Checklist (Exhibit 2);
- Section 3 Business Certification Form (Exhibit 3);
- Sample Qualitative Outreach Efforts for Contractors (Exhibit 4);
- Statement of Section 3 Qualifications (Exhibit 5);
- Section 3 Worker/Targeted Worker Certification Form by County of Residence (Exhibit 6); and
- Section 3 Contractor's Labor Report Summary (Exhibit 7).

At least one (1) week prior to the bid opening, staff will conduct a Section 3 Pre-Bid Meeting to explain the Section 3 requirements to potential bidders. Using the Section 3 Bid Package forms and the Section 3 Pre-Bid Meeting Checklist found in Appendix B, staff will present relevant Section 3 information to potential bidders and answer their questions about documentation, outreach, and employment goals.

Contractors who are not Section 3 Business Concerns based on 51% ownership by current public housing residents or residents who currently live in Section 8-assisted housing, or 51% owned and controlled by low- or very low-income persons, and who anticipate bidding on City projects in the future are advised to incorporate the Section 3 Worker Certifications and Section 3 Targeted Worker Certifications into their new-hire packet so that they can become a Section 3 Business Concern at a point in time when over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers. Companies that are not Section 3 Busness Concerns at the time of the bid will be required to engage in and document certain outreach efforts that will assist them in meeting the HUD established Section 3 Worker and Targeted Section 3 Worker labor benchmarks (Statement of Section 3 Qualifications).

5. Section 3 Worker Hiring

The definition of a Section 3 Worker specifies that one of the eligibility qualification for such designation is that these individuals earn 80 percent or less of the Area Median Income for their county of residence. The Section 3 Worker Certification form must be updated by the City each year subsequent to HUD's annual release of new income limits.

6. Targeted Section 3 Worker Hiring

Where Housing and Community Development funding is provided, the definition for a Targeted Section 3 Worker specifies that one of the eligibility qualification for such designation is that an individual currently or when hired, as documented within the past five years lives within the service area or the neighborhood of the project.

The service area or neighborhood of the project is defined to mean an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

For each Housing and Community Development funded Section 3 Project, the City shall deteremine the applicable service area and include the results of that determination within the bid package for use in determining employee designations as Targeted Section 3 Workers, business designations as Section 3 Business Concerns, and for measuring accomplishments in meeting the HUD Labor Hour Benchmarks for Targeted Section 3 Workers.

7. Section 3 Labor Hour Benchmarks

The City, Contractors, and other Recipients will be considered to have complied with the HUD Safe Harbor requirements of 24 CFR 75.13 for Section 3 Covered Assistance and 24 CFR 75.23 for Section 3 Projects if in the absence of evidence to the contrary, if they:

a. Certify that they have followed the prioritization of effort contained in Section 1 – Section 3 Contracting Policy and Section 2 – Section 3 Employment and Training above; and

b. Meet or exceed the applicable Section 3 labor hour benchmarks as described below.

For Housing and Community Development Section 3 Projects

(i) The number of labor hours worked by Section 3 Workers divided by the total number of labor hours worked by all workers on a Section 3 Project in the recipient's program year. As of July 1, 2021, the benchmark is 25 percent.

(ii) The number of labor hours worked by Targeted Section 3 Workers as defined in 24 CFR 75.21(a), divided by the total number of labor hours worked by all workers on a Section 3 Project in the recipient's program year. As of July 1, 2021, the benchmark is 5 percent.

HUD will periodically revise the Section 3 benchmarks. When future revisions are published in the *Federal Register*, all relevant Section 3 forms and documentation shall be amended to reflect the updated benchmark values and effective date.

8. Section 3 Compliance Activities - Qualitative Measures

The City, Recipients and Subrecipients, and Contractors and Subcontractors have an obligation to provide employment and training opportunities generated by the Housing and Community Development assistance to Section 3 Workers. In addition, the

contracting requirements of the above Section 1 – Section 3 Contracting Policy must be met. HUD has provided a number of qualitative efforts that can be undertaken to assist all parties in enhancing Section 3 labor hour performance and in meeting the HUD labor hour benchmarks, which include but are not limited to the following:

a. Engage in outreach efforts to generate job applicants who are Targeted Section 3 Workers.

b. Provide training or apprenticeship opportunities.

c. Provide technical assistance to help Section 3 Workers compete for jobs (e.g., resume assistance, coaching).

d. Provide or connect Section 3 Workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.

e. Hold one or more job fairs.

f. Provide or refer Section 3 Workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).

g. Provide assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.

h. Assist Section 3 Workers in obtaining financial literacy training and/or coaching.

i. Engage in outreach efforts to identify and secure bids from Section 3 business concerns.

j. Provide technical assistance to help Section 3 business concerns understand and bid on contracts.

k. Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns.

l. Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

m. Promote the use of business registries designed to create opportunities for disadvantaged and small businesses.

n. Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

The City, Recipients and Subrecipients, Contractors and Subcontractors, and all other parties subject to the Section 3 requirements are required to fully document all qualitative efforts undertaken. In the event that either one or both of the HUD labor hour

benchmarks for Section 3 Workers and Targeted Section 3 Workers are not met, then documentation supporting the measures implemented to enhance Section 3 performance must be submitted to City.

Examples of documentation supporting the implementation of qualitative efforts might include: copies of direct mail solicitations, copies of internet and email outreach efforts, formal advertisements, flyer or brouchers for meetings, sign-in lists for job fairs and other public meetings, agendas or meeting notes from meeting with contractors or businesses, or correspondence with Section 3 Business Concerns.

9. Section 3 Reporting

It is the City's responsibility to report Section 3 accomplishments to HUD. The City is required to maintain documentation of actions taken to comply with the employment and training requirements of Section 3, the results of actions taken and impediments encountered. The City should maintain records of solicitation of bid proposals, selection material, and contract documents in accordance with Federal and State Law. This documentation should demonstrate all of the City's efforts to achieve Section 3 labor hour benchmark compliance.

Section 3 report submissions are determined by the source of funding as reflected in the table below:

Funding Source	Report Submissions
Office of Community Planing and Development Programs	Grantees who receive funding such as Block Grnat Assistance, HOME Funds, Housing Trust Funds, Continum of Care, etc. will enter Section 3 information within the applicable closeout screens in IDIS, DRGR, or e-SNAPs as well as their annual reporting on the CAPER or APR.
Office of Lead Hazard Control and Health Homes Programs	Grantees receiving OLHCHH funding will report on their Section 3 activities within the Healthy Homes Grant Management System (HHGMS).
Office of Housing Programs	Grantees that participate in the Rental Assistance Demonstration Program will continue to report Section 3 activities within the RAD Resource Desk as prescribed by the latest RAD Notice
Office of Public and Indian Housing Programs	Public Housing Authorities will report in the Section 3 Reporting System (S3RS) portal

For Housing and Community Development Financial Assistance, Section 3 Projects are reported on in the applicant grant monitoring system such as IDIS or DRGR,etc.,while benchmarks are reported on annually through the CAPER or APR unless otherwise provided by the grant. Where required, qualitative efforts on all projects completed within the program year are reported in a manner consistent with the program funding.

10. Section 3 Business Concern List

Effective with the adoption of this Section 3 Plan, the City will maintain a list of qualified Section 3 Business Concerns wishing to contract for federally-assisted housing rehabilitation, housing construction, and other public construction projects. The City will also utilize the HUD Section 3 Business Registry:

https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness**,**

or any other centralized Section 3 Business lists or databases offered by HUD that include contractors in the metropolitan area.

11. Section 3 Complaint Procedures

Complaints alleging failure to comply with the provisions of 24 CFR Part 75 may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

12. Records

The City shall maintain documentation and ensure that its subrecipients, contractors, or subcontractors that employ workers maintains documentation to ensure that workers meet the definition of a Section 3 Worker or Targeted Section 3 Worker, at the time of hire or the first reporting period, in accordance with the following requirements:

a. For a worker to qualify as a Section 3 Worker, one of the following must be maintained:

   (i) A worker's self-certification that their income is below the income limit from the prior calendar year;

   (ii) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;

   (iii) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

   (iv) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or

   (v) An employer's certification that the worker is employed by a Section 3 business concern.

b. For a worker to qualify as a Targeted Section 3 Worker, under eligible Housing and Community Development financial assistance:

   (i) An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;

(ii) An employer's certification that the worker is employed by a Section 3 business concern; or

(iii) A worker's self-certification that the worker is a YouthBuild participant.

In addition, the City shall maintain documentation and ensure that its subrecipients, contractors, or subcontractors that employ workers maintains documentation detailing total labor hours worked, and Section 3 Worker and Target Section 3 Worker labor hours. Documention of all qualitative efforts undertaken to enhance Section 3 performance must also be maintained by the City.

The foregoing compliance documentation shall be maintained for the time period required for record retention consistent with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR 200.334 which provides for retaining records for a minimum period of three years. HUD shall have access to all records, reports, and other documentation that demonstrates compliance with the Section 3 requirements.

EXHIBITS

1. Section 3 Clause
2. Section 3 Pre-Bid Meeting Checklist
3. Section 3 Business Certification Form
4. Sample Qualitative Outreach Efforts for Contractors
5. Statement of Section 3 Qualifications
6. Section 3 Worker/Targeted Worker Certification Form by County of Residence
7. Section 3 Contractor’s Labor Report Summary

TASKS	Responsible Staff
1. Review and perform oversight of Section 3 contracting requirements.	Project manager for the Department implementing the Section 3 Project.
2. Review and perform oversight of Section 3 employment and training requirements.	Project manager for the Department implementing the Section 3 Project.
3. Review, implement, and perform oversight of Section 3 procurement requirements.	Project manager for the Department implementing the Section 3 Project.
4. Review of service area requirements for each Section 3 activity and integration into bid and other Section 3 documentation.	Project manager for the Department implementing the Section 3 Project.
5. Review Section 3 Business Concern documentation and determine eligibility.	Project manager for the Department implementing the Section 3 Project.
6. Review the Statement of Section 3 Qualifications to determine the capacity of the bidder to meet Section 3 obligations.	Project manager for the Department implementing the Section 3 Project.
7. Review Section 3 Worker and Targeted Section 3 Worker documentation and determine eligibility.	Project manager for the Department implementing the Section 3 Project.
8. Implement qualitative measures and perform reviews of qualitative measures implemented by contractors and other parties.	Project manager for the Department implementing the Section 3 Project.
9. Receive and process Section 3 accomplishment data and perform Section 3 reporting functions.	Grant Administrator - Department of Neighborhood Services.
10. Receive and process Section 3 complaints.	Grant Administrator - Department of Neighborhood Services.
11. Enter Section 3 accomplishment data in the HUD Integrated Disbursement and Information System prior to marking the activity “complete”	Grant Administrator - Department of Neighborhood Services.
12. Retention of Section 3 Project records	Project manager for the Department implementing the Section 3 Project.
Records to be Maintained:	City Contractor Applications / Bids DUNS and SAM registrations City licensing information, registration, and vendor requirements State contractor license verifications Notice of contract award - Departmental approvals All Section 3 Exhibits / documents received as part of a Section 3 Project
Retention Period:	5 years from submission of the Consolidated Annual Performance and Evaluation Report in which the Section 3 Project is reported as complete.

Section 3 Plan

Exhibit 1

EXHIBIT 1

Section 3 Clause
Federal Contract Provision
24 CFR Part 75

a. This is a Section 3 covered project. Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as detailed in 24 CFR 75(a)(2)(i). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

b. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by the U.S. Department of Housing and Urban Development (HUD) assistance or HUD assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

c. The parties to this contract will comply with HUD's regulations as set forth in 24 CFR Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.

d. The Section 3 requirements apply to all contractors and subcontractors performing work in connection with a Section 3 covered project. Contractor means any entity entering into a contract with (a) a recipient to perform work in connection with work in connection with a Section 3 project; or (b) a subrecipient for work in connection with a Section 3 project. Subcontractor means any entity that has a contract with a Contractor to undertake a portion of the contractor's obligation to perform work in connection with a Section 3 project.

e. The contractor agrees to include this Section 3 Clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 Clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of regulations under 24 CFR Part 75.

f. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected, but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, where not filled to circumvent the contractor's obligations under 24 CFR Part 75.

g. Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

h. Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25

U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the Section3 requirements of 24 CFR Part 75.

Section 3 Plan

Exhibit 2

EXHIBIT 2

Section 3 Pre-Bid Meeting Checklist

Project Name	Project Number

Date	Time	Location

This presentation will familiarize you with the federal requirements applicable to this contract because it is funded in whole or in part with federal Community Development Assistance administered by the U.S. Department of Housing and Urban Development (HUD). Please be sure to ask me any questions you may have about these requirements before you leave today's meeting.

SECTION 3 EMPLOYMENT, CONTRACTING, AND TRAINING OPPORTUNITY PROGRAM

☐ Section 3 of the Housing and Community Development Act of 1968 requires that the City implement an employment, contracting and training opportunity program in connection with its HUD-funded housing construction, housing rehabilitation, or other public construction contracts. The goal of Section 3 is to provide employment and training opportunities to individuals that qualify as "Section 3 Residents."

☐ This is a Section 3 covered project. Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as detailed in 24 CFR 75(a)(2)(i). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

☐ The Section 3 requirements apply to all contractors and subcontractors performing work in connection with a Section 3 covered project. Contractor means any entity entering into a contract with (a) a recipient to perform work in connection with work in connection with a Section 3 project; or (b) a subrecipient for work in connection with a Section 3 project. Subcontractor means any entity that has a contract with a Contractor to undertake a portion of the contractor's obligation to perform work in connection with a Section 3 project.

☐ A Section 3 Worker is a worker who currently fits or when hired within the past five years (as documented) fits at least one of the following *categories*:

a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
b. The worker is employed by a Section 3 business concern.
c. The worker is a YouthBuild participant.

☐ For Housing and Community Development Financial Assistance – A Targeted Section 3 Worker is:

a. A worker employed by a Section 3 business concern; or
b. A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:

(i) Living within the service area or the neighborhood of the project, which is defined as an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered

on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census; or

(ii) A YouthBuild participant.

☐ A Section 3 Business is a business concern meeting at least one of the following criteria, documented within the last six-month period:

a. is at least 51 percent owned and controlled by low- or very low-income persons;
b. over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
c. is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

☐ The City is required by HUD to implement Section 3 to the greatest extent feasible, which means that the City and it subrecipients, contractors and subcontractors must undertake all reasonable measures to meet the established HUD Labor Hour Benchmarks for Section 3 Workers and Targeted Section 3 Workers. The current HUD Section 3 minimum labor hour benchmarks are as follows:

Labor Hour Standard	Ratio Formula	Minimum %
Section 3 Workers	Section 3 Workers ÷ Total Labor Hours	25%
Targeted Section 3 Workers	Targeted Section 3 Workers ÷ Total Labor Hours	5%

Note that the Section 3 Labor Hours Worked reflected above should also include the Total Labor Hours worked for Targeted Section 3 Workers.

☐ Upon completion of the contract, the successful bidder will be required to provide the Contractor's Section 3 Labor Report Summary, a document summarizing labor hour accomplishments and detailing all efforts made to create contracting, employment and training opportunities for low-income residents in connection with this project. This form is also included in the bid document; however, it is to be submitted on July 1st or with your final Certified Payroll Report, whichever occurs first.

CONTRACTOR ELIGIBILITY

☐ All contractors' license status will be verified by the City with the Contractors State License Board.

☐ The City will verify the debarment status of all contractors through the U.S. General Services Administration's System for Award Management (SAM).

☐ The City will verify that all contractors have appropriate insurance in conformance with contract requirements.

FEDERAL PREVAILING WAGE: ☐ APPLICABLE ☐ NOT APPLICABLE TO THIS PROJECT

☐ This is a federally assisted construction contract. The Federal Labor Standards Provisions, including prevailing wage requirements of the Davis-Bacon and Related Acts will be enforced. In the event of a conflict between Federal and State wages rates, the higher of the two will prevail.

☐ The Federal Labor Standards Provisions, "HUD-4010 form," included in the Bid Document as a part of the prime contract, details the federal prevailing wage requirements applicable to this contract.

- ☐ The applicable Federal wage decision will lock-in 10-calendar days prior to the physical bid opening date.
- ☐ The hourly rate to be paid to each worker, as listed in the wage decision, may be higher than wages paid for private work.
- ☐ The hourly Fringe Benefit rate listed in the wage decision must be added to and paid as part of the workers hourly rate, or paid into an approved plan, as documented on the "Fringe Benefit Statement" form.
- ☐ The wage decision and notices must be posted at the job site in a place that is accessible to all employees.
- ☐ The "Public Works Payroll Report" form (WH-347 form or similar format) must be submitted on a weekly-basis.
- ☐ A "Statement of Compliance" form (WH-348 form or similar format) must be attached to each payroll report.
- ☐ All work classifications used in the "Weekly Certified Payroll Report" (CPR) must be listed in the wage decision.
- ☐ Classifications and rates used, but not listed in the wage decision must be approved in advance by HUD.
- ☐ "OTHER" deductions must be "Authorized" by the employee. A copy of this documentation must be attached to the first CPR where an "OTHER" deduction appears for an employee.

EQUAL EMPLOYMENT OPPORTUNITY

- ☐ Contractor(s) [$10,000 or more] must implement the requirements outlined in the "EEO Clause" of your contract.
- ☐ Notification will be made by the City to the DOL Office of Federal Contract Compliance Programs of all contracts and subcontracts of $10,000 or more.

The City will actively monitor this project for compliance with the aforementioned requirements.

Name/Signature of Presenter _____ Date _____

Section 3 Compliance Instructions for Bidders

During the procurement and contracting process for this project:

1. Review the Section 3 Clause
2. Review the Section 3 Pre-Bid Meeting Checklist
3. Complete the Section 3 Business Certification Form and return it with your bid
4. During the project, consider and implement Qualitative Outreach Efforts for Contractors as appropriate
5. Complete the Statement of Section 3 Qualifications and return it with your bid
6. Facilitate completion of the Section 3 Worker / Targeted Worker Certification Form(s) for each employee to be counted as either a Section 3 Worker or a Section 3 Targeted Worker on this project and return these forms with your bid

If selected for the prime contract, incorporate Section 3 into subcontracts and require submission of items 2-6 below from each subcontractor or sub-tier contractor:

1. Section 3 Clause
2. Section 3 Pre-Bid Meeting Checklist
3. Section 3 Business Certification Form
4. Qualitative Outreach Efforts for Contractors
5. Section 3 Worker / Targeted Worker Certification Form(s)
6. Section 3 Contractor's Labor Report Summary (to be submitted with the final payroll report)

During the project:

1. Continue implementing Section 3 as part of your hiring practices
2. Maintain records of hours worked by type of worker (Section 3 Worker, Section 3 Targeted Worker, other workers) to facilitate reporting

After the project is complete:

1. Collect a Section 3 Contractor's Labor Report Summary from all participating subcontractors and sub-tier contractors.
2. Prepare the prime contractor's Section 3 Contractor's Labor Report Summary form
3. Submit all Section 3 Contractor's Labor Report Summary forms to the City



Section 3 Plan

Exhibit 3

EXHIBIT 3

Section 3 Business Certification Form

Federal Compliance Form – To be submitted with Bid to be Responsive to Section 3

Project Name	Project Number	Bid/Contract Amount

Business Name

Business Address

Telephone Number	Contractor's License Number	Federal Employer Identification Number	DUNS Number

1. The above named business is a Section 3 Business Concern based on the following qualifications:

   ☐ **51 percent owned and controlled by low- or very low-income persons**

   Number of Low- or Very Low-income Owners _____ ÷ Number of Owners _____ = _____ %

   (Attach Resident Certifications for all Section 3 owners claimed and a list of all other non-income eligible owners)

   ☐ **Over 75 percent of the labor hours performed for the business over the prior three-month period were performed by Section 3 workers**

   a. Total Number of Labor Hours for the prior three-month period _____

   b. Number of Labor Hours for the prior three-month period performed by Section 3 Workers _____

   c. b ÷ a = _____ %

   (Attach Summary Labor Report Form for the prior three-month period)

   ☐ **At least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing**

   Number of Section 3 Resident Owners _____ ÷ Number of Owners _____ = _____ %

   (Attach Resident Certifications for all Section 3 owners claimed)

2. The above named business is not a Section 3 Business Concern, but commits to meeting the Section 3 goal on this project by:

   ☐ **Making a Written Commitment**

   Our company declares its intention to incorporate Section 3 into our normal hiring practices beginning with all openings effective on or after the date of contract award, with the goal of becoming a Section 3 Business Concern; and comply with the employment and training, and contracting prioritization efforts of 24 CFR 75.19.

   On this project, our company and its subcontractors will collectively meet the following Section 3 minimum labor hour benchmarks:

Labor Hour Standard	Ratio Formula	Minimum %
Section 3 Workers	Section 3 Workers ÷ Total Labor Hours	25%
Targeted Section 3 Workers	Targeted Section 3 Workers ÷ Total Labor Hours	5%

We have attached the Statement of Section 3 Qualifications, and Business Certifications for all subcontracts claimed; and agree to conduct and document outreach efforts to hire Section 3 Workers and Targeted Section 3 Workers, and collect Section 3 Worker and Section 3 Targeted Worker Certifications, and document their labor hours as well as total labor hours throughout the duration of the project.

The undersigned declares that the above information is complete and correct.

Printed Owner/Principal Name	Owner/Principal Signature	Date



Section 3 Plan

Exhibit 4

Sample Qualitative Outreach Efforts for Contractors
Seeking to Hire Section 3 Workers and Targeted Section 3 Workers

A Section 3 responsive bidder who commits to hire Section 3 Residents by directing employment and training opportunities toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, may use any combination of outreach efforts to meet the Section 3 commitment made when a Statement of Section 3 Qualifications is submitted.

REMEMBER: All employees of a business/firm that work on a Section 3 Project count toward meeting your Section 3 goals—Section 3 New Hires do not have to be construction workers, they just have to work on the Section 3 Project.

The following represent sample measures that can be undertaken to expand your Section3 Worker and Targeted Section 3 Worker hiring;

- Engage in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provide training or apprenticeship opportunities.
- Provide technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- Provide or connect Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Hold one or more job fairs.
- Provide or refer Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).
- Provide assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assist Section 3 workers in obtaining financial literacy training and/or coaching.
- Engage in outreach efforts to identify and secure bids from Section 3 business concerns.
- Provide technical assistance to help Section 3 business concerns understand and bid on contracts.
- Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- Promote the use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

Remember to document all of your efforts for retention within your project files and for submission to the City.

Section 3 Plan

Exhibit 5

EXHIBIT 5

Statement of Section 3 Qualifications

Contractor name and address		Project number:	Dollar amount of contract:
		Contact person and title:	
		Contact person email address:	
Phone: (include area code)	Contractor's license number and class:	Federal EIN:	Date report submitted:
Date(s) covered:		Do you currently qualify as a Section 3 Business Concern? ☐ Yes ☐ No	

Part I: Past Performance under Section 3 Projects

Has your firm previously performed work on Section 3 projects? ☐ Yes ☐ No

If yes, please complete the attached spreadsheet detailing your Section 3 accomplishments for the last year

Part II: Efforts to Meet Section 3 Worker and Targeted Work Labor Hour Obligations

Please specify the commitments that you have made to meet your Section 3 Worker and Targeted Work Labor Hour Obligations

☐ We have a sufficient number of verifiable Section 3 Workers and Targeted Section 3 Workers currently employed, which based on the labor hour projections for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers.

☐ We have contractual commitments with Section 3 Business Concerns, which when combined with labor hour projections for our staff and those of the Section 3 Business Concerns for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers.

☐ We will engage in outreach efforts to identify and secure bids from Section 3 Business Concerns, which when combined with labor hour projections for our staff and those of the Section 3 Business Concerns for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers.

☐ We commit to performing the following targeted outreach activities to expand the number of Section 3 Workers and Targeted Section 3 Workers to a level which based on the labor hour projections for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers (list all outreach activities to be performed):

☐ We commit to performing the following measures designed to ensure that the labor hours performed by Section 3 Workers and Targeted Section 3 Workers for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers (provide a detailed description of the measures to be implemented):

Part III: Labor Utilization Projections for Section 3 Workers and Targeted Section 3 Workers

Please complete the following information for the project for which this bid proposal is being submitted:

Current Staffing	
Total Number of Personnel that will be working on this Project	
Number of currently employed Section 3 Workers that will be working on this Project	
Number of currently employed Targeted Section 3 Workers that will be working on this Project	

Projected Labor Utilization Includes Current and New Hires, Subcontractors, and Work performed by Section 3 Business Concerns	
a. Total Projected Labor Hours for all Project Personnel	
b. Total Projected Labor Hours for Section 3 Workers	
c. Total Projected Labor Hours for Targeted Section 3 Workers	
Projected Labor Hours by Section 3 Workers as a percentage of Total Labor Hours **(b ÷ a)**	%
Projected Labor Hours by Targeted Section 3 Workers as a percentage of Total Labor Hours **(c ÷ a)**	%

Part IV: Efforts performed to generate economic opportunities and assist in meeting Section 3 Labor Hour Requirements

Please indicate which of the following measure have been completed prior to the submission of this bid:
☐ Trained and/or Employed _____ Section 3 Workers and _____ Targeted Section 3 Workers (attach Section 3 Worker Certifications and Targeted Section 3 Worker Certifications)
☐ Awarded subcontracts to _____ Section 3 Business Concern(s). (attach Section 3 Business Concern Certifications)
☐ Attempted to recruit Section 3 Workers through: ☐ Advertising through local media, television, radio, newspaper (attach copy of advertisement) ☐ Signs prominently displayed at the project site ☐ Contacts with Community Organizations (attach correspondence) ☐ Contacted management to notify residents of job availability and posted or distributed flyers at public housing authority (Attach list)
☐ Participated in a HUD program or other program which promotes the training or employment of low-income individuals (attach supporting documentation)
☐ Participated in a HUD program or other program which promotes the award of contracts to Section 3 Business Concerns
☐ Contacted agencies administering HUD Youth-Build programs. (Attach correspondence documentation)
☐ Maintained a file of eligible qualified low-income Residents and qualified Section 3 Business Concerns for future employment
☐ OTHER: (Describe and attach supporting documentation)

Title 18, Section 1001 of the U.S. Code provides that it is a felony for any person to knowingly and willingly make false or fraudulent statements to any department of the United States Government. I, the undersigned, hereby certify that all statements contained herein and in its respective attachments are true and correct to the best of my knowledge and belief.

Under the penalty of perjury, I certify that the above information is true and correct.

_____	_____
Printed Name	Title
_____	_____
Signature	Date

Section 3 Accomplishments (Please include all Section 3 Projects in which you participated during the last 12 months)				
Project Name	**Construction Dates**	**Funding Entity**	**Funding Entity Contact Information (Name, Phone and email)**	**Were All Section 3 Obligations Met for this Project?**
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No

Section 3 Plan

Exhibit 6

SECTION 3 WORKER and TARGETED SECTION 3 WORKER CERTIFICATION

COMMUNITY DEVELOPMENT FINANCIAL ASSISTANCE

Employee Residing in Los Angeles County

Submit with Bid if Box 1 is checked on Section 3 Business Certification or for New Hires

Employee Name _____ Date Hired (Month/Date/Year) _____

Employee Address _____

I hereby certify that I am a Section 3 Worker based on currently meeting, or meeting when hired within the past five years at least one of the following qualification(s) - check all that apply:

1. ☐ I am a low-income resident of the metropolitan area and:

For new hires:

☐ My current annual income is $66,250 or less	2021 Income Limit

For employees hired within the last five (5) years, please specify if you met the applicable income requirement for the year in which you were hired (based on previous year income):

Year Hired	Applicable Income Limit	Income Standard
2020	☐ My annual income for 2019 was $58,450 or less	2019 Income Limit
2019	☐ My annual income for 2018 was $54,250 or less	2018 Income Limit
2018	☐ My annual income for 2017 was $50,500 or less	2017 Income Limit
2017	☐ My annual income for 2016 was $48,650 or less	2016 Income Limit
2016	☐ My annual income for 2015 was $46,500 or less	2015 Income Limit

2. ☐ I am a YouthBuild participant

Under the provisions of Title 18, Section 1001 of the U.S. Code, it is a felony for any person to knowingly and willingly make false or fraudulent statements to any department of the United States Government. I, the undersigned, hereby certify that all statements contained herein, are true and correct to the best of my knowledge and belief. I understand the information I provide in this certification is subject to verification, and I agree to provide necessary documentation if requested.

Under the penalty of perjury, I certify that the above information is true and correct.

Employee Signature _____ Date _____

EMPLOYER CERTIFICATION

Employee Name: _____

Company Name: _____

Our company: ☐ is a Section 3 Business Concern, or ☐ is not a Section 3 Business Concern

The above-named employee was hired on: _____

The above-named employee's job title is: _____

If the company is not a Section 3 Business Concern and the specified employee does not meet any of the above criteria for designation as a Section 3 Worker, please complete the following:

SECTION 3 WORKER:

☐ The worker's income from our company is below the income limit when based on a projection of the worker's wage rate annualized on a full-time basis, or

☐ The worker's income from our company exceeds the income limit when based on a projection of the worker's wage rate annualized on a full-time basis.

TARGETED SECTION 3 WORKER:

☐ The above specified employee lives within one mile of the location of the Section 3 project for which this certification is being submitted (or if fewer than 5,000 people live within one mile of the project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.)

Under the provisions of Title 18, Section 1001 of the U.S. Code, it is a felony for any person to knowingly and willingly make false or fraudulent statements to any department of the United States Government. I, the undersigned, hereby certify that all statements contained herein, are true and correct to the best of my knowledge and belief. I understand the information I provide in this certification is subject to verification, and I agree to provide necessary documentation if requested.

Employer Certification:

_____	_____
Printed Name	Title
_____	_____
Signature	Date

FOR OFFICE USE ONLY

To be determined eligible as a Section 3 Worker, the worker must currently fit or when hired within the past five years fit at least one of the following categories, as documented:

a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
b. The worker is employed by a Section 3 business concern.
c. The worker is a YouthBuild participant.

To be determined eligible as a Targeted Section 3 Worker, the worker must meet one the following criteria:

a. Be employed by a Section 3 business concern; or
b. Currently fits or when hired fit at least one of the following categories, as documented within the past five years:
   (i) Living within the service area or the neighborhood of the project [within one mile of the location of the Section 3 project for which this certification is being submitted (or if fewer than 5,000 people live within one mile of the project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.)]; or
   (ii) A YouthBuild participant.

Based on the information contained herein, the worker identified in this certification qualifies as:

☐ a Section 3 Worker

☐ a Targeted Section 3 Worker

☐ Does not qualify as either a Section 3 Worker or a Targeted Section 3 Worker

Section 3 Plan

Exhibit 7

EXHIBIT 7

Community Development Financial Assistance
Summary Labor Report

Project Name

The labor hours reported in this table must include the total number of labor hours worked with Housing and Community Development financial assistance for the above specified project, including labor hours worked by any contractors and subcontractors.

Labor hours for Section 3 Workers and Targeted Section 3 Workers that are classified as professional services are to be reported within their respective columns; however the total professional services labor hours are not to be included in the "All Workers Total Labor Hours Worked" Column.

Labor Hours Report for the Project funded with Community Development Financial Assistance			
Contractors and Subcontractors **List the names of all contractors and subcontractors performing work on the above specified project. (attach additional pages, if required)**	**All Workers Total Labor Hours Worked**	**Section 3 Workers Total Labor Hours Worked***	**Targeted Section 3 Workers Total Labor Hours Worked**
Totals			

*** Please note that the Section 3 Labor Hours Worked reflected above should also include the Total Labor Hours worked for Targeted Section 3 Workers. This also applies to the Labor Hours Calculation table below for determining compliance with HUD Benchmarks minimums.**

Section 3 Labor Hour Calculations

Based on your entries above, please calculate the following labor hour standards for your Housing and Community Development project:

Labor Hour Calculations			
Labor Hour Standard	**Ratio Formula**	**%**	**2021 HUD Benchmark Minimums**
Section 3 Workers	Section 3 Worker's Labor Hours ÷ Total Labor Hours		25%
Targeted Section 3 Workers	Targeted Section 3 Worker's Labor Hours ÷ Total Labor Hours		5%

Prioritization of Employment and Training, and Contracting

Employment and training

☐ I certify that to the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, that we have ensured that employment and training opportunities arising in connection with this Section 3 project are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located.

☐ I certify that where feasible, priority for opportunities and training described in the above paragraph were given to:

a. Section 3 workers residing within the service area or the neighborhood of the project, and
b. Participants in YouthBuild programs.

Contracting

☐ I certify that to the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, that we have ensured that contracts for work awarded in connection with this Section 3 project were provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

☐ I certify that where feasible, priority for contracting opportunities described in the above paragraph were given to:

a. Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and
b. YouthBuild programs.

If both of your labor hour percentage calculations for Section 3 Workers and Targeted Section 3 Workers are below the respective 2021 HUD Section 3 Benchmarks and you have met all of the prioritization of employment and training, and contracting requirements, please sign the certification below for the information entered above, and complete Section 2 of this form below.

If both of your labor calculation percentages for Section 3 Workers and Targeted Section 3 Workers meet or exceed the 2021 HUD Benchmark minimums, then please sign the certification below:

Under the penalty of perjury, I certify that the above information is true and correct.

Printed Name	Title
Signature	Date

SECTION 2

Please indicate which of the following qualitative Section 3 compliance activities that you or your subcontractors performed have:

- ☐ Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers
- ☐ Provided training or apprenticeship opportunities
- ☐ Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)
- ☐ Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services
- ☐ Held one or more job fairs
- ☐ Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care)
- ☐ Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training
- ☐ Assisted Section 3 workers to obtain financial literacy training and/or coaching
- ☐ Engaged in outreach efforts to identify and secure bids from Section 3 business concerns
- ☐ Provided technical assistance to help Section 3 business concerns understand and bid on contracts
- ☐ Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns
- ☐ Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- ☐ Promoted use of business registries designed to create opportunities for disadvantaged and small businesses
- ☐ Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act
- ☐ Other (please specify): _____

  _____
- ☐ Other (please specify): _____

  _____

PLEASE attach documentation that supports the performance of the above specified measures by contractors and subcontractors, and sign the certification below:

Under the penalty of perjury, I certify that the above information is true and correct.

Printed Name	Title
Signature	Date

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **Department of Parks and Recreation**

DISTRICT: **2**

SUBJECT: **APPROVE AGREEMENT WITH HEATH SATOW SCULPTURE, INC. FOR A STEEL SCULPTURE TO BE INSTALLED INTO THE PALMDALE AUTO MALL ROUNDABOUT, LOCATED AT THE INTERSECTION OF AUTO VISTA DRIVE AND CARRIAGE WAY, IN AN AMOUNT NOT TO EXCEED $185,000**

ISSUE

Approve Agreement with Heath Satow Sculpture, Inc. for a steel sculpture to be installed into the Palmdale Auto Mall roundabout located at the intersection of Auto Vista Drive and Carriage Way, in an amount not to exceed $185,000.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement No. A-7638 with Heath Satow Sculpture, Inc. for a steel sculpture to be installed in the Palmdale Auto Mall roundabout located at the intersection of Auto Vista Drive and Carriage Way, in an amount not to exceed $185,000.
2. Authorize the Mayor or his designee to execute Agreement A-7638 with Heath Satow Sculpture, Inc. which includes minimal and/or non-substantive changes.

BACKGROUND

The Palmdale Auto Mall roundabout was previously identified by the City's Economic Development Division and the Palmdale Public Art Program as an ideal location for an automotive themed sculpture in partnership with the Palmdale Auto Mall Dealer Association As a public-private partnership, proposals by four artists were reviewed and discussed by City staff and representatives the Palmdale Auto Mall Dealers Association before final selection. Heath Satow's proposal, entitled "Revolution", was selected by the Palmdale Auto Mall Dealers Association and staff alike.

DISCUSSION

A specific key goal of the City is to attract and retain artists, innovative technology companies, and new residents. Cultural and artistic resources foster economic development and tourism, revitalize urban areas, and improve the overall business climate by creating a more desirable community within which to live and work.

For this project, compatible candidates were requested from the Los Angeles County Arts and Culture Prequalified Civic Artists list. Four proposals were received and ranked as follows:

ARTIST/STUDIO	LOCATION	RANK
Heath Satow Sculpture, Inc.	Ogden, UT	1
Ball-Nogues Studio	Los Angeles, CA	2
Brad Howe	Los Angeles, CA	3
Urban Rock Design	Los Angeles, CA	4

Proposals were evaluated on the following criteria:

- Visual appeal, which creates a central focal point at the roundabout;
- Automotive themed and innovative original design;
- Integrates design with surrounding open space, big sky views, and other local features;
- Creates a desirable community destination that can be experienced from your vehicle; and,
- Indicates understanding of fabrication, installation, and long-term durability of exterior artworks.

Heath Satow Sculpture, Inc. has significant experience creating public art pieces in Southern California and has worked with a range of materials that have been exposed to harsh outdoor environments. Heath Satow Sculpture, Inc. recognizes the challenges and inherent natural beauty of high desert environments and estimates the life expectancy of this sculpture to be a minimum of 50 years. The contract term will be for 12 months.

FISCAL IMPACT

The cost for the design, fabrication, transportation, and installation of the sculpture is not to exceed $185,000; of which $155,000 will be for implementation and will be covered from Public Art fund account 15642001-473190, and $30,000 will be for execution of contract and will be covered from Economic Development – Business Retention and Development fund account 15761101-737133. Maintenance of the sculpture and the roundabout will be the responsibility of the Palmdale Auto Mall Dealers Association.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

D: Develop and maintain diverse programs and events that inspire growth, pride, and lifelong learning.

Prepared by:	Keri Smith, Director of Parks and Recreation
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Agreement No A-7638 Heath Satow Sculpture, Inc.
2. Certification of Funds

A-7638

PUBLICART AGREEMENT BETWEEN
CITY OF PALMDALE AND HEATH SATOW SCULPTURE, INC.

THIS ART AGREEMENT ("Agreement") is entered into this 7 day of September, 2021, by and between City of Palmdale, a public entity ("CITY"), and Heath Satow Sculpture, Inc. an entity, ("ARTIST"), an independent contractor. Artist and City are collectively referred to herein as the "Parties."

NOW, THEREFORE, the Parties agree as follows:

1. FACTS

This Agreement is entered into pursuant to the Parties' understanding of the following facts:

1.1 CITY wishes to retain ARTIST to design and produce visual art work consisting of "Revolution", a marine grade stainless steel sculpture with a galvanized steel interior structure to be incorporated into the Palmdale Auto Mall roundabout, located at the intersection of Auto Vista Dr. and Carriage Way ("ART WORK").

1.2 CITY has determined that ARTIST is qualified to perform the services contracted for and that the services are in the public interest.

1.3 As a condition precedent to ARTIST's performance under this Agreement, CITY shall partner with the owners and operators within the Palmdale Auto Mall to complete, in coordination with ARTIST, the following before the installation of the ART WORK: (1) Secure professional services for site layout, design and construction drawings; (2) Remove existing landscaping, irrigation and concrete curbing, interior and perimeter; (3) Regrade to project specifications to include mounding in the center, height to be determined; (4) Compact soil, conduct soils testing to verify compaction meets project requirements; (5) Install new roundabout surface; (6) Install new curbing to allow vehicle access; (7) Speck placement of ART WORK; (8) Reinstall all required vehicle traffic signage; (8) Meet all City permitting and inspection requirements; and (9) Other work as required to prepare for installation.

2. SCOPE OF WORK

ARTIST agrees to perform the Scope of Services set forth in accordance with this Agreement. Artist shall furnish all materials and perform all work required for completion of the Project.

ARTIST shall provide a final design, fabrication and installation of a sculpture for the Palmdale Auto Mall roundabout art project as more specifically described in Exhibits A and B of this agreement, which shall include footings, design, engineering, fabrication, shipping, and installation of the sculpture.

3. COMPENSATION

CITY will pay ARTIST for SERVICES pursuant to the terms of this Agreement in an amount NOT-TO-EXCEED the sum of One Hundred Eighty-Five Thousand Dollars ($185,000.00), payable in accordance with Exhibit C ("Payment Schedule").

CITY shall pay ARTIST for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified in Exhibit C shall be the only payments from CITY to ARTIST for services rendered pursuant to this Agreement.

The Contract Price is ARTIST's estimate of its charges for all the services, including all labor, equipment, material, subcontractor, and reimbursable costs, to be provided under this Agreement.

4. PAYMENT BOND; GUARANTY

Unless otherwise expressly provided herein, prior to commencing work, ARTIST shall provide a payment bond in an amount equal to 100% of the contract price. The bond forms required to be executed are attached hereto and incorporated by reference herein. In addition, the ARTIST is required to provide a written guaranty of Artist's work. In furtherance thereof, ARTIST shall execute the written form of Guaranty attached hereto and incorporated by reference herein.

5. COMMENCEMENT AND COMPLETION OF WORK

5.1 The execution of this Contract by the parties does not constitute an authorization to proceed. The services of ARTIST shall commence when CITY, acting by and through its Project Manager, has issued an Authorization to Proceed, and shall be completed within 12 Calendar months following ARTIST's receipt of Authorization to Proceed.

5.2 Artist shall have no claim for compensation for any services or work, which has not been authorized by CITY's Authorization to Proceed.

6. TAXES

6.1 ARTIST shall pay all sales, consumer, use, and other similar taxes required to be paid by ARTIST in accordance with state and local laws.

6.2 ARTIST is an independent contractor and have no power or authority to incur any debt, obligation or liability on behalf of the CITY. No person employed by ARTIST or acting on its behalf, in connection with this Contract shall be considered an Agent or employee of CITY.

6.3 ARTIST shall be required to obtain a current City of Palmdale business license, as required by the Palmdale Municipal Code, before beginning work on the Project.

7. ADMINISTRATION

This Contract will be administered by the Parks & Recreation Department of the City. The Director of Parks & Recreation or his or her designee shall be considered the Project Manager and shall have the authority to act for the City under this Contract.

8. TERM

The term of this agreement will commence on the date this Agreement is signed by all Parties and will terminate upon completion of Project or as otherwise noted herein.

9. FINAL ACCEPTANCE

9.1 Payment does not imply acceptance of work. The granting of any payment by CITY, or the receipt thereof by ARTIST, shall no way lessen the liability of ARTIST to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment, or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that does not conform to the requirements of this Agreement may be rejected by the CITY and in such case must be replaced by ARTIST as soon as possible.

9.2 ARTIST shall advise the CITY in writing when ARTIST has completed all obligations, services, and deliverables under this Agreement and all modifications. The CITY promptly shall send a response identifying in writing any obligations, services or deliverables that the ARTIST has not satisfactorily met, any defects in ARTIST's performance, and the requirements to cure such a default. The ART WORK shall not be officially accepted by CITY unless the CITY has provided a notice to ARTIST of Final Acceptance. City shall make a good faith reasonable effort to make a determination as to Final Acceptance promptly.

9.3 CITY shall have the right either to have ARTIST correct deficiencies in the Project within a reasonable time, and, at ARTIST's expense, resubmit the Project for acceptance, or to terminate this Agreement as set forth herein. Each such remedy shall be independent and shall be cumulative and in addition to any other or further remedy of CITY at law or equity. Enforcement of such remedy shall not be exclusive nor shall it be deemed an election of such remedy to the exclusion of any other or further remedy. The provisions of this subsection shall survive the expiration or termination of this Agreement.

10. TITLE

Except in the case of early termination of this Agreement, title to the ART WORK shall transfer from ARTIST to CITY upon CITY's Final Acceptance of the ART WORK. Title transfer shall be self-executing upon CITY's Final Acceptance. ARTIST will cooperate in providing to CITY any title transfer documents CITY may request or require during or after the Term of this Agreement.

11. INTELLECTUAL PROPERTY RIGHTS

11.1 Except for title and possession or as otherwise provided by this Agreement under subsections 11.2.1-.8 below, pursuant to the Copyright Act of 1976 (17 U.S.C. §101 et seq. as amended, and any successor act) ARTIST shall retain the copyright and associated intellectual property rights in and to the ART WORK resulting from this Agreement. Nothing herein shall obligate CITY to enforce or defend ARTIST's copyright or other intellectual property rights. Notwithstanding the foregoing, the CITY shall have the right, at its sole discretion, to enforce or defend its own use and rights to the ART WORK as noted in this Agreement.

11.2 ARTIST grants to CITY an irrevocable and exclusive worldwide license to reproduce, to distribute, and/or to display two- or three-dimensional reproductions of the ART WORK in any commercial or noncommercial manner whatsoever, related to the Project. The ARTIST hereby grants to the CITY the right to reproduce and retain copies of the ART WORK produced and used by the ARTIST for the purposes of (1) fulfilling its responsibilities as owner of the ART WORK; and (2) public exhibition related to the display of the ART WORK. For the purpose of this limitation, the representation, distribution and display of the ART WORK or materials designed solely to promote the CITY, its services, or to attract visitors or businesses including, without limitation:

11.2.1 Public display in conjunction with the Project and related events;

11.2.2 Reproduction on Project promotional items, such as print ads, postcards, posters, buttons, applications, and web site;

11.2.3 Educational, public relations, and / or art promotion purposes;

11.2.4 Publications of images of the ART WORK in CITY-produced brochures and pamphlets;

11.2.5 Reproduction in exhibition catalogues, books, slides, photographs, postcards, posters, and calendars;

11.2.6 Publication in art magazines, art books, and newspapers;

11.2.7 Publication in books and magazines not primarily devoted to art but of an educational, historical, or critical nature, and

11.2.8 Television programs for educational and or informational purposes.

11.3 Because the ART WORK in its final dimension will be unique, ARTIST shall not make any additional exact duplicate, two or three-dimensional reproductions of the final ART WORK, nor shall ARTIST grant permission to others to do so except with CITY's written permission. Should CITY grant the right of reproduction to ARTIST or another, CITY shall be entitled to thirty percent (30%) of the net proceeds that ARTIST or others may receive for such reproduction.

11.4 CITY requires written notice of ARTIST's use of the ART WORK for personal publicity, retrospective exhibits, and other non-commercial purposes. The ARTIST shall acknowledge CITY's role in commissioning and funding the ART WORK in all public

presentations and written, printed, or electronic publication of information regarding the ART WORK. The ARTIST shall use his best efforts to include a credit reading substantially "An original work commissioned by the City of Palmdale, California" in any such showing under the ARTIST's control.

11.5 All reproductions of the ART WORK by the CITY shall contain a credit to the ARTIST and a copyright notice substantially in the following form: "Sculpture by Heath Satow © 2021."

11.6 CITY shall have the right to use ARTIST's name, likeness, and biographical information, in connection with the display or reproduction and distribution of the ART WORK including all advertising and promotional materials regarding CITY. ARTIST shall be reasonably available to attend any inauguration or presentation ceremonies relating to the public dedication of the ART WORK.

11.7 In the event the CITY's use of the ART WORK creates trademark, service mark, or trade dress rights in connection with the ART WORK, CITY shall have an exclusive and irrevocable right in such trademark, service mark, or trade dress.

11.8 ARTIST shall receive authorship credit in connection with ART WORK or any authorized reproductions thereof. CITY will include ARTIST'S name and the copyright symbol will appear on or near the image on all printed materials.

11.9 The provisions of this Section shall survive the expiration or termination of this Agreement.

12. NOTICES

All notices given or required pursuant to this Agreement shall be in writing and may be given by personal delivery or by certified mail. Notice sent by mail shall be addressed to each party's designated representative as set forth herein. When addressed in accordance with this paragraph, such notices shall be deemed given upon deposit in the United States mail, postage prepaid. In all other instances, notices shall be deemed given at the time of actual delivery:

i. To CITY: J.J. Murphy, City Manager
City of Palmdale
38300 Sierra Highway, Suite A
Palmdale, CA 93550

ii. To ARTIST: Heath Satow Sculpture, Inc.
1260 25th St.
Ogden, UT 84401
(626) 318-5950

13. INDEMNIFICATION

To the maximum extent permitted by law, ARTIST and any contractors, subcontractors, or employees working on its behalf agree to indemnify CITY, its officers, employees, agents and elected and appointed boards (hereinafter "Indemnified Parties") for any loss, claim, demand, cause of action, cost, expense, damage, obligation or liability which arises out of or is in any way connected with the performance of any work under this agreement, including any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of ARTIST, its contractors or subcontractors, and regardless of any acts, omissions or negligence (whether active or passive) of any person or entity indemnified hereunder. At their own expense, ARTIST and, as applicable, any contractors or subcontractors working on its behalf, shall defend any suit, claim or action against the Indemnified Parties founded upon such loss, claim, demand, cause of action, cost, expense, damage, obligation or liability. ARTIST shall ensure that the contract of any contractor, subcontractor, or employee working under this agreement contain an indemnity agreement, requiring the contractor or subcontractor to indemnify and defend the Indemnified Parties pursuant the terms set forth above. ARTIST shall indemnify the Indemnified Parties, and save it harmless from any and all loss, damage, costs, expenses and attorney's fees suffered or incurred on account of any breach of the aforesaid obligations and covenants, and any other provision or covenant of this agreement.

ARTIST also understands and agrees that it is being employed to perform the services provided for by this Agreement because of ARTIST's professed expertise and experience in performing such services. In addition, ARTIST understands and agrees that while Indemnitees may elect to do so, they have no duty to review, inspect, monitor or supervise the work performed by ARTIST pursuant to this Agreement except as otherwise expressly provided for by this Agreement. As a consequence, ARTIST waives any right of contribution against any Indemnitees arising out of such failure to inspect, review, monitor or supervise the work performed by ARTIST pursuant to this Agreement.

14. LIABILITY INSURANCE

Without limiting ARTIST's indemnification of CITY, as described herein, and unless modified by CITY, ARTIST shall obtain, provide and maintain, at its own expense, during the term of this Agreement, a policy or policies of insurance, satisfactory to the CITY, from insurance carriers admitted to do business in the State of California and rated in A.M. Best's Insurance Guide with a rating of A:VII or better, which contain the coverage described below.

14.1.1 Commercial General Liability
- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

14.1.2 Commercial Automobile Liability
- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

14.1.3 Workers' Compensation and Employer's Liability

- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability:
  $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

14.2 Certificates of Insurance and original endorsements shall be provided by Contractor for the above-indicated policies.

14.3 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the CITY as an additional insured, as respects liability arising out of the performance of any work under the Contract. Such insurance shall be primary insurance, as respects the interest of the CITY, and any other insurance maintained by the CITY shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificates shall state: "The City of Palmdale, Successor Agency to the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are named as additional insured".

B. "Severability of Interest" Clause.

14.4 Said Certificates of Insurance shall provide that thirty (30) days' prior written notice of cancellation shall be given to the City in the event of cancellation and/or reduction in coverage of any nature.

14.5 The required policies of insurance shall be endorsed to waive all rights of subrogation. Contractor waives all rights of subrogation.

14.6 Acceptable Proof of Insurance:

A. ACORD Certificate of Insurance listing all coverage, limits, deductibles and insured; and endorsements for all applicable coverage if agent has authority to issue it; or additional insured Form CG20100704 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

B. Binders of insurance for all coverage. Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements and a corresponding Certificate of Insurance listing all insurers and coverage must be submitted to the City Attorney.

14.7 The requirements as to the types and limits of insurance to be maintained by CONTRACTOR are not intended to and shall not in any manner limit or qualify CONTRACTOR's liabilities and obligations under this Contract.

14.8 Any policy or policies of insurance that ARTIST elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the

performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

15. WARRANTIES

15.1 ARTIST represents and warrants that:

15.1.1 ARTIST warrants that the design of the ART WORK as expressed herein is unique and an edition of one, and that ARTIST will not execute or authorize another to execute another work of the same or substantially similar image, design, dimensions, and/or materials as the ART WORK. ARTIST may create works that utilize or incorporate various individual art elements that comprise the ART WORK, so long as the work utilizing or incorporating such individual elements: (1) does not consist predominately of such elements; (2) is the not the same or substantially similar in image, design, dimensions, and materials as the ART WORK; and (3) is not displayed in an environment that is the same or substantially similar to the environment in which the ART WORK is to be displayed at the site.

15.1.2 ARTIST represents and warrants that ARTIST is the sole author of the ART WORK and that ARTIST is the sole owner of any and all copyrights pertaining to the ART WORK. Artist further represents that the ART WORK is free and clear of any liens and that there are no outstanding disputes in connection with property rights, intellectual property rights or any other rights in the ART WORK or any parts of the ART WORK.

15.1.3 The ARTIST shall faithfully perform the work required under this Agreement in accordance with the standards of care, skill, training, diligence, and judgment provided by highly competent professionals who perform work of a similar nature to the work described herein. Artist shall assign only competent personnel to perform services pursuant to this Agreement. In the event that CITY, in its sole discretion, at any time during the term of this Agreement, desires the removal of such persons, ARTIST shall, immediately upon receiving notice from CITY of such desire of CITY, cause the removal of such person or persons.

15.2 WARRANTIES OF QUALITY AND CONDITION. ARTIST represents, warrants, and guarantees the ART WORK to be free from faults of material and workmanship for a period of one (1) year after installation.

15.3 ARTIST represents and warrants that the ART WORK will not pose a danger to public health or safety in view of the possibility of misuse, if such misuse is in a manner that was reasonably foreseeable at any time during the term of this Agreement.

15.4 ARTIST represents and warrants that occasional or minimal cleaning and repair of the ART WORK and any associated working parts and/or equipment will maintain the ART WORK within an acceptable standard of public display. ARTIST shall provide CITY with maintenance recommendations after completion of Project.

16. LAWS AND REGULATIONS

In undertaking the Project, ARTIST shall be responsible for complying with any and all

applicable federal, state, county, and municipal laws, ordinances and regulations and the conditions of any required licenses and permits. Such compliance shall be at ARTIST's sole cost and without any increase in price or time on account of such compliance, regardless of whether compliance would require additional labor, equipment, and/or materials not expressly provided for in this Agreement or ARTIST's proposal.

17. TERMINATION WITHOUT CAUSE

CITY reserves the right to terminate this Agreement or any part thereof for its sole convenience with fifteen (15) days written notice. In the event of such termination, ARTIST shall immediately stop all work hereunder, and shall immediately cause any of its suppliers, contractors, sub-contractors, and/or employees to cease such work. ARTIST shall also surrender to CITY all finished or unfinished reports, data, maps, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, filed, or any other documents or materials, in electronic or any other form, that ARTIST prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder, which shall be CITY's property. As compensation in full for services performed to the date of such termination, the ARTIST shall receive an amount equal to the value of the work completed as of the termination date in accordance with the fee schedule or as negotiated between the parties. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Contract.

18. TERMINATION OF AGREEMENT FOR CAUSE

18.1 If the CITY determines that the ARTIST has failed to provide services of proper quality or has failed in any other respect to satisfactorily perform the services specified in this Contract, the CITY shall give written notice to the ARTIST specifying all defaults to be remedied within thirty (30) days. Such notice shall set forth the basis for the CITY's dissatisfaction and suggest corrective measures. If, after thirty days, the ARTIST has failed to implement the corrective measures, the CITY may elect to terminate this Agreement, in whole or in part.

18.2 In the event the CITY terminates this AGREEMENT in whole or in part as provided herein above, the CITY may procure, upon such terms and in such manner, as it may deem appropriate, services similar to those terminated.

18.3 If this Agreement is terminated as provided above, the CITY may require the ARTIST to provide all finished or unfinished reports, data, maps, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, filed, or any other documents or materials, in electronic or any other form, that ARTIST prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder, which shall be CITY's property. Upon such termination, ARTIST shall be paid an amount equal to the value of the services provided and work performed as of the date of termination. Such payment by the CITY may take into consideration the costs associated with hiring another ARTIST to complete the services. In the event no new ARTIST is employed, the ARTIST shall be paid an amount equal to the value of the work performed. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress,

to complete and incomplete documents or materials, in electronic or any other form, when such are delivered to CITY, and to authorized reimbursement expenses. The above is in addition to any other remedies available by law or equity to the CITY.

18.4 If, after notice of termination of the Agreement under the provisions of this Section, it is determined, for any reason, that ARTIST was not in default, or that the default was excusable, then the rights and obligations of the parties shall be the same as if the notice of termination had not been issued.

19. STATE LABOR CODE/"PUBLIC WORKS" PROJECT

19.1 This Agreement calls for work to be performed constituting public works. ARTIST and its contractors and subcontractors shall pay the general prevailing rate of per diem wages as determined and as published by the State Director of the Department of Industrial Relations pursuant to Article 2 of Chapter 1 of Part 7, of Division 2 of the State Labor Code, including, but not limited to, Sections 1770, 1771, 1773, 1773.2 and 1774.

19.2 This is a public work and requires the payment of prevailing wages for the work or craft in which the worker is employed for any public work done under the contract by ARTIST or by any contractor or subcontractor pursuant to Section 1771 of the Labor Code. Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the CITY has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed to execute this contract from the Director of the Department of Industrial Relations. These rates are on file with the CITY or may be obtained at http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm.

19.3 ARTIST shall post a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates as a minimum. ARTIST shall comply with the provisions of Sections 1775, 1776, 1777.5, 1777.6, and 1813 of the Labor Code. Pursuant to the provisions of 1775 of the Labor Code, ARTIST shall forfeit to the CITY, as a penalty, not more than $200.00 for each calendar day, or portion thereof, for each laborer, worker, or mechanic employed, paid less than the stipulated prevailing rates for any work done under this Agreement, by him or by any contractor or subcontractor under him, in violation of the provisions of this Agreement.

19.4 Contractors and subcontractors who are ineligible to bid for work on, or be awarded, a public works project pursuant to Labor Code Sections 1777.1 and 1777.7 are prohibited from bidding on, being awarded, or performing work as a subcontractor, on this Project pursuant to Public Contract Code Section 6109.

19.5 ARTIST and its contractors and subcontractors are directed to the provisions in Sections 1774, 1775, 1776, 1777.5 and 1777.6 of the Labor Code. ARTIST and its contractors and subcontractors shall comply with the provisions in these Sections. The statutory provisions for penalties for failure to comply with the State's wage and hours laws will be enforced. Pursuant to Section 1775 of the Labor Code, the ARTIST and its contractors and subcontractors, shall, as a penalty to the CITY forfeit the prescribed amounts per calendar day, or portion thereof, for each worker paid less than the prevailing wage rates.

19.6 Pursuant to Labor Code Section 1771.4, the Project is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

19.7 ARTIST and its contractors and subcontractors shall furnish the records specified in Labor Code Section 1776 directly to the State Labor Commissioner at least monthly in the format prescribed by the State Labor Commissioner.

19.8 Sections 1774 and 1775 require the ARTIST and its contractors and subcontractors to pay not less than the prevailing wage rates to all workmen employed in the execution of the Project and specify forfeitures and penalties for failure to do so. The minimum wages to be paid are those determined by the State Director of the Department of Industrial Relations. Section 1776 requires the contractor and all subcontractors to keep accurate payroll records, specifies the contents thereof, their inspection and duplication procedures and certain notices required of the contractor pertaining to their location.

19.9 Section 1777.5 of the Labor Code requires ARTIST and its contractors and subcontractors employing workers in any apprenticeable occupation to apply to the Joint Apprenticeship Committee nearest the site of the public works project, which administers the apprenticeship program in that trade for a certificate of approval. The certificate will also fix the ratio of apprentices to journeymen to be used in the performance of the Agreement. The ARTIST and its contractors and subcontractors are required to make contributions to funds established for the administration of apprenticeship programs if he employs registered apprentices or journeymen in any apprenticeable trade and if other contractors or subcontractors on the public works site are making such contributions. Information relative to apprenticeship standards, contributions, wage schedules and other requirements may be obtained from the State Director of Industrial Relations or from the Division of Apprenticeship Standards. Section 1777.6 of the Labor Code provides that it shall be unlawful to refuse to accept otherwise qualified employees as registered apprentices solely on the grounds of race, religious creed, color, national origin, ancestry, sex, or age.

19.10 Eight hours labor constitutes a legal day's work, as set forth in Labor Code Section 1810. The statutory provisions for penalties for failure to comply with the State's wage and hour laws will be enforced as set forth in Labor Code Section 1813.

20. ANTITRUST CLAIMS

In entering into this Agreement, ARTIST offers and agrees to assign to the CITY all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the California Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the Agreement. This assignment shall be made and become effective at the time the CITY tenders final payment to ARTIST without further acknowledgment by the parties.

21. TRENCHING AND EXCAVATIONS

Pursuant to Public Contract Code Section 7104, if the Project involves trenching more than four (4) feet deep, ARTIST shall promptly and before the following conditions are disturbed notify the CITY in writing of any:

21.1 Material that ARTIST believes may be material that is hazardous waste, as defined in California Health and Safety Code Section 25117, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law; and/or

21.2 Subsurface or latent physical conditions at the site differing from those indicated; and/or

21.3 Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract.

21.4 As required by Labor Code Section 6705 and in addition thereto, whenever work under the Agreement that involves an estimated expenditure in excess of twenty-five thousand dollars ($25,000) for the excavation of any trench or trenches five (5) feet or more in depth, ARTIST shall submit for acceptance by CITY in advance of excavation, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation, of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety, the plan shall be prepared by a registered civil or structural engineer employed by ARTIST, and all costs therefor shall be included in the price of the Agreement. Nothing in this provision shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this provision shall be construed to impose tort liability on the CITY or on any CITY officer, agent, consultant, representative, or employee. All plans, processing and shoring costs are ARTIST's responsibility and must be included in any respective bid.

22. LOCATION OF EXISTING ELEMENTS

Pursuant to Government Code Sections 4216 to 4216.9, the methods used and costs involved to locate existing elements, points of connection and all construction methods are ARTIST's sole responsibility. Accuracy of information furnished, as to existing conditions, is not guaranteed. ARTIST, at its sole expense, must make all investigations necessary to determine locations of existing elements, which may include, without limitation, contacting U.S.A. alert and other private underground locating firm(s), and/or utilizing potholes, specialized locating equipment and/or hand trenching.

23. THIRD PARTY CLAIMS

Pursuant to Public Contract Code Section 9201, the CITY has full authority to compromise or otherwise settle any claim relating to this Agreement at any time. The

CITY shall timely notify ARTIST of the receipt of any third-party claim relating to the Agreement. The City shall be entitled to recover its reasonable costs incurred in providing the notification required by Public Contract Code Section 9201(b).

24. DISPUTE RESOLUTION

All claims, disputes, and other matters in question between CITY and ARTIST arising out of, or relating to this Agreement, or the breach thereof shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

25. INDEPENDENT CONTRACTOR

ARTIST and any contractors, subcontractors, agents, employees, and representatives working on its behalf, shall act as independent contractors while performing the services under this Agreement and shall have control of ARTIST's work and the manner in which it is performed, except as is otherwise provided herein. ARTIST shall be free to contract for other services performed during the term of this Agreement. ARTIST is not an agent or employee of CITY and is not entitled to participate in any pension plan, insurance, bonus or similar benefits CITY provides for their employees.

26. FINANCIAL INTEREST CERTIFICATION

26.1 ARTIST warrants that that no person has been employed or retained to solicit or secure this Agreement for a commission, percentage, brokerage or contingent fee; and that no officer or employee of the CITY has any interest, financially or otherwise, in ARTIST or any entity that is owned by ARTIST.

26.2 For breach or violation of this warranty, CITY shall have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

27. CONFLICT OF INTEREST

27.1 ARTIST stipulates that itself, its officers and employees do not now have a conflict of interest and it further agrees for itself and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Contract or which would cause ARTIST to be "financial interested" (as provided in California Government Code Section 1090 et seq. or 87100 et seq.) in any contract or decision made by CITY on any matter.

27.2 ARTIST shall not employ any CITY official or employee to perform any work required pursuant to this Agreement.

27.3 To the extent required by the City Manager/designee, ARTIST shall complete and file with the City Clerk a Form 700 Statement of Economic Interests disclosing any reportable property interests, income, gifts, investments, or business positions.

28. ARTIST'S BOOKS AND RECORDS

ARTIST shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the CITY under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Artist to this Agreement.

29. AUDIT

The CITY or its representative shall have the option of inspecting and/or auditing all records and other written materials used by ARTIST in preparing its billings to the CITY as a condition precedent to any payment to ARTIST. ARTIST will promptly furnish documents requested by the CITY. Additionally, pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of ten thousand dollars ($10,000), ARTIST shall be subject to State Auditor examination and audit at the request of the CITY or as part of any audit of the CITY, for a period of three (3) years after final payment made under this Agreement.

30. ASSIGNMENT

ARTIST understands that an essential element of this Agreement is the skill and creativity of ARTIST. Therefore, neither this Agreement nor any rights, title, interest, duties or obligations under this Agreement may be assigned, transferred, conveyed or otherwise disposed of by ARTIST without the prior written consent of CITY. Any attempt by ARTIST to assign the benefits or burdens of this Agreement without the written approval of CITY shall be prohibited and shall be null and void. In addition, failure to conform to this provision may result in termination of this Agreement.

31. CLAIMS DISPUTE RESOLUTION

In the event of any dispute or controversy with the CITY over any matter whatsoever, the ARTIST shall not cause any delay or cessation in or of work under this Agreement, and shall proceed with the performance of the Agreement in dispute. The Artist shall retain any and all rights provided that pertain to the resolution of disputes and protests between the parties. Any dispute or controversy will be categorized as an "unresolved dispute" and payment, if any, shall be as later determined by mutual agreement or a court of law. The Artist shall keep accurate and detailed records of any claims, dispute, controversy, or other matter at issue between the parties.

All claims arising out of or related to the Agreement or Project, and the consideration and payment of such claims, are subject to the Government Claims Act (Government Code Section 810 et seq.) with regard to filing claims. All such claims are also subject to Public Contract Code Section 9204 and Public Contract Code Section 20104 et seq. (Article 1.5), where applicable. This Agreement hereby incorporates those provisions by reference as though fully set forth herein. Thus, the ARTIST must file a claim in accordance with the Government Claims Act as a prerequisite to filing a construction claim in compliance with Section 9204 and Article 1.5 (if applicable), and must then

adhere to Section 9204 and Article 1.5 (as applicable), pursuant to the definition of "claim" as individually defined therein.

32. INTEGRATION

This Agreement supersedes any and all agreements, either oral or written, between the parties hereto with respect to the Project by ARTIST for CITY and contains all of the covenants and agreements between the parties with respect to the Project. Each party to this Contract acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made with regard to the Project by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise regarding work not contained in this Contract shall be valid or binding. Any modification or amendment of this Contract will be effective only if it is in writing and signed by the parties to this Contract. Any changes to the work required by this Contract will be by change order signed by the parties.

33. MODIFICATION

No alteration, change or modification of the terms of the Agreement shall be valid unless made in writing and signed by both Parties hereto and approved by appropriate action of CITY. The Project Manager may act on behalf of CITY.

34. TAXPAYER IDENTIFICATION NUMBER

ARTIST shall provide CITY with ARTIST's Taxpayer Identification Number.

35. NONDISCRIMINATION BY ARTIST

In performance of this Contract, ARTIST shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, or age. ARTIST will take affirmative action to ensure that any applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation or age. Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

36. GOVERNING LAW

This Agreement will be governed by and construed in accordance with the laws of the State of California without reference to change of venue laws. Any legal action in which enforcement of the terms and conditions of this Agreement is requested, or in which it is alleged that a breach of this Agreement has taken place, shall be filed and prosecuted in the County of Los Angeles, California.

37. ATTORNEY'S FEES

If any party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled.

38. SUCCESSORS AND ASSIGNS

The terms and conditions of this Agreement shall be binding on the successors and assigns of the parties to this Agreement.

39. SEVERABILITY

If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of this provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

40. EXHIBITS

The exhibits and attachments referenced in this Agreement are attached hereto and incorporated herein by this reference as though set forth in full herein.

41. TIME IS OF THE ESSENCE

Time is of the essence in every provision of this Agreement in which time to perform is a factor.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE

Steven D. Hofbauer Date
Mayor

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38260 10th Street East
Palmdale, CA 93550

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

ARTIST

8/26/2021

Heath Satow Date
Owner

ADDRESS FOR NOTICE:
Heath Satow Sculpture, Inc.
1260 25th St.
Ogden, UT 84401

ATTEST: If Corporation

Secretary

Bond No. _____

PAYMENT BOND
(LABOR AND MATERIALS)

KNOW ALL PERSONS BY THESE PRESENTS that:

WHEREAS City of Palmdale ("Public Agency"), State of California, has awarded to Heath Satow Sculpture, Inc. an entity, ("Principal"), a contract ("Contract") for the Work described herein as Exhibit B ("Scope of Work").

WHEREAS, under the terms of the Contract, the Principal is required before entering upon the performance of the Work, to file a good and sufficient payment Bond with the Public Agency to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code.

NOW, THEREFORE, we, the undersigned Principal, and

_____

_____

(Name and address of Surety)

("Surety") a duly admitted surety insurer under the laws of the State of California, as Surety, are held and firmly bound unto the Public Agency and all contractors, subcontractors, laborers, material suppliers, and other persons employed in the performance of the Contract and referred to in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code in the penal sum of:
Dollars ($), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this Work or labor, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this Bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorneys' fees, incurred by Public Agency in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this Bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this Bond.

Upon expiration of the time within which the California Labor Commissioner may serve a civil wage and penalty assessment against the principal, any of its subcontractors, or both the principal and its subcontractors pursuant to Labor Code Section 1741, and

upon expiration of the time within which a joint labor management committee may commence an action against the principal, any of its subcontractors, or both the principal and its subcontractors pursuant to Labor Code Section 1771.2, if the condition of this Bond be fully performed, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Contract or the Specifications accompanying the same shall in any manner affect its obligations on this Bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, two (2) identical counterparts of this instrument, each of which shall for all purposes be deemed an original hereof, have been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

Dated: _____

"Principal"	"Surety"
_____	_____
	_____
By: _____	By: _____
Its	Its
By: _____	By: _____
Its	Its
(Seal)	*(Seal)*

Note: This Bond must be executed in duplicate and dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached. DATE OF BOND MUST NOT BE BEFORE DATE OF CONTRACT. **Surety companies executing Bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the project is located.**

GUARANTY

In accordance with the terms of the Contract between City of Palmdale, ("City") and the undersigned, under which contract the undersigned shall complete work as described in the Contract documents, the following guarantee of said work is hereby made.

Should any of the items installed pursuant to said Contract, prove defective or should the item as a whole prove defective, due to faulty workmanship, material furnished or methods of installation, or should the said item or any part thereof fail to operate properly, as planned, due to any of the above causes, all within one (1) year after the date on which the work is accepted by the City, the undersigned agrees that the repairs shall be made and such materials as are necessary shall be furnished and installed within thirty (30) days after the receipt of demand from the City. In the event repairs are not made within thirty (30) days, the City shall have the unqualified option to make any needed repairs or replacements itself or by any other Contractor. The undersigned agrees to reimburse the City, upon demand, of its expenses incurred in restoring said items to the condition contemplated in said contract, including the cost of any equipment or materials replaced, or upon demand by the City, to replace any such equipment and repair said items completely without cost to the City so that they will operate successfully as originally contemplated.

Emergency repairs must necessarily be made by the City; therefore, when defective material or workmanship results in emergency repairs, the undersigned agrees to reimburse the City, upon demand, expenses incurred.

Said items will be deemed defective within the meaning of this Guaranty in the event that they fail to operate as originally intended thereof and in accordance with the plans and specifications included in said contract.

8/26/2021
Date

Heath Satow
Contractor

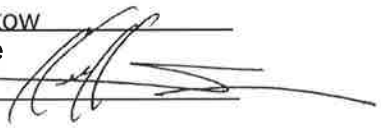
WORKERS' COMPENSATION INSURANCE CERTIFICATE

Pursuant to Section 1861 of the State Labor Code, and all amendments thereto, each Principal to whom a "public works" contract has been awarded shall sign the following certificate and shall submit same to the City of Palmdale prior to performing any work on the contract:

> "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of work of this contract."

Contractor

By Heath Satow
Print Name



Signature

Owner
Title

8/26/2021
Date

EXHIBIT A

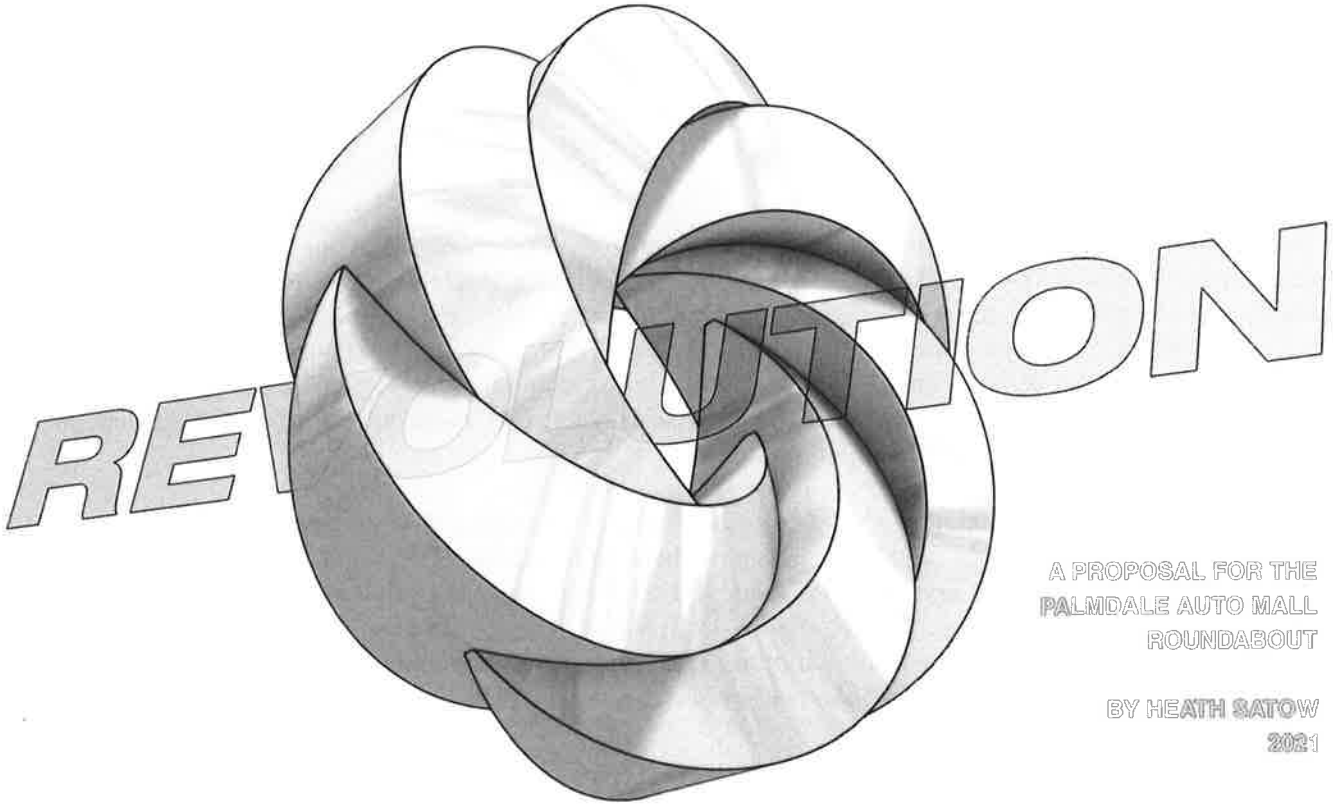
PROPOSAL

Attached is Artist's Proposal at time of the Agreement Date.

"Proposal" shall mean the proposed visual, aesthetic, and artistic intent and design of the Artwork incorporated in the Contract Documents approved by the Palmdale City Council. The most recent design approved by the Palmdale City Council is incorporated herein for reference and is binding unless or until changes are approved by resolution by the Palmdale City Council.

Artist's Proposal shall be automatically superseded by any Contract Documents that are later approved by the Palmdale City Council.

Artist's proposal will be developed, fabricated and installed in accordance with Exhibit B: Scope of Work.



A PROPOSAL FOR THE
PALMDALE AUTO MALL
ROUNDABOUT

BY HEATH SATOW
2021

Heath Satow
1260 25th St.
Ogden, UT 84401
626-318-5950
hs@publicsculpture.com
http://www.publicsculpture.com

HEATH SATOW
SCULPTURE

REVOLUTION

A sculpture for the Palmdale Auto Mall Roundabout

Inspiration:

The search for the right form of this sculpture began by trying to figure out what qualities are inherent to all vehicles. In the past, I may have looked to the combustion engine and all the interesting parts within. But electric is becoming more and more common, and it made me realize that if this sculpture is to still be relevant 50 years from now, or even 5, I needed to zone in on some aspect that is unlikely to change. That's when it hit me: RPMs. Revolutions Per Minute. The act of spinning that happens in wheels, gears, etc. Even if cars become more like drones (the ever-promised flying car!), there will still likely be an element that spins to create the motion, the exhilaration of driving.

So I focused on the revolution, the spinning motion. I wanted to create a work that while fixed in form, created the sense of motion through its shape and in the way the world reflects in it. Look closely and there's also a bit of an Easter Egg: the inner shape forms a hexagon, a shape that will be very familiar to any car mechanic. The shape evokes spinning, gears, hexagonal bolt heads. The curves of vehicular body shapes are mirrored in the curves of the sculpture. The mirror-polished stainless steel finish is reminiscent of one of the most common details on cars: chrome.

Just as a great vehicle changes the way you experience the world, the mirrored forms of this sculpture take the environment around it and reshape and reinterpret the world around it, changing the way you experience it.

My goal was to create a timeless work of art for the roundabout that takes advantage of a site where you truly view the work fully "in the round," and I believe this sculpture will do just that.

Technical description:

A galvanized steel interior structure is engineered for the inside of the sculpture, supporting the weight and wind-loading on the sculpture. This structure has internal attachments to the exterior "skin" of the artwork, which is fabricated from mirror-polished 14 gauge 316 stainless steel, also known as "marine grade stainless" for it's ability to withstand the harshest natural environments. I've used this material successfully

for virtually maintenance-free performance in environments ranging from the harsh freeze/thaw of Anchorage, AK to the oven-blasting heat of the desert in Dubai, to the border of the ocean in Southern Californian. This design falls well within the style and size of work I have created in the past, and nothing about this sculpture proposal is outside of my existing expertise in this field.

The sculpture is raised above the existing center of the roundabout by four to eight feet (TBD in conjunction with Auto Mall and City) on a reinforced concrete pedestal. Soil will be banked up to that height at an approximately 1:5 height-to-distance ratio for stability, giving the appearance that the sculpture is resting on the ground, while also being raised up above the roofs of most vehicles and giving the work a prominent viewing angle. All landscaping, electrical and/or lighting will be paid for and performed by others outside of this contract. There should be enough material like mulch around the finished location to prevent any water from a sprinkler system from spraying the work, which could lead to noticeable water-spot deposit buildup over time. This space will also allow the site to be mowed without damaging the artwork.

Overall height of the sculpture is almost 8' tall and wide, and 3' in depth and will weigh about 1200 lbs (TBD depending on final engineering) not including the footings. Structural interior will be welded up at a certified shop, while stainless steel fabrication around the structural core will happen in my own shop. All material and fabrication will be sourced from American companies. Metal scraps will be almost 100% recycled and the stainless used for the sculpture is typically around 75% recycled materials.

Budget includes footings, design, engineering, fabrication, shipping, and installation of the sculpture. I will also consult on the landscaping as needed within reason. The landscaping design shown is suggested and may be adjusted as we proceed with that design. It is recommended that the black pathway should be recycled tire rubber. Any geotechnical/soils reports for the foundation engineering will need to be provided by the client to my engineers. Locating and marking any sewer, electrical, etc before digging for the footing will be done by the City.

Maintenance:

While I provide far more detailed maintenance descriptions with the final sculpture, the following is a basic outline of anticipated maintenance.

Routine maintenance (occurring at less than 5 year intervals):

Sculpture should be cleaned as needed when dirt/debris accumulates on the surface. Each location varies, but a light washing every six to twelve months should suffice. Sculpture should not be treated with anything harsher than what you'd do for a basic hand washing of a car, materials that should be readily available at an auto mall. No waxing of the surface should be done, though, as the marine-grade stainless steel is self-protecting.

Special maintenance (occurring every 5-20 years):

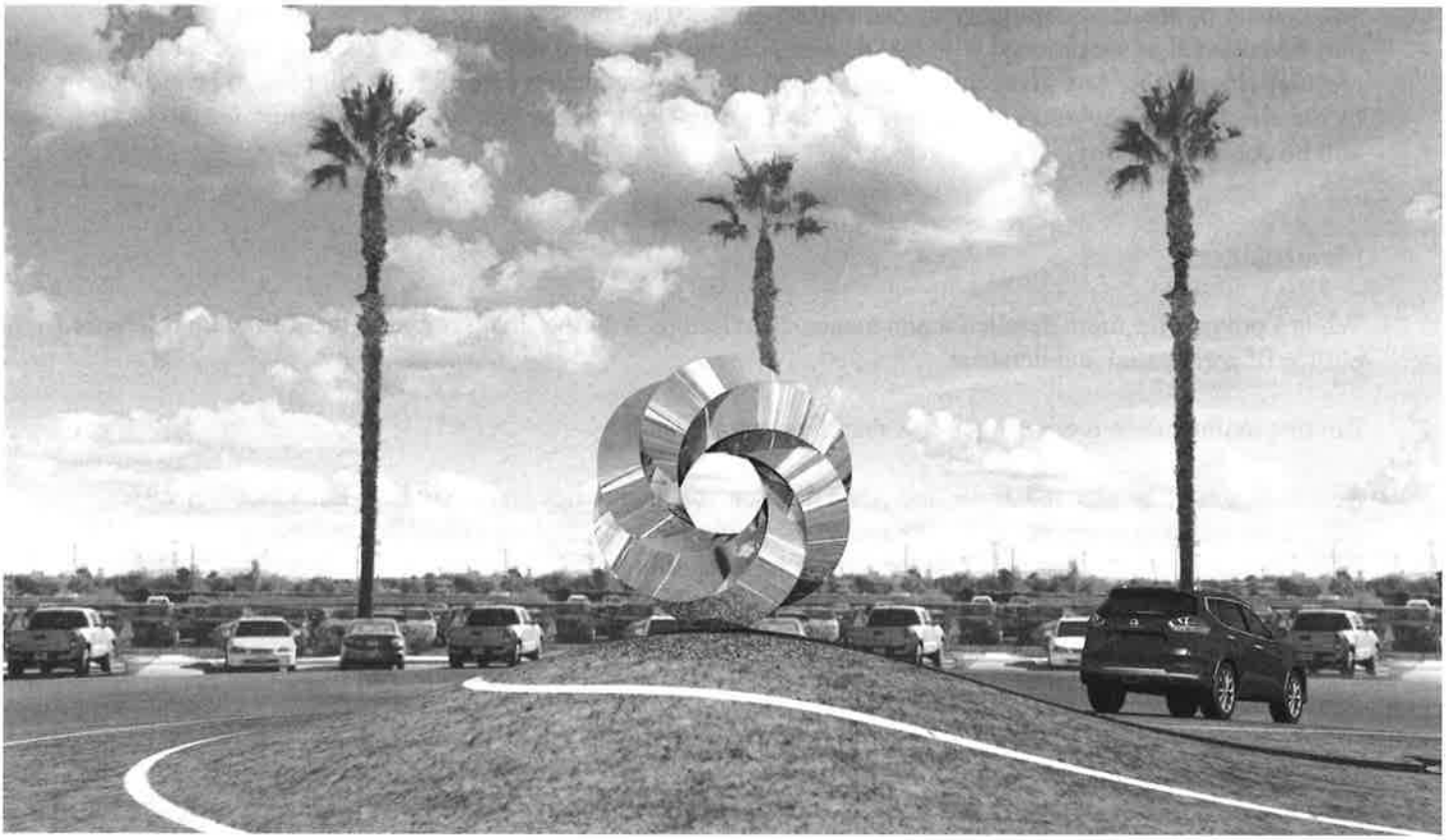
I have work in similar materials that have been outdoors in harsh environments for as long as 10 years that have had only one or two washings, and they look virtually as good as the day they were installed. Marine-grade stainless is a very rugged material. That said, worst case scenario is that after many, many years, if the surface dulls, it could be lightly buffed by a polishing expert to get back the full shine.

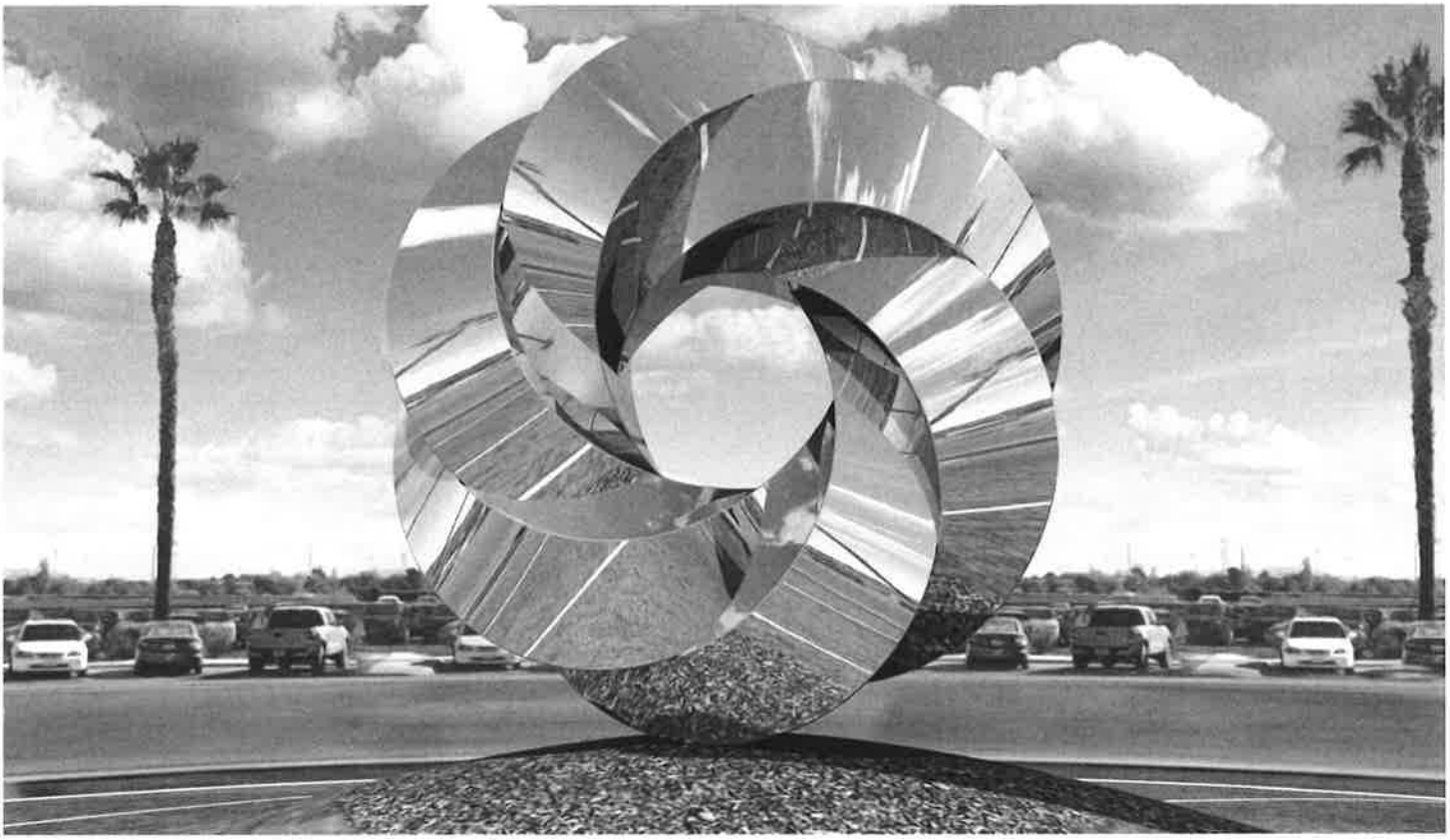
Artwork life expectancy: 50 years minimum is expected – but no guarantees are made beyond those outlined in this contract.

Drawings and material examples

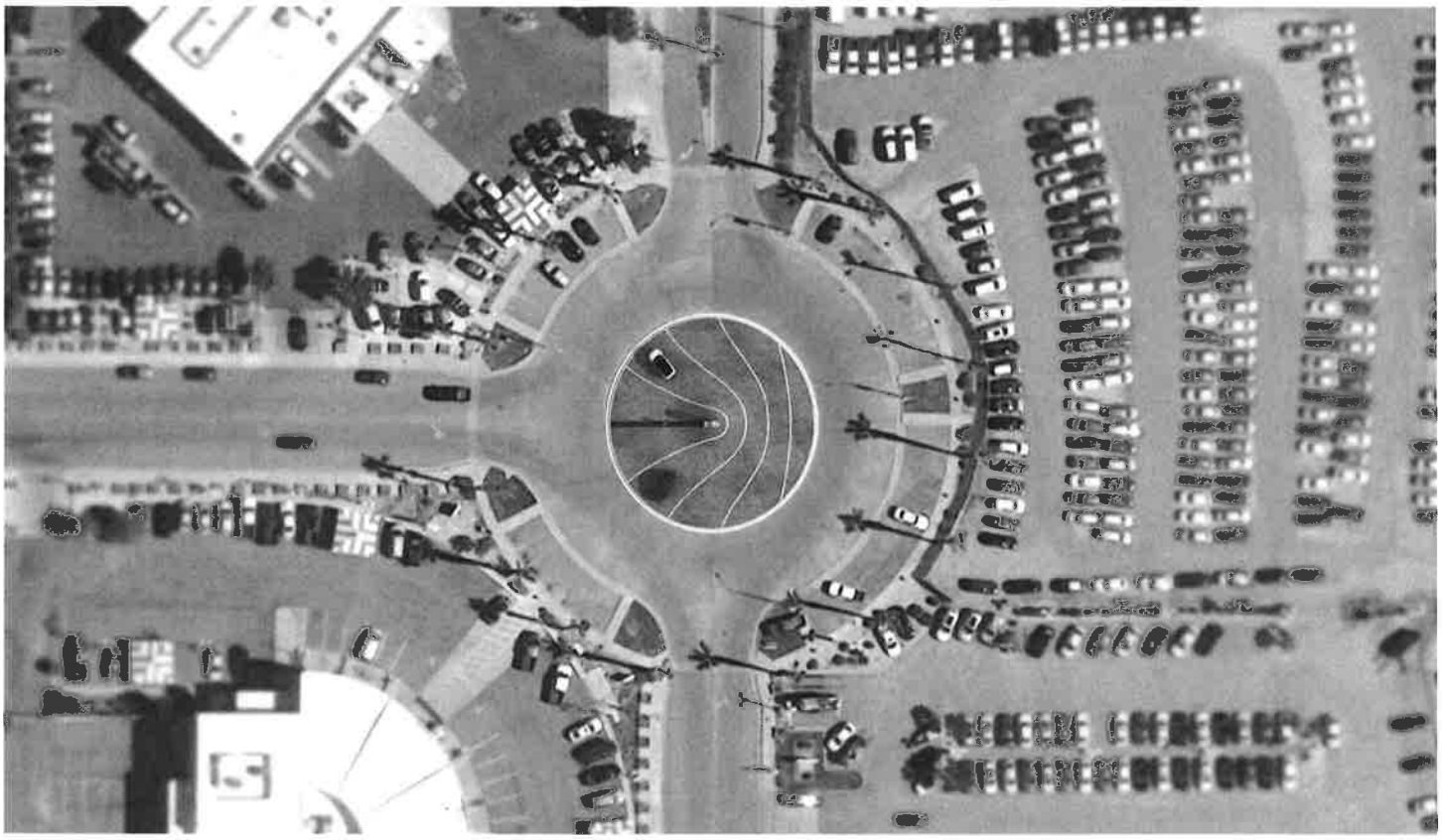
Visit https://vimeo.com/554069585/13919c45fc to view and/or download an animation of the design to see it better "in the round."

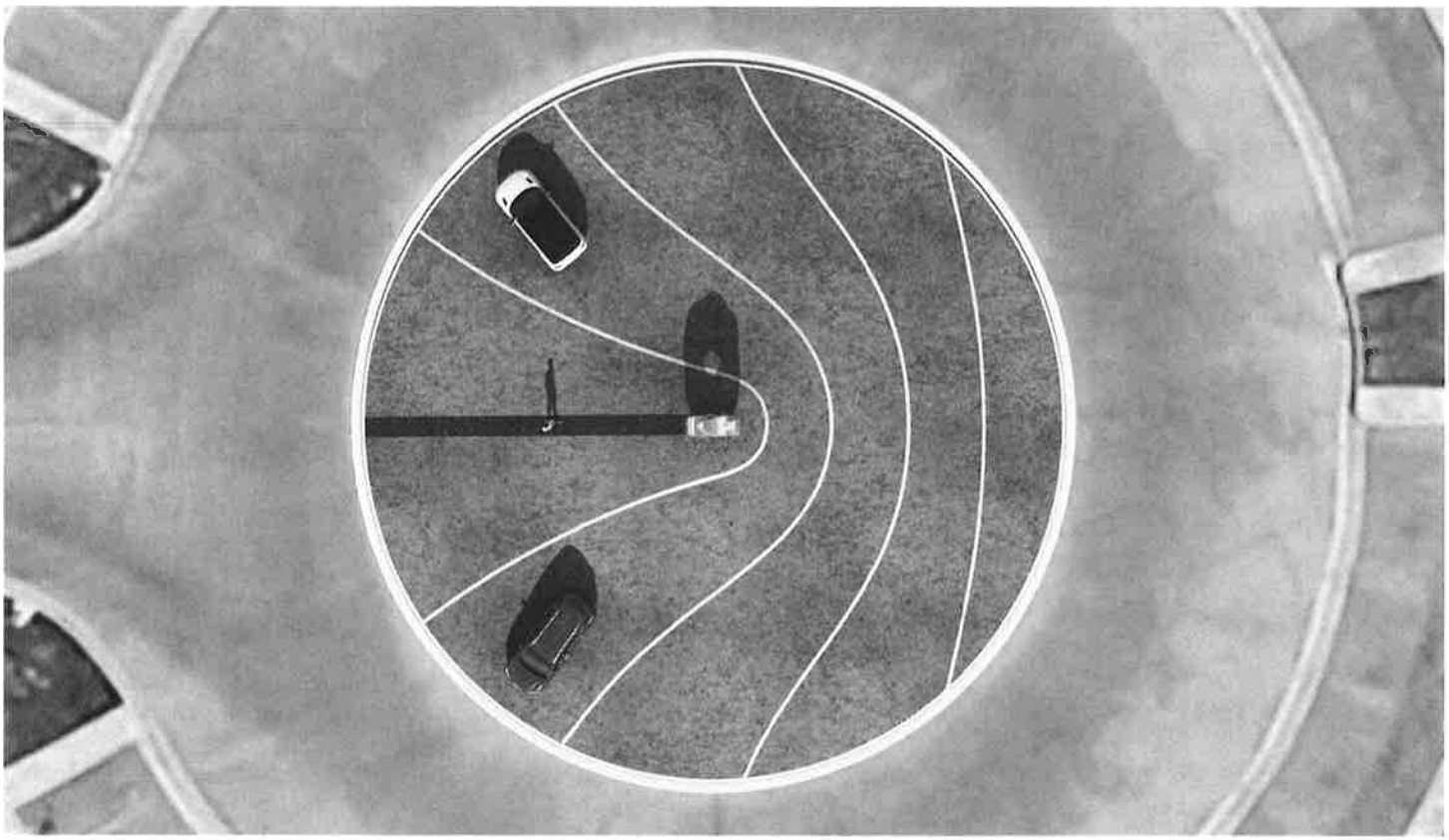
On the following pages are renderings of the sculpture. All dimensions are approximate and final sculpture will be close to these dimensions, since even though the designs are fabricated directly from the cad files that created these drawings, some movement occurs while welding up stainless steel and slight changes in final dimensions may occur. The final finish will be similar to other polished stainless works in my existing portfolio, appearing to be very close to a mirror-like finish from a short distance away in most lighting conditions.

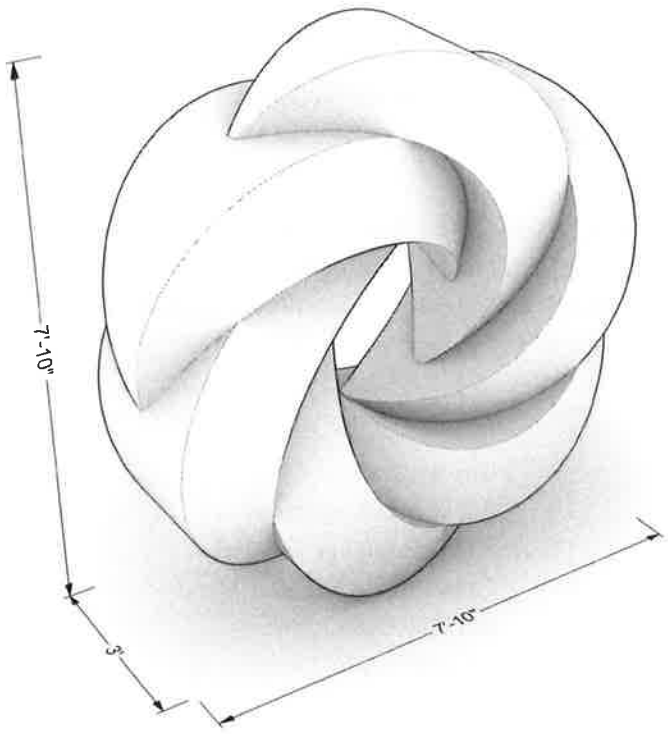








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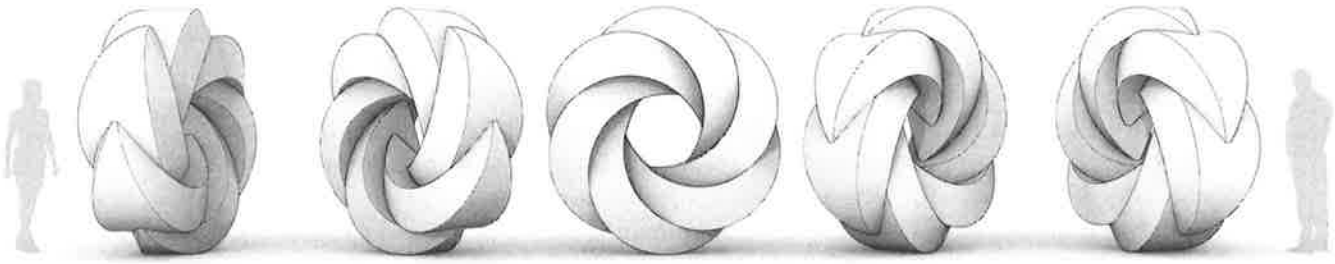

EXHIBIT B

SCOPE OF WORK

SCHEDULE FOR COMPLETION OF WORK: The following fabrication schedule shall be adhered to in the performance of the work. During the term of this Agreement, the City Project Manager must approve Artist's work at each phase of development before the Artist proceeds to the next phase. The City Project Manager for this Agreement is:

George Davis
Public Art Coordinator
827 East Avenue Q-9
Palmdale, CA 93550
661/267-5686
gdavis@cityofpalmdale.org

EXECUTION OF CONTRACT – 18%	
DELIVERABLES:	**DUE DATE:**
1. Fully Executed Contract.	September 7, 2021
2. Evidence of all Required Insurance.	September 7, 2021

PHASE 1: ENGINEERING – 43%

The scope of work under this phase includes engineering of the artwork

1. Artist shall work with engineers to create stamped drawings for foundation design
2. Artist shall consult with landscapers and supply drawings to lay out patterns in the roundabout ground serving as accent to the sculpture.
3. Phase will be considered complete when stamped engineering drawings have been received by the City Project Manager. Payment may be released earlier than date specified should Phase be deemed complete

DELIVERABLES:	**DUE DATE:**
1. Engineered documents.	Two months after fully executed contract

PHASE 2: SCULPTURE FABRICATION – 68%

The scope of work under this phase includes fabrication of sculpture to 50% completion.

- Interior structure will be completed (fabricated and galvanized), and external parts will be laser cut and rolled to final curvature.
- Phase will be considered complete when photos are provided for proof of 50% completion, or as determined by a studio visit. Payment may be released earlier than date specified should Phase be deemed complete.

DELIVERABLES:	**DUE DATE:**
1. Proof of 50% sculpture completion as outlined above.	Six months after fully executed contract

PHASE 3: SCULPTURE FABRICATION – 90%

The scope of work under this phase includes:

- 100% Completion of sculpture fabrication to final look.
- Phase will be considered complete when photos are provided for proof of 100% completion, or as determined by a studio visit. Payment may be released earlier than date specified should Phase be deemed complete.

DELIVERABLES:	**DUE DATE:**
1. Proof of 100% sculpture completion as outlined above.	Ten months after fully executed contract

PHASE 4: ARTWORK INSTALLATION – CLOSE OUT – 100%

The scope of work under this phase includes:

- Prior to transportation and installation of Artwork, Artist's structural engineer shall verify in writing that the preparation of the artwork attachment or mounting system and installation is being implemented in accordance with the signed stamped structural engineering drawings.
- Artist shall prepare the Artwork for transportation in accordance with customary industry standards for the transportation of fine works of art.
- Artist shall provide for the transportation of the Artwork from the storage to the installation site. Artist shall not transport the Artwork until access to the Site has been approved and scheduled by the Contract Administrator.
- Artist shall create with the City Project Manager an installation plan indicating staging and sequence of all aspects of installation. The Installation Plan must include a detailed description of the estimated duration of installation, the equipment to be used, and all workers who will be on site to assist.
- Artist shall consult with the City, Project Construction Management Team and General Contractor prior to and during the installation of the Artwork.

- Artist shall coordinate Artist's activities on site with the General Contractor through the Consultation Management Team and/or City Staff.
- The preparation of the Site for installation of the Artwork shall be the responsibility of the General Contractor in accordance with separate written agreement between Artist and the General Contractor.
- Artist will coordinate with project Contractor rental of equipment to install the Artwork.
- Where Artist's Artwork is associated with that of the General Contractor, or any other Contractor engaged to do work on the Site, Artist shall examine the work of such other Contractor and report in writing to the City any visible defect or condition preventing proper execution of Artist's work.
- If Artist proceeds without giving notice, the Artist shall be held to have approved the work or material and the existing condition, and shall be responsible for any defects in Artist's own work consequent thereon, and shall not be relieved of any obligation or guarantee because of any such condition or imperfection.
- To the extent that any part of the Artist's Artwork is to interface with work performed or installed by the General Contractor or other Contractor engaged to perform work on the Site, Artist shall inspect and measure the in-place work and promptly report to the City any defect in such in-place work that will impede or increase the cost of Artist's interface unless corrected.
- City or its authorized representatives will require the party responsible for the defective work to make corrections so as to conform to its contract requirements, or if the defect is the result of a default or omission in the contract documents, may issue a change order.
- If artist fails to measure, inspect and/or report defects that are reasonably discoverable, all costs of accomplishing the interface shall be borne by Artist. The forgoing does not apply to latent defects. Artist shall report to City any latent defects in another Contractor's work at any such time such defects become known.
- City or its authorized representatives shall promptly thereafter take such steps as may be appropriate. Any difference or conflict that may arise between Artist and the General Contractor, or other Contractors engaged by City to perform work on Site, shall be adjusted as determined by City, its agents, or its authorized representatives when necessary to facilitate the work of Artist and/or other Contractors or workers.
- No damages or claims by Artist will be allowed other than an extension of time for the completion of Work. Such an extension will be for the period of time City shall consider Artist to have been delayed in the completion of work by reason of the work of other Contractors or workers.
- Artist shall deliver all information necessary for the City to properly care for and maintain the Artwork, including information regarding the physical make-up of the Artwork, methods and materials, and information about the artistic intent of Artist in the Design, Fabrication and Installation of the Artwork.
- Final inspection and close permits
- Phase will be considered complete when all deliverables have been received by City Project Manager. Payment may be released earlier than date specified should Phase be deemed complete.

DELIVERABLES:	**DUE DATE:**
1. Delivery and Installation Plan developed with City Project	Eleven months after fully

	Manager and Design Team	executed contract
2.	Successful Installation of Artwork	Approximately twelve months
3.	Final inspection of Artwork following installation	after fully executed contract
4.	Final inspection of City of Palmdale and closed permits	(applies to deliverables 2 thru
5.	Receipt of Artwork Maintenance Records	5 of this Phase)

EXHIBIT C

PAYMENT SCHEDULE

PHASE OF WORK	DESCRIPTION OF PHASE	% COMPLETION BY PHASE	% COMPLETION OVERALL	ARTIST FEE
EXECUTION	Execution of Contract	18	18	$33,300
Phase 1	Engineering	25	43	$46,250
Phase 2	50% Sculpture Fabrication	25	68	$46,250
Phase 3	100% Sculpture Fabrication	22	90	$40,700
Phase 4	Installation and Closeout	10	100	$18,500
		TOTAL ARTIST FEE		**$185,000**

DATE: August 12, 2021

SUBJECT: Certificate of Funds

ISSUING DEPARTMENT: Finance

I hereby certify that $5,000 from unappropriated Public Art funds are available in FY 2021-2022 to cover a funding shortfall for the creation and installation of a sculpture at the Palmdale Auto mall, and will be budgeted as follows:

Fund No.	Purpose	Amount
15642001-473190	Creation and installation of a steel sculpture at the Palmdale Auto Mall	$5,000

Respectfully Submitted by,

Keith Kang
Finance Manager

Reviewed by,

J.J. Murphy, ICMA - CM
City Manager

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1 & 3**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-075, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE ACCEPTING THE IRREVOCABLE OFFER TO DEDICATE ROAD EASEMENT FOR PUBLIC ROAD AND HIGHWAY PURPOSES ALONG THE SOUTH SIDE OF PALMDALE BOULEVARD (SR 138) AND ALONG THE WEST SIDE OF DIVISION STREET AS SHOWN IN INSTRUMENT NO. 99-2266508 WHICH WAS RECORDED IN THE LOS ANGELES COUNTY RECORDER'S OFFICE ON DECEMBER 8, 1999.**

ISSUE

Adopt Resolution No. CC 2021-075, accepting the Irrevocable Offer to Dedicate Road Easement for public road and highway purposes along the south side of Palmdale Boulevard (SR 138) and along the west side of Division Street, as shown on Instrument No. 99-2266508 which was recorded in the Los Angeles County Recorder's office on December 8, 1999.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2021-075, accepting the Irrevocable Offer to Dedicate Road Easement for public road and highway purposes along the south side of Palmdale Boulevard (SR 138) and along the west side of Division Street, as shown on Instrument No. 99-2266508 which was recorded in the Los Angeles County Recorder's office on December 8, 1999.

BACKGROUND

An Offer to Dedicate an easement to the City of Palmdale for public road and highway purposes was recorded on December 8, 1999, as Instrument No. 99-2266508, in the office of the Recorder of the County of Los Angeles (see attached Exhibit "AA"), however the offer was not initially accepted by the City of Palmdale. Pursuant to California Government Code 7050, such offer of dedication may be accepted at any time by the City Council of the City within which such real property is located at the time of acceptance.

DISCUSSION

This road easement is necessary to construct a right-hand turn pocket at the intersection of Palmdale Boulevard and Division Street and is associated with Project No. 672, SR 14/SR 138 (Palmdale Boulevard) Interchange Improvements which is currently in the final design phase.

The easement to be accepted for public road and highway purposes is 18-feet wide along the south side of Palmdale Boulevard (SR 138), 18-feet wide along the west side of Division Street and includes a corner cut-off. The subject property is known by the County of Los Angeles Assessor's Parcel No. 3009-026-003 located on the west side of Division Street, south of Palmdale Boulevard in the City of Palmdale, County of Los Angeles with an address of 102 West Palmdale Boulevard.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone

Prepared by:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-075
2. Exhibit "AA" – Irrevocable Offer to Dedicate Road Easement

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY OF PALMDALE
OFFICE OF THE CITY CLERK
38300 N. SIERRA HIGHWAY, SUITE C
PALMDALE, CA 93550

Recording Fee Exempt
Government Code Section 27383

Space Above This Line For Recorder's Use

See attached certified copy of Resolution No. CC 2021-075, which is a Resolution of The City Council of the City Of Palmdale Accepting the "Offer To Dedicate" as shown In Instrument No. 99-2266508 which was recorded In the Los Angeles County Recorder's Office on December 8, 1999.

FOR: Acceptance of Irrevocable Offer to Dedicate
Palmdale Boulevard and Division Street Traffic Signal and Road Improvements.
Portion of APN 3009-026-003

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
RESOLUTION NO. CC 2021-075

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE ACCEPTING THE "IRREVOCABLE OFFER TO DEDICATE" AS SHOWN IN INSTRUMENT NO. 99-2266508 WHICH WAS RECORDED IN THE LOS ANGELES COUNTY RECORDER'S OFFICE ON DECEMBER 8, 1999.

WHEREAS, By Instrument No. 99-2266508, which was recorded with the Los Angeles County Recorder's Office on December 8, 1999, Lisa Greer Quateman, as Trustee of Trust B John Greer Subtrust, as owners, offered to dedicate to the County of Los Angeles an easement for public road and highway purposes. The easement is described in Exhibit "AA" and reiterated below:

"That portion of the Northeast Quarter of the Southeast Quarter of Section 27, Township 6 North, Range 12 West, San Bernardino Meridian, in the City of Palmdale, County of Los Angeles, State of California, according to the Official Plat of said land approved by the Surveyor General on September 3, 1855, described as follows:

Beginning at a point on the Westerly line of the Easterly 40.00 feet of said Northeast Quarter, said point being the Easterly terminus of course numbered (6) in Parcel 2, as described in Grant Deed to the State of California recorded September 1, 1964, as Instrument No. 1458 in Book D2611, Pg. 461, Official Records of said County, thence South 1°24'33" East along said Westerly line, 150.00 feet, thence South 88°35'27" West 18.00 feet, thence North 1°24'33" West Parallel with said Westerly line, 121.12 feet, thence North 44°01'10" West 39.75 feet to a point on a non-tangent curve concave Northerly with a radius of 1068.00 feet, said curve being concentric with a curve described as having a radius of 1050.00 feet in the Northerly boundary of that certain parcel described in Director's Deed to Philip H. Ordin, et ux, recorded December 28, 1967 as Instrument No. 3226, Official Records of said County, a radial line to said point bears South 4°05'58" West, thence Westerly along said concentric curve and through a central angle of 5°42'03", an arc distance of 106.27 feet to a line parallel with and distant 150.00 feet Westerly, measured at right angles, from said Westerly line, thence North 1°24'33" West along said last mentioned parallel line, 3.22 feet to the Southwesterly corner of said Director's Deed parcel, thence Northerly, Easterly and Southeasterly along the boundary of said Director's Deed parcel, for following courses: North 9°50'03" East 14.84 feet to a non-tangent curve concave Northerly with a radius of 1050.00 feet, thence Easterly along said curve from a tangent bearing South 80°09'57" East and through a central angle of 7°10'15", an arc distance of 131.41 feet, thence South 44°35'56" East 21.92 feet to the most Easterly corner of said Director's Deed parcel, said corner being on said course numbered (6), thence Easterly along said course numbered (6) and along a bearing South 88°12'11" East and through a central angle of 0°06'18", an arc distance of 1.95 feet to the Point of Beginning.", and

WHEREAS, In accordance with the provisions of the Government Code § 7050, the City of Palmdale now desires, by the adoption of this Resolution, to accept the above-referenced "Offer to Dedicate" for public road and highway purposes.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City of Palmdale, in which the subject real property is now located, accepts the offer of dedication of an easement for public road and highway purposes as described in Instrument No. 99-2266508, which was recorded with the Los Angeles County Recorder's Office on December 8, 1999.

SECTION 2. The City Council hereby directs the Director of Public Works, or his designee, to submit a certified copy of this Resolution to the Los Angeles County Recorder's Office for recordation.

SECTION 3. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 7th day of September, 2021.

_____
Steven D. Hofbauer, Mayor

Approved as to form:

ATTEST:

_____
Wm. Matthew Ditzhazy
City Attorney

_____
Rebecca J. Smith, City Clerk

I, Rebecca J. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September, 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____

Rebecca J. Smith, City Clerk

EXHIBIT "AA"

"IRREVOCABLE OFFER TO DEDICATE ROAD EASEMENT"

99-2266508

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA
2 01 PM DEC 08 1999

SPACE ABOVE THIS LINE RESERVED FOR RECORDER S USE

TITLE(S)

FEE CODE	N/A	N/A	0	20	9_	19	04	19
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EXAMINER S INT

Assessor s Identification Number (AIN)
To Be Completed By Examiner Or Title Company In Black Ink

Number of Parcels Shown

Revision Number

99-2266508 2

RECORDING REQUEST BY
CITY OF PALMDALE

WHEN RECORDED MAIL TO

NAME CITY OF PALMDALE
MAILING ADDRESS City Engineer
839 East Avenue Q-9
CITY STATE ZIP CODE Palmdale, CA 93550

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

FREE A

8

TITLE(S)

IRREVOCABLE OFFER TO DEDICATE ROAD EASEMENT

R428 6/94

99-2266508 3

RECORDING REQUESTED BY

CITY OF PALMDALE

WHEN RECORDED MAIL TO
CITY OF PALMDALE
City Engineer
839 East Avenue Q-9
Palmdale, CA 93550

Space above this line is for Recorder s use

IRREVOCABLE OFFER TO DEDICATE ROAD EASEMENT

I/WE the undersigned, Record Owner(s) of the following described property in the City of Palmdale, County of Los Angeles State of California

See Exhibits A and B attached hereto and by this reference incorporated herein.

do(es) hereby offer to dedicate to the **City of Palmdale, a Municipal Corporation**, an easement for public road and highway purposes, in, upon, over and across said property as described hereon

It is understood that this instrument transfers to the City said Road Easement hereby offered at such time the City accepts the Easement It is further understood that each undersigned grantor grants only that portion of the above described land in which said grantor has an interest and reserving to the grantor all ordinary uses of said land except the erection or construction of any structure not ordinarily placed in said easement until such time as said easement is accepted by the City and/or is opened for public use

This offer is binding on the owner his heirs, assignees or successors in interest, and shall continue until accepted or rejected, in whole or in part, at any time or times by the City Council of the City of Palmdale

Dated December 7, 1999

See signatures attached hereto.

FOR _____

NOTE All signatures must be notarized Attach acknowledgement form(s)

LISA GREER QUATEMAN, AS TRUSTEE
OF TRUST A SALLY GREER SUBTRUST,
ESTABLISHED PURSUANT TO THAT
CERTAIN DECLARATION OF TRUST
FOR PHILIP ORDIN PROPERTIES, DATED
DECEMBER 10, 1971 (THE "DECLARATION"),
AS TENANT-IN-COMMON TO AN
UNDIVIDED 16 667%

Lisa Greer Quateman

Date 12-7-99

LISA GREER QUATEMAN, AS TRUSTEE OF
TRUST A LISA GREER QUATEMAN SUBTRUST,
ESTABLISHED PURSUANT TO THE DECLARATION,
AS TENANT-IN-COMMON TO AN UNDIVIDED
11 111% INTEREST

Lisa Greer Quateman

Date 12-7-99

LISA GREER QUATEMAN, AS TRUSTEE OF
TRUST A ONDINE GREER GROSS SUBTRUST,
ESTABLISHED PURSUANT TO THE DECLARATION,
AS TENANT-IN-COMMON TO AN UNDIVIDED
11 111% INTEREST

Lisa Greer Quateman

Date 12-7-99

LISA GREER QUATEMAN, AS TRUSTEE OF
TRUST A JOHN GREER SUBTRUST,
ESTABLISHED PURSUANT TO THE DECLARATION,
AS TENANT-IN-COMMON TO AN UNDIVIDED
11 111% INTEREST

Lisa Greer Quateman

Date 12-7-99

2

LISA GREER QUATEMAN, AS TRUSTEE OF
TRUST B SALLY GREER SUBTRUST,
ESTABLISHED PURSUANT TO THE DECLARATION,
AS TENANT-IN-COMMON TO AN UNDIVIDED
16 667% INTEREST



Lisa Greer Quateman

Date 12-7-99

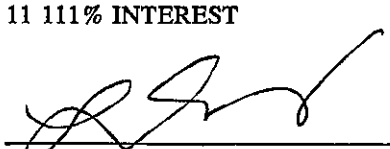
LISA GREER QUATEMAN, AS TRUSTEE OF
TRUST B LISA GREER QUATEMAN SUBTRUST,
ESTABLISHED PURSUANT TO THE DECLARATION,
AS TENANT-IN-COMMON TO AN UNDIVIDED
11 111% INTEREST



Lisa Greer Quateman

Date 12-7-99

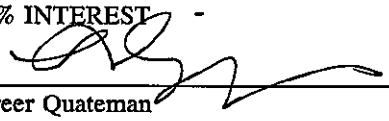
LISA GREER QUATEMAN, AS TRUSTEE OF
TRUST B ONDINE GREER GROSS SUBTRUST,
ESTABLISHED PURSUANT TO THE DECLARATION,
AS TENANT-IN-COMMON TO AN UNDIVIDED
11 111% INTEREST



Lisa Greer Quateman

Date 12-7-99

LISA GREER QUATEMAN, AS TRUSTEE OF
TRUST B JOHN GREER SUBTRUST,
ESTABLISHED PURSUANT TO THE DECLARATION,
AS TENANT-IN-COMMON TO AN UNDIVIDED
11 111% INTEREST



Lisa Greer Quateman

Date 12-7-99

Order: 118040229 Page 5 of 9 Requested By: Richard Ritchie , Printed: 8/15/2018 6:10 PM
Doc: 1999-2266508 AGREAS 12-08-1999

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Los Angeles } ss

On December 7, 1999 (Date), before me, Steven H Zidell (Name and Title of Officer (e g Jane Doe Notary Public)),
personally appeared Lisa Greer Quateman, Trustee (Name(s) of Signer(s)),

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal

STEVEN H ZIDELL
Commission # 1184483
Notary Public - California
Los Angeles County
My Comm Expires May 22, 2002

Place Notary Seal Above

Signature of Notary Public

OPTIONAL

Though the information below is not required by law it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document

Description of Attached Document

Title or Type of Document _____

Document Date _____ Number of Pages _____

Signer(s) Other Than Named Above _____

Capacity(ies) Claimed by Signer

Signer's Name _____

☐ Individual
☐ Corporate Officer — Title(s) _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other _____

Signer Is Representing _____

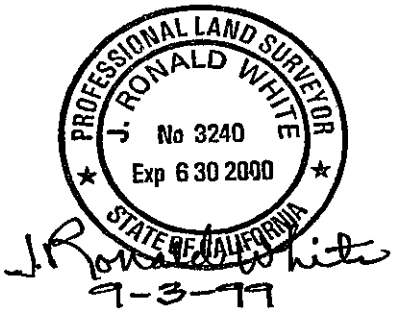
RIGHT THUMBPRINT OF SIGNER
Top of thumb here

© 1997 National Notary Association 9350 De Soto Ave PO Box 2402 Chatsworth CA 91313 2402 Prod No 5907 Reorder Call Toll Free 1 800 876 6827

EXHIBIT "A"

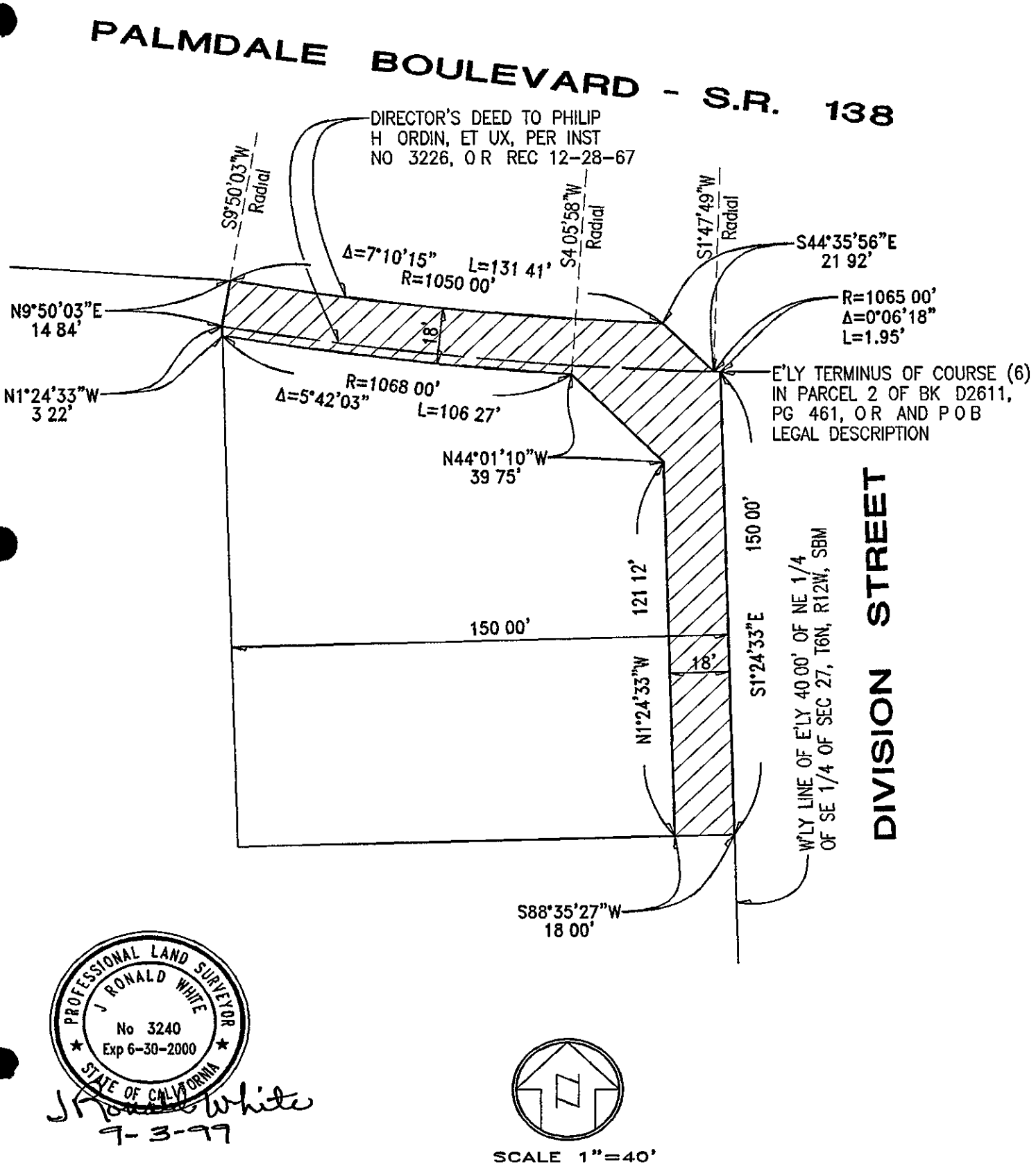
That portion of the Northeast Quarter of the Southeast Quarter of Section 27, Township 6 North, Range 12 West, San Bernardino Meridian, in the City of Palmdale, County of Los Angeles, State of California, according to the Official Plat of said land approved by the Surveyor General on September 3, 1855, described as follows

Beginning at a point on the Westerly line of the Easterly 40 00 feet of said Northeast Quarter, said point being the Easterly terminus of course numbered (6) in Parcel 2, as described in Grant Deed to the State of California recorded September 1, 1964, as Instrument No 1458 in Book D2611, Pg 461, Official Records of said County, thence South 1°24'33" East along said Westerly line, 150 00 feet, thence South 88°35'27" West 18 00 feet, thence North 1°24'33" West Parallel with said Westerly line, 121 12 feet, thence North 44°01'10" West 39 75 feet to a point on a non-tangent curve concave Northerly with a radius of 1068 00 feet, said curve being concentric with a curve described as having a radius of 1050 00 feet in the Northerly boundary of that certain parcel described in Director's Deed to Philip H Ordin, et ux, recorded December 28, 1967 as Instrument No 3226, Official Records of said County, a radial line to said point bears South 4°05'58" West, thence Westerly along said concentric curve and through a central angle of 5°42'03", an arc distance of 106 27 feet to a line parallel with and distant 150 00 feet Westerly, measured at right angles, from said Westerly line, thence North 1°24'33" West along said last mentioned parallel line, 3 22 feet to the Southwesterly corner of said Director's Deed parcel, thence Northerly, Easterly and Southeasterly along the boundary of said Director's Deed parcel, the following courses North 9°50'03" East 14 84 feet to a non-tangent curve concave Northerly with a radius of 1050 00 feet, thence Easterly along said curve from a tangent bearing South 80°09'57" East and through a central angle of 7°10'15", an arc distance of 131 41 feet, thence South 44°35'56" East 21 92 feet to the most Easterly corner of said Director's Deed parcel, said corner being on said course numbered (6), thence Easterly along said course numbered (6) and along a non-tangent curve concave Northerly with a radius of 1065 00 feet, from tangent bearing South 88°12'11" East and through a central angle of 0°06'18", an arc distance of 1 95 feet to the Point of Beginning



5

EXHIBIT "B"



PROFESSIONAL LAND SURVEYOR
J RONALD WHITE
No 3240
Exp 6-30-2000
STATE OF CALIFORNIA

J Ronald White
7-3-99

6

CONSENT TO RECORDATION

The City of Palmdale consents to the recordation of the attached offer to dedicate by its duly authorized officer This consent is not an acceptance of the offer to dedicate

BY John Mundwiler

TITLE CITY ENGINEER

DATE 12-8-99

Order: 118040229 Page 9 of 9 Requested By: Richard Ritchie , Printed: 8/15/2018 6:11 PM
Doc: 1999-2266508 AGREAS 12-08-1999

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT - MAINTENANCE DIVISION**

DISTRICT: **ALL**

SUBJECT: **APPROVE PURCHASE ORDER NO. 20220093 FOR ONE (1) NEW CATERPILLAR 930M FRONT LOADER, INCLUDING STANDARD AND OPTIONAL EQUIPMENT, PLUS MULTIPURPOSE BUCKET WITH QUINN RENTAL SERVICES IN AN AMOUNT NOT TO EXCEED $228,775.75 FOR FY 2021/2022**

ISSUE

Approve Purchase Order No. 20220093 with Quinn Rental Services in an amount not to exceed $228,775.75, for one (1) new Caterpillar 930M Front Loader, including standard and optional equipment, plus multipurpose bucket for FY 2021/2022

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Purchase Order No. 20220093 with Quinn Rental Services in an amount not to exceed $228,775.75, for one (1) new Caterpillar 930 Front Loader, including standard and optional equipment, plus multipurpose bucket; and,

2. Authorize the City Manager or his designee, to execute Purchase Order No. 20220093 with Quinn Rental Services, including making minor and non-substantive changes.

BACKGROUND

Due to a large increase in illegal dumping in off road locations and loading debris into roll-off bins in the Maintenance Yard, a second loader has become necessary. The current loader leaves the yard almost daily for scheduled Street Maintenance work and debris rapidly accumulates, making for an unsafe storage location at the yard. The approximate annual maintenance cost for the front loader is $7,700.00, with a projection of 15-20 years of useful life. The alternative to not purchase a new loader will be costly long-term equipment rentals.

DISCUSSION

The City is utilizing cooperative pricing through Sourcewell Contract No. 032119-CAT, which includes an initial four-year term effective May 13, 2019 through May 13, 2023, with an option to renew for one additional one-year period through May 13, 2024 at Sourcewell's discretion. The Caterpillar 930M Front Loader model from Quinn Rental Services was selected based on the model's operating characteristics and the convenience of local parts availability and repair network.

FISCAL IMPACT

The purchase order amount for one (1) new Caterpillar 930M Front Loader, including standard and optional equipment, plus multipurpose bucket for FY 2021/2022 will not exceed $228,775.75. Sufficient funds are budgeted in Fleet Maintenance Account 15433006-774400.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

A. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

Goal III: Invest in infrastructure to improve community livability.

B. Seek innovative, cost effective, customer focused methods of service delivery.

Prepared by:	Chuck Heffernan, Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Purchase Order No. 20220093 Quinn Rental Services
2. Quote 150186-01 930M Wheel Loader
3. Sourcewell Contract No. 032119-CAT

CITY OF PALMDALE

Purchase Order

PURCHASING DIVISION
PHONE: (661) 267-5444 FAX (661) 267-5454
BILL TO: ACCOUNTS PAYABLE
38300 Sierra Highway
Palmdale, CA 93550
(661) 267-5460

Fiscal Code N
Revisions 000
Fiscal Period 01
Expiration Date 06/30/2022

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order # **20220093**

NO SUBSTITUTIONS WITHOUT APPROVAL OF PURCHASING DIVISION. USE CITY OF PALMDALE ADDRESS SPECIFIED BELOW. MERCHANDISE MUST BE DELIVERED TO SPECIFIC DEPARTMENT.

VENDOR
QUINN RENTAL SERVICES
PO BOX 849665
LOS ANGELES, CA
LOS ANGELES DT, CA 90084
Fax: 661-945-0985

SHIP TO
ADAM DYER
PUBLIC WORKS/MAINTENANCE
39110 3RD ST EAST
PALMDALE, CA 93550
Email: adyer@cityofPalmdale.org
Phone: 661-267-5338

Vendor Phone Number	Vendor Fax Number	Requisition Number	Buyer
661-524-1577	661-945-0985	220141	Matthew Harris

Date Ordered	Vendor Number	Date Required	Freight Method/Terms	Department/Location
08/04/2021	181	08/07/2021	DESTINATION/NET 45	STREET MAINTENANCE

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
	CAT 930M Loader The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading				
1	CAT LOADER 930M STOCK NUMBER NS0016238 THIS PURCHASE ORDER FOR FY 2021-2022 IS PENDING CITY COUNCIL APPROVAL SEPTEMBER 7, 2021.COOPERATIVE PURCHASING THROUGH SOURCEWELL CONTRACT NO. 032119-CAT. 4-YEAR INITIAL TERM, MAY 13, 2019 TO MAY 13, 2023. OPTION TO RENEW FOR ONE (1) ADDITIONAL ONE-YEAR PERIODS THROUGH MAY 13, 2024 AT SOURCEWELL'S DISCRETION. QUOTE #150186-01	1.0	EA	$228,775.75	$228,775.75
	15433006 - 774400				***$228,775.75***
	Commodity Code: 07000-00 AUTOMOTIVE VEHICLES AND RELATED TRANSPORTATION EQUIPMENT (INCLUDING TRAILERS) (EFFECTIVE 1-1-06 THIS CLASCTIVATED, REFER TO CLASSES 071, 0ND 073)				

Receiving Copy
Internal Purpose Only
Please Do not forward
to Vendor

☐ **Partial Order**

☐ **Purchase Order Complete**

RECEIVING COPY

Sales Tax	$0.00
Order Total	**$228,775.75**

1. **ACCEPTANCE** ACCEPTANCE OF THIS PURCHASE ORDER BY THE VENDOR IS EXPRESSLY LIMITED TO THE TERMS AND CONDITIONS CONTAINED HEREIN. ANY TERM OR CONDITION STATED BY THE VENDOR IN ANY PRIOR PROPOSAL , ON VENDOR'S ACKNOWLEDGEMENT FORM, OR IN OTHERWISE ACKNOWLEDGING OR ACCEPTING THIS ORDER IS DEEMED BY BUYER TO BE A MATERIAL ALTERATION OF THIS ORDER AND IS HEREBY OBJECTED TO BY THE BUYER. ANY SUCH TERM OR CONDITION SHALL BE INAPPLICABLE TO THIS ORDER UNLESS EXPRESSLY AGREED TO IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF BUYER. ACCEPTANCE OF THE MERCHANDISE COVERED BY THIS ORDER WILL NOT CONSTITUTE ACCEPTANCE BY BUYER OF VENDOR'S TERMS AND CONDITIONS. ANY OF THE FOLLOWING ACTS BY VENDOR SHALL CONSTITUTE ACCEPTANCE OF THIS OFFER AND ALL OF ITS TERMS AND CONDITIONS; SIGNING AND RETURNING A COPY OF THIS ORDER; DELIVERY OF ANY OF THE MERCHANDISE ORDERED; INFORMING THE BUYER OF COMMENCEMENT OF PERFORMANCE; OR RETURNING VENDOR'S OWN FORM OF ACKNOWLEDGEMENT.

2. **PRICE AND DELIVERY** Vendor shall furnish the merchandise covered by this order (which may consist of or include services of a non-technical and non-professional nature or construction work) in accordance with the prices and delivery schedule stated on the face of this order. If prices or delivery dates are not stated, Vendor shall offer its lowest prices or best delivery dates, both of which shall be subject to written acceptance by Buyer. All prices include all applicable taxes, except sales taxes which are separately shown where applicable. Vendor warrants that the prices charged for the merchandise ordered will be as low as the lowest price charged by the Vendor to any customers purchasing similar merchandise in the same or smaller quantities and under like circumstances.

3. **PAYMENT** Buyer shall pay to Vendor the full sales price within forty five (45) days of invoice date, or sooner if otherwise specified on the face of this order.

4. **PACKING AND SHIPPING** Vendor warrants that prices include all charges for packing, crating, and transportation to F.O.B. point. All merchandise shall be packaged, marked, and otherwise prepared in accordance with good commercial practices to obtain the lowest shipping rates and to assure adequate protection of the merchandise in shipment and storage and its arrival at F.O.B. point in undamaged condition. An itemized packing list shall accompany each shipment.

5. **F.O.B, TITLE AND RISK OF LOSS** Unless otherwise specified on the face of this order, the F.O.B. point shall be Buyer's location designated on the face of this order . If transportation is F.O.B. Vendor's location, Vendor shall bear all risk of loss or damage to the merchandise, and title shall not shift to Buyer, until delivery of the merchandise to Buyer's designated location.

6. **INVOICING** After shipping or otherwise providing merchandise under this order, Vendor shall send a separate invoice, in duplicate, including item numbers and accompanied by a bill of lading or express receipt. The time for payment of Vendor's invoices shall commence upon the date of actual receipt of merchandise and acceptable invoices consistent with the requirements of this order.

7. **ADVANCE SHIPMENTS AND COMMITMENTS** Buyer may, at its option, either merchandise received in advance of the delivery schedule set forth herein, or return it to Vendor at Vendor's risk and expense. If retained, time for payment and discount, if any, shall be based upon scheduled delivery dates. Vendor shall place all orders for, and schedule deliveries of materials necessary for its performance under this order at such times as will enable Vendor to meet, but not unreasonably anticipate, the stated delivery schedule. In the event of termination of or changes to this order, Buyer shall not be liable for any charges or costs arising form commitments by Vendor for the acquisition of materials, or work performed, in advance of the time necessary to meet the specified delivery schedule, unless Buyer has given its prior written consent to such advance commitments or work.

8. **CHANGES** Buyer may, by written change order, suspend performance in whole or in part, make changes in quantities, in drawings, designs or specifications, in the method of shipment or packing in the time or place of delivery, or require additional or diminished work. If any such changed causes an increase or decrease in the cost of or the time required for, performance of this order, an equitable adjustment shall be made in the contract price or delivery dates, or both and this order shall be modified in writing accordingly. Any claim for adjustment under this Section 8 may, at Buyer's option, be deemed to be absolutely and unconditionally waived unless asserted in writing (including the amount of the claim) and delivered to Buyer within thirty (30) days from the date of receipt by Vendor of the change order. No change order will be binding on Buyer unless issued and signed by an authorized representative of Buyer's purchasing department. Nothing in this Section 8 shall excuse Vendor from proceeding with the order as changed.

9. **INSPECTION** Final inspection and acceptance of the merchandise shall be at the F.O.B. point unless otherwise specified in this order. Such inspection shall be in accordance with the customary established inspection procedures of Buyer at the location where the merchandise is received. Buyer reserves the right to use sampling procedures for the acceptance or rejection of any or all items ordered. If a lot is rejected by the sampling procedure, the entire lot may be returned to Vendor for screening at the Vendor's expense or, at the option of Buyer, the rejected lot may be screened by Buyer at Vendor's expense, and the costs thereof shall be deducted from Vendor's invoice. Buyer may reject any merchandise which contains defective materials or workmanship or does not conform to specifications or samples. In such event, Buyer may, at its option, and upon written notice to Vendor: (i) rescind this order as to such merchandise; (ii) accept such merchandise at an equitable reduction in price; or (iii) reject such merchandise and require the delivery of replacements. Deliveries of replacement merchandise shall be accompanied by a written notice specifying that such merchandise is a replacement. If Vendor fails to deliver required replacements promptly, Buyer may: (I) replace or correct such merchandise and charge the Vendor the cost thereby incurred by Buyer; or (ii) terminate this order for cause as provided in Section 16 hereof. The rights of Buyer under this Section 9 are in addition to any other rights or remedies herein or by law.

10. **WARRANTIES** In addition to all other warranties, expressed or implied, Vendor warrants that the merchandise will be: (I) free from defect in workmanship and materials; (ii) free from defects in design except to the extent that such merchandise complies with the specifications provided by Buyer, (iii) suitable for purposes, if any, which are stated on the face of this order or in any attachments hereto; and (iv) in conformity with all other requirements of this order. These warranties, and all other warranties, express or implied, shall survive delivery, inspection, acceptance and payment.

    In addition to all other rights Buyer may have, if merchandise is determined not to e as warranted within a period of one (1) year acceptance by Buyer, Buyer may return such merchandise to Vendor, at Vendor's expense, for correction, replacement or credit, as Buyer may direct. Any merchandise corrected or furnished in replacement shall, from the date of delivery of such corrected or replacement merchandise, be subject to the provision of this Section 10 for the same period and to the same extent as merchandise initially furnished pursuant to this order.

11. **PROPRIETARY INFORMATION** All written information obtained by Vendor from Buyer concerning this order, and which is identified as proprietary by Buyer, shall be received in confidence and shall remain the property of the Buyer, and shall be used and disclosed by Vendor only to the extent necessary for performance of this order.

12. **COMPLIANCE WITH LAWS** Vendor shall comply with all federal, state and local laws, ordinances, rules and regulations in the manufacture and sale of the merchandise (including the performance of any services or construction work). Vendor will defend and hold Buyer harmless from any loss, damage or costs attributable to or arising out of any actual or alleged violation of any such law, ordinance, rule or regulation.

13 **USE OF VENDOR'S LITERATURE** Buyer shall have the right, at no additional charge, to use and reproduce the Vendor's applicable literature, such as operating and maintenance manuals, technical publications, prints, drawings, training manuals, and other similar supporting documentation and sales literature. Vendor shall advise Buyer in writing of any updated information relating to the foregoing literature and documentation.

14. **LIABILITY FOR INJURY** Vendor shall indemnify Buyer against any loss and liability for all personal injury and property damage caused by the merchandise sold or the services of construction work.

15. **ASSIGNMENT PROHIBITED** Vendor shall not assign this order, or any rights or obligations hereunder, without the prior written consent of Buyer, and no attempted or purported assignment by Vendor shall be binding on Buyer without such written consent.

16. **DEFAULT AND TERMINATION** Buyer may, by written notice of default to the Vendor, terminate this order, or any part thereof, under the following circumstances:
    A. If Vendor fails to deliver the merchandise (or to commence performance of any services or construction work included therein) in accordance with the delivery schedule specified herein, or any extension thereof; or if vendor fails to perform any other provision of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms, and any such failure or default is not cured within ten (10) days after written notice from the Buyer, or
    B. In the event of the appointment of a trustee, receiver or liquidator for all or a portion of Vendor's property, or the institution of bankruptcy, reorganization, arrangement or liquidation proceedings by or against the Vendor, or any assignments by Vendor for the benefit of creditors.

    Upon any termination to this Section 16, Buyer may purchase similar merchandise elsewhere, or secure the delivery of the merchandise by contract, or otherwise and Vendor shall be liable to Buyer for any excess cost to Buyer; provided, however, that Vendor shall not be liable for such excess costs when the delay of Vendor in performing or in making deliveries is due to causes beyond the control and without fault or negligence on the part of the Vendor. No cause shall constitute a basis for excusable delay unless Vendor has notified Buyer in writing of the existence of such cause within ten (10) days from the commencement thereof. The rights and remedies of Buyer under this Section 16 shall not be exclusive and are in addition to all other rights and remedies provided by law or by the terms and condition of this order.

17. **WAIVER** Buyer's failure to insist upon the performance of any provision of this order, or to exercise any right or privilege granted to Buyer under this order, shall not be construed as a waiver of any provision of this order, and the same shall continue in full force and effect. If any provision of this order is determined by a court of competent jurisdiction to be void or otherwise unenforceable, the other provisions of this order shall not be affected thereby.

18. **DISPUTE RESOLUTION** Disputes regarding the interpretation or application of any provisions of this order shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties. If any action at law or in equity is brought to enforce or interpret any provisions of this order, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

19. **GOVERNING LAW** The validity, performance and construction of the order, including all terms and conditions thereof, shall be construed in accordance with and governed by the laws of the State of California.

20. **ENTIRE AGREEMENT** This order, its terms and conditions, and any supplemental attachments, addenda or riders annexed hereto by Buyer, contain the entire agreement between the parties as to the subject matter hereof, and replace and supersede any prior or contemporaneous communications, representations or agreements, whether written oral, with respect to such subject matter, unless specifically provided otherwise herein.

21. **NOTICES** All notices, demands, requests or approvals to be given in connection with this order shall be in writing and delivered in person or by mail, postage prepaid, and addressed to the other party at the address set forth on the face of this order, or to such other address as may be subsequently be designated in writing by either party.

22. **SPECIAL PROVISIONS** Notwithstanding any terms or conditions herein above, to the contrary, the Special Provisions set forth in Attachment A, attached hereto, shall be deemed to be incorporated herein by reference and shall be binding on Vendor and shall superceded any provision of this Purchase Order set forth herein above which are in conflict therewith.

150186-01

July 14, 2021

CITY OF PALMDALE

38300 N SIERRA HWY
PALMDALE, California 93550-4798

Dear Sir,

We would like to thank you for your interest in our company and our products, and are pleased to quote the following for your consideration.

One (1) New Caterpillar Inc. Model: 930M Wheel Loader including standard and optional equipment as listed below.

STOCK NUMBER: NS0016238 **SERIAL NUMBER:** F5K01668 **YEAR:** 2021 **SMU:**

We wish to thank you for the opportunity of quoting on your equipment needs. This quotation is valid for 30 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,

Tree Ferrell
208-390-2310
Machine Sales Representative

One (1) New Caterpillar Inc. Model: 930M Wheel Loader including standard and optional equipment as listed below.

Standard Equipment

POWERTRAIN

Axle seal guards
Auto Idle shut down feature
Cat C7.1ACERT engine
-Power Modes (Standard and Performance)
-Power by Range (High Power in Range 4)
-Tier 4 Final/Stage IV compliant
-Turbocharged and aftercooled
-Filtered crankcase breather
-Diesel particulate filter
-Selective Catalyst Reduction
Coolant protection to -34C (-29F)
Differential lock in front axle
Dry type air cleaner
Enclosed wet disc full hydraulic brakes
Fuel priming pump, automatic
Fuel water separator
Hydraulically driven demand cooling fan
Hydrostatic transmission with electronic control
-Operator Modes (Default, TC, Hystat and Ice)
-Directional Shift Agressiveness (Fast, Medium, Slow)
-Rimpull control, adjust wheel torque
-Creeper control, adjust ground speed
Lubed for life driveshafts
Parking brake, electric
Single plane cooling package wide 6 fins per inch density
S-O-S port,engine,coolant,transmission oil

HYDRAULICS

Automatic lift and bucket kickouts, adjustable in-cab
Bucket and Fork Modes, adjustable in-cab
Cylinder damping at kickout and mechanical end stops
Fine Mode control (Fast, Medium, Slow) in Fork Mode
Hydraulic Response setting (Fast, Medium, Slow)
Hydraulic diagnostic connectors and S-O-S ports
Hydraulic sight gauge, visible
Load sensing hydraulics and steering
Seat mounted hydraulic joystick controls

ELECTRICAL

Alternator, 115-amp, heavy duty
12V power supply in cab (2)
Batteries, 1,000 CCA (2) 24 volt system, disconnect switch
Back up alarm
Emergency shutdown switch
Halogen work lights front and rear, LED
rear stop and turn lights
Heavy duty gear reduction starter
Product Link PRO w/3 year subscription
Remote jump start post
Resettable main and critical function breakers
Roading lights front and rear

OPERATOR ENVIRONMENT

75 mm (3 in) retractable seatbelt
Automatic temperature control
Cab, enclosed ROPS/FOPS pressurized and sound suppressed
Cup holders
Interior cab lighting, door and dome
Interior rearview mirrors (2)
Lunch box storage
Operator warning system indicators
Radio ready speakers

External heated mirrors with lower parabolic
Ground level cab door release
Gauges
-Digital hour meter, odometer and tachometer
-Digital ground speedometer and direction indicator
-Engine coolant temperature gauge
-Fuel and Diesel Exhaust Fluid level indicator
-Hydraulic oil temperature gauge
Hydraulic control lockout
Rear window defrost, electric
Seat mounted electronic implement controls, adjustable
Sliding glass on the side windows
Column mounted multi function control
-lights, wipers, turn signal
Suspension seat, fabric
Tilt and telescope steering wheel
Tinted front glass
Wet arm wiper/washer, 2-speed and intermittent, front
Wet arm wiper washer, rear

OTHER STANDARD EQUIPMENT

Large-access enclosure doors with adjustable close/open force
Parallel lift loader linkage
Recovery hitch with pin
Remote mounted lubrication points
Vandalism protection-
lockable compartments

MACHINE SPECIFICATIONS

930M WHEEL LOADER	541-2671	$219,975.24
LANE 2 ORDER	0P-9002	$0.00
DIFFERENTIAL, OPEN REAR	333-6529	$0.00
CERTIFICATE OF ORIGIN, ENGLISH	0G-6022	$0.00
CUTTING EDGE, BOLT ON, 4 PIECE	345-2758	$935.34
KIT,SERIALIZED TECHNICAL MEDIA	0P-2491	$0.00
ANTIFREEZE, -50C (-58F)	0P-2407	$294.78
SHIPPING/STORAGE PROTECTION	0P-2266	$221.34
PACK, DOMESTIC TRUCK	0P-0210	$0.00
HYDRAULICS, 3V, CPLR READY, SL	565-0933	$2,555.10
PRODUCT LINK, CELLULAR PL641	565-0908	$0.00
SEAT, DELUXE	563-5967	$1,147.50
JUMPER LINES, AUX 3RD, FUSION	445-4725	$627.30
LIGHTS, STD, LED	559-0843	$314.16
CAB, DELUXE	549-0451	$4,406.40
LIGHTS, ROADING, LED, RH	541-3067	$943.50
ENVIRONMENT, MEDIUM DEBRIS	536-5340	$2,713.20
QUICK COUPLER, FUSION	536-5313	$4,523.70
HYDRAULICS, STANDARD	536-5283	$0.00
COUNTERWEIGHT, AGGREGATE	536-3718	$6,670.80
LINES, AUX 3RD, STD LIFT	530-1623	$328.44
ENGINE	527-0422	$0.00
TOOLBOX AUX, NONE	519-8081	$0.00
WEATHER, STANDARD	454-0609	$0.00
PREP PACK, UNITED STATES	430-2943	$0.00
RIDE CONTROL	430-2860	$4,355.40
RADIO, BLUETOOTH, AUX, MIC	372-1868	$795.60
FENDERS, STANDARD	366-8148	$0.00
TIRES,20.5R25 MX XHA2 * L3	366-6880	$18,329.40
GUARD, POWERTRAIN, LOWER	349-8165	$1,504.50
GUARD, CRANKCASE	349-8163	$1,035.30
GUARD, DRIVESHAFT	349-7940	$663.00
STEERING, STANDARD	333-6850	$0.00
BUCKET-GP, 3.2 YD3, FUS	345-2784	$9,817.50
KIT, WARNING,BEACON,LED STROBE	370-7008	$258.06
KIT, LIGHTS, AUX, LED	452-0853	$899.64
BUCKET-MP, 2.7 YD3, FUS	362-0902	$23,842.50

WARRANTY & COVERAGE

Standard Warranty: 12 Months Full Machine

SELL PRICE	$301,331.00
SOURCEWELL CONTRACT #032119-CAT 24% LIST	($72,319.00)
ADDITIONAL DEALER DISCOUNT	($20,964.00)
STR21SWLCASH, Cat dormant customer discount	($5,000.00)
FREIGHT, PREP, AND DELIVERY	$4,452.00
NET BALANCE DUE	**$207,500.00**
CA TIRE TAX $1.75 X 4	$7.00
SALES TAX (10.25%)	$21,268.75
AFTER TAX BALANCE	**$228,775.75**

F.O.B/TERMS:
Palmdale City yard, terms available upon request

ADDITIONAL CONSIDERATIONS

- Loader arrives from factory first week of August, approx.
- Various extended warranty options available

Accepted by_____ **on** _____

_____
Signature

Form C

EXCEPTIONS TO PROPOSAL, TERMS, CONDITIONS, AND SOLUTIONS REQUEST

Company Name: Caterpillar Inc.

Any exceptions to the terms, conditions, specifications, or proposal forms contained in this RFP must be noted in writing and included with the Proposer's response. The Proposer acknowledges that the exceptions listed may or may not be accepted by Sourcewell or included in the final contract. Sourcewell will make reasonable efforts to accommodate the listed exceptions and may clarify the exceptions in the appropriate section below.

Section/page	Term, Condition, or Specification	Exception	Sourcewell ACCEPTS
8.11 / page 29	Assignment of Contract	Notwithstanding the Terms of Section 8.11, Caterpillar shall be permitted to subcontract certain of its duties to Cat dealers for performance. *	Sourcewell accepts
Section Q / page 32	Provisions for non-federal entity procurements under federal awards or other awards; airport improvement program provisions	Section Q shall be deleted in its entirety. However, Caterpillar Dealers will review individual transactions that may implicate certain provisions within section Q on a case by case basis as required. *	Sourcewell accepts

*Please see page 2 of this form for comments regarding this exception request.

Proposer's Signature: Tatee A Redpath **Date:** 3/13/19

Sourcewell's clarification on exceptions listed above:

LEGAL
HCP
Initials
May 3, 2019
Date

Form C

EXCEPTIONS TO PROPOSAL, TERMS, CONDITIONS, AND SOLUTIONS REQUEST

Caterpillar Comments on Exception Requests:

Exception to 8.11

Because we rely on our dealer network to work closely with customers to execute the terms of this agreement, we want to clarify that we may subcontract these obligations to them. This is how we are operating today to the satisfaction of all involved and we intend for this strong, close, and effective relationship to continue.

Exception to Section Q

In many situations we will be willing to comply to these terms. However, it is impossible to provide a blanket acceptance as each transaction is unique. For example, the Buy American provision referenced in 8.43 will be acceptable for some products and not for others depending on the source of production. By looking at each transaction individually we can ensure careful consideration. It is our desire to earn this business and when we are able to comply we will honor the terms specific to the transaction.

Contract Award
RFP #032019

FORM D

Formal Offering of Proposal
(To be completed only by the Proposer)

HEAVY CONSTRUCTION EQUIPMENT WITH RELATED ACCESSORIES, ATTACHMENTS, AND SUPPLIES

In compliance with the Request for Proposal (RFP) for HEAVY CONSTRUCTION EQUIPMENT WITH RELATED ACCESSORIES, ATTACHMENTS, AND SUPPLIES, the undersigned warrants that the Proposer has examined this RFP and, being familiar with all of the instructions, terms and conditions, general and technical specifications, sales and service expectations, and any special terms, agrees to furnish the defined products and related services in full compliance with all terms and conditions of this RFP, any applicable amendments of this RFP, and all Proposer's response documentation. The Proposer further understands that it accepts the full responsibility as the sole source of solutions proposed in this RFP response and that the Proposer accepts responsibility for any subcontractors used to fulfill this proposal.

Company Name: Caterpillar Inc. Date: 3/6/19

Company Address: 100 NE Adams Street

City: Peoria State: IL Zip: 61629

CAGE Code/DUNS: 11083/944204924

Contact Person: Patty Redpath Title: Governmental Account Manager

Authorized Signature: Patrick Kearns
(Name printed or typed)

DocuSign Envelope ID: A05DDB3F-661F-4EB5-AF77-6D47E6730B71

FORM E

CONTRACT ACCEPTANCE AND AWARD

(Top portion of this form will be completed by Sourcewell if the vendor is awarded a contract. The vendor should complete the vendor authorized signatures as part of the RFP response.)

Sourcewell Contract #: 032119-CAT

Proposer's full legal name: Caterpillar Inc.

Based on Sourcewell's evaluation of your proposal, you have been awarded a contract. As an awarded vendor, you agree to provide the products and services contained in your proposal and to meet all the terms and conditions set forth in this RFP, in any amendments to this RFP, and in any exceptions that are accepted by Sourcewell.

The effective date of the Contract will be May 13, 2019 and will expire on May 13, 2023 (no later than the later of four years from the expiration date of the currently awarded contract or four years from the date that the Sourcewell Chief Procurement Officer awards the Contract). This Contract may be extended for a fifth year at Sourcewell's discretion.

Sourcewell Authorized Signatures:

DocuSigned by:
Jeremy Schwartz
C0ED2A139D0648B...
SOURCEWELL DIRECTOR OF OPERATIONS AND PROCUREMENT/CPO SIGNATURE

Jeremy Schwartz
(NAME PRINTED OR TYPED)

DocuSigned by:
Chad Coauette
7E42B8F817A84CC...
SOURCEWELL EXECUTIVE DIRECTOR/CEO SIGNATURE

Chad Coauette
(NAME PRINTED OR TYPED)

Awarded on May 10, 2019

Sourcewell Contract # 032119-CAT

Vendor Authorized Signatures:

The Vendor hereby accepts this Contract award, including all accepted exceptions and amendments.

Vendor Name Caterpillar Inc.

Authorized Signatory's Title North America Industry Manager

VENDOR AUTHORIZED SIGNATURE

Patrick Kearns
(NAME PRINTED OR TYPED)

Executed on May 10, 2019

Sourcewell Contract # 032119-CAT

Form F

PROPOSER ASSURANCE OF COMPLIANCE

Proposal Affidavit Signature Page

PROPOSER'S AFFIDAVIT

The undersigned, authorized representative of the entity submitting the foregoing proposal (the "Proposer"), swears that the following statements are true to the best of his or her knowledge.

1. The Proposer is submitting its proposal under its true and correct name, the Proposer has been properly originated and legally exists in good standing in its state of residence, the Proposer possesses, or will possess before delivering any products and related services, all applicable licenses necessary for such delivery to Sourcewell members agencies. The undersigned affirms that he or she is authorized to act on behalf of, and to legally bind the Proposer to the terms in this Contract.

2. The Proposer, or any person representing the Proposer, has not directly or indirectly entered into any agreement or arrangement with any other vendor or supplier, any official or employee of Sourcewell, or any person, firm, or corporation under contract with Sourcewell, in an effort to influence the pricing, terms, or conditions relating to this RFP in any way that adversely affects the free and open competition for a Contract award under this RFP.

3. The Proposer has examined and understands the terms, conditions, scope, contract opportunity, specifications request, and other documents in this solicitation and affirms that any and all exceptions have been noted in writing and have been included with the Proposer's RFP response.

4. The Proposer will, if awarded a Contract, provide to Sourcewell Members the /products and services in accordance with the terms, conditions, and scope of this RFP, with the Proposer-offered specifications, and with the other documents in this solicitation.

5. The Proposer agrees to deliver products and services through valid contracts, purchase orders, or means that are acceptable to Sourcewell Members. Unless otherwise agreed to, the Proposer must provide only new and first-quality products and related services to Sourcewell Members under an awarded Contract.

6. The Proposer will comply with all applicable provisions of federal, state, and local laws, regulations, rules, and orders.

7. The Proposer understands that Sourcewell will reject RFP proposals that are marked "confidential" (or "nonpublic," etc.), either substantially or in their entirety. Under Minnesota Statute §13.591, Subd. 4, all proposals are considered nonpublic data until the evaluation is complete and a Contract is awarded. At that point, proposals generally become public data. Minnesota Statute §13.37 permits only certain narrowly defined data to be considered a "trade secret," and thus nonpublic data under Minnesota's Data Practices Act.

8. The Proposer understands that it is the Proposer's duty to protect information that it considers nonpublic, and it agrees to defend and indemnify Sourcewell for reasonable measures that Sourcewell takes to uphold such a data designation.

[The rest of this page has been left intentionally blank. Signature page below]

Caterpillar: Confidential Green

By signing below, Proposer is acknowledging that he or she has read, understands, and agrees to comply with the terms and conditions specified above.

Company Name: Caterpillar Inc.

Address: 100 NE Adams Street

City/State/Zip: Peoria, IL 61629

Telephone Number: 309-675-1000

E-mail Address: Cat_Governmental@cat.com

Authorized Signature: Patrick K

Authorized Name (printed): Patrick Keane

Title: North America Industry Manager

Date: 3/6/19

Notarized

OFFICIAL SEAL
JODY R. MCKENZIE
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Feb 2, 2020

Subscribed and sworn to before me this 6th day of March, 20 19

Notary Public in and for the County of Peoria State of Illinois

My commission expires: February 2, 2020

Signature: Jody R McKenzie

Form P

PROPOSER QUESTIONNAIRE

Payment Terms, Warranty, Products and Services, Pricing and Delivery, and Industry-Specific Questions

Proposer Name: Caterpillar Inc.

Questionnaire completed by: Patty Redpath

Payment Terms and Financing Options

1) What are your payment terms (e.g., net 10, net 30)?

   Our dealers accept payment from members and their terms may vary. The most common term is net 30.

2) Do you provide leasing or financing options, especially those options that schools and governmental entities may need to use in order to make certain acquisitions?

   Yes. We offer both leasing and financing options to governmental members of Sourcewell at rates **lower** than available to the general public.

3) Briefly describe your proposed order process. Please include enough detail to support your ability to report quarterly sales to Sourcewell. For example, indicate whether your dealer network is included in your response and whether each dealer (or some other entity) will process the Sourcewell Members' purchase orders.

   Our simple order process has been and will continue to be well appreciated by Sourcewell and Sourcewell members:

   1) When a member decides to purchase a new Cat machine, they simply include their Sourcewell member number on the Purchase Order they issue to the Cat dealer.
   2) The Cat dealer then accepts the PO, issues the invoice, accepts payment, and delivers the machine.
   3) After the machine has been delivered, the dealer, as part of their normal process, includes the member number when filing their sales claim with Caterpillar.
   4) At month end, Caterpillar aggregates these reports and sends the sales information quarterly to Sourcewell along with the administration fee.

   Important Note: Should a member wish to include additional terms and conditions to this contract, or to otherwise request a Participating Addendum, that agreement/PA should be executed between the member and the Cat dealer directly.

4) Do you accept the P-card procurement and payment process? If so, is there any additional cost to Sourcewell Members for using this process?

   Because Cat dealers will be receiving payments directly from members, accepting P-card procurement will be at their discretion. Many dealers do accept this method without additional fees. Some have limitations on the amount that can be processed.

Warranty

5) Describe in detail your manufacturer warranty program, including conditions and requirements to qualify, claims procedure, and overall structure. You may include in your response a copy of your warranties, but at a minimum please also answer the following questions.

- Do your warranties cover all products, parts, and labor?

  Yes. Caterpillar has the most extensive warranty coverage in the industry. We cover all products, parts, and labor with fewer exclusions than our competitors. Please see **Attachment D** for details.

- Do your warranties impose usage restrictions or other limitations that adversely affect coverage?

  We do not impose usage restrictions. We are pleased to say that our warranties cover defects in material and workmanship for the time specified in the policy when the equipment is used as per design intent.

- Do your warranties cover the expense of technicians' travel time and mileage to perform warranty repairs?

  The Caterpillar warranties cover the cost of replacement parts and the labor to install them, they do not cover travel time and mileage. Dealer territories vary considerably from state to state as do their policies about travel time and mileage during the warranty period.

- Are there any geographic regions of the United States for which you cannot provide a certified technician to perform warranty repairs? How will Sourcewell Members in these regions be provided service for warranty repair?

  We have no restrictions on warranty repairs. One of our key differentiating strengths is our ability to service equipment regardless of where is it located.

- Will you cover warranty service for items made by other manufacturers that are part of your proposal, or are these warranties issues typically passed on to the original equipment manufacturer?

  Warranty service for on machines ordered from a Caterpillar facility is generally provided by Caterpillar and performed by Cat dealers. Some items, such as tires, are covered under their manufacturers' warranties.

- What are your proposed exchange and return programs and policies?

  We warrant that upon delivery our products will be free from defects in material and workmanship and will operate as intended. If they are not, we will make any necessary corrections.

6) Describe any service contract options for the items included in your proposal.

We have a large variety of service contract options which can all be customized according to customer needs. Below are just two examples. More solutions are available, and we encourage members and dealers to explore all options.

1) Equipment Protection Plans (Extended Service Coverage/Cat Insurance)

   After the initial warranty period ends, members may choose to purchase additional protection plans to reduce their exposure to unplanned costs. These policies are written based on months and hours of operation. There are four standard levels of coverage:
   a) Powertrain
   b) Powertrain + Hydraulics

c) Powertrain + Hydraulics + Technology
d) Premier

A description of all these options is included in **Attachment E**.

Important note: The purchase price for these Extended Service Coverage plans is **lower** for governmental agencies than it is for private buyers.

2) Customer Service Agreements (CSAs)

A member may choose to enter into an agreement with their Cat dealer to perform routine maintenance and/or repairs. These contracts are customizable based on member needs.

The selling Cat dealer can take responsibility for some or all the required service and maintenance needs to allow the agency to gain efficiency by focusing on the performance demands more than maintenance. CSAs are a useful tool to manage expenses. Most CSAs are bundled at the time of purchase; however, they may be added at any time.

Pricing, Delivery, Audits, and Administrative Fee

7) Provide a general narrative description of the equipment/products and related services you are offering in your proposal.

We are offering the new machine and work tool product lines as set forth in this proposal. This includes nearly 200 machine choices and more than 200 types of work tools.

In addition to new machines and work tools, we are happy to offer members access to rental machines, used machines, parts, service, extended service coverage plans, CSAs, products from Cat Safety Services, sourced goods, and open market items.

We understand that each member's needs will vary, and we are proud to supply a complete solution from the industry's largest product line.

8) Describe your pricing model (e.g., line-item discounts or product-category discounts). Provide detailed pricing data (including standard or list pricing and the Sourcewell discounted price) on all of the items that you want Sourcewell to consider as part of your RFP response. If applicable, provide a SKU for each item in your proposal. (Keep in mind that reasonable price and product adjustments can be made during the term of an awarded Contract. See the body of the RFP and the Price and Product Change Request Form for more detail.)

Our pricing model is simple. We offer a deep discount off the current machine and work tool list prices to all Sourcewell members.

We have provided base machine pricing in **Attachment F.** However, for execution of the agreement we will ask our dealers and Sourcewell members to use the Caterpillar price list that is current at the time of the quote. Dealers, in consultation with the member, will configure the machine to the desired specifications and apply the agreed upon stated minimum discount to that configured List Price amount. Dealers and members should remember to factor in any expected price increases if a machine will be built to order.

Attachment G shows the discount offered for each new machine.

Additionally, we are pleased to offer a discount of 15% off all products and consulting services under the Cat Safety Services Umbrella; and 5% off our Technology Enabled Safety Solutions.

9) Please quantify the discount range presented in this response. For example, indicate that the pricing in your response represents is a 50% percent discount from the MSRP or your published list.

Our discount range varies between 3% and 30%. It's important to note that discount comparisons between different machines cannot be considered an apple-to-apples comparison. Caterpillar product managers have broad leeway in product pricing, and there are some significant variations on pricing strategy. For example, a discount of 10% on Product A, may be equivalent to a 20% discount on Product B. The discounts offered to Sourcewell members are better than what is widely available to non-member/private purchasers.

10) The pricing offered in this proposal is

_____a. the same as the Proposer typically offers to an individual municipality, university, or school district.

_____b. the same as the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.

_____X___c. better than the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.

_____d. other than what the Proposer typically offers (please describe).

11) Describe any quantity or volume discounts or rebate programs that you offer.

Our dealers are empowered to consider purchase order volume, repeat purchases, member responsiveness, etc. They may offer members additional discounts and/or services at their discretion.

12) Propose a method of facilitating "sourced" products or related services, which may be referred to as "open market" items or "nonstandard options". For example, you may supply such items "at cost" or "at cost plus a percentage," or you may supply a quote for each such request.

Sourced goods / Open Market Items are available to members from our Cat dealers. The prices for these goods or services will represent fair market value and will be determined between the member and the selling dealer. We encourage our dealers and members to use this option as it facilitates complimentary products and streamlines the procurement process.

Customers and dealers are responsible for including their Sourcewell member numbers on all documentation related to these purchases. Caterpillar Inc. is not a party to these sales and is exempted from including them in the quarterly reports. For audits, inclusion of a customer's Sourcewell member number on the PO and/or invoice shall be deemed sufficient.

13) Identify any total cost of acquisition costs that are **NOT** included in the pricing submitted with your response. This cost includes all additional charges that are not directly identified as freight or shipping charges. For example, list costs for items like installation, set up, mandatory training, or initial/pre-delivery inspection. Identify any parties that impose such costs and their relationship to the Proposer.

Machines are unique in their requirements for preparation prior to use. Some may require local final assembly due to their large size, others may have locally installed options (fire suppression, beacons, auto lube systems for example). When a dealer issues a quote for a machine, any additional costs will be itemized separately and are not subject to the Sourcewell discount.

14) If travel expense, delivery or shipping is an additional cost to the Sourcewell Member, describe in detail the complete travel expense, shipping and delivery program.

There is no additional cost to members who choose to pick up their machine from the Cat dealer. Dealers may charge fees for delivery to the member's location.

15) Specifically describe those travel expense, shipping and delivery programs for Alaska, Hawaii, Canada, or any offshore delivery.

Just as for members in the 48 contiguous states, there is no additional cost to members who choose to pick up their machine from their Cat dealer. Dealers may charge fees for delivery to the member's location.

16) Describe any unique distribution and/or delivery methods or options offered in your proposal.

Machines are large purchases and if there are unique member requirements our dealers will be happy to discuss on a case by case basis.

17) Please specifically describe any self-audit process or program that you plan to employ to verify compliance with your proposed Contract with Sourcewell. This process includes ensuring that Sourcewell Members obtain the proper pricing, that the Vendor reports all sales under the Contract each quarter, and that the Vendor remits the proper administrative fee to Sourcewell.

We plan to continue our very robust process to ensure reporting speed, accuracy, and contract compliance.

Caterpillar and our Cat dealers have very close and trusting relationships. Our dealers are long-established, and the current process is working well.

- To ensure pricing accuracy, we maintain our current Sourcewell customer discount sheet on our dealer-facing pricing pages. Dealers integrate these numbers automatically in their quoting software.
- To ensure new machine and work tool sales are recorded properly, we use our post-sale credit system. In a nutshell, this means that we corporately support the pricing offered in this contract at a level below what's available to other customers. To receive this additional monetary support after the machine is delivered, dealers must supply the member's name, address, and member number. There is no additional burden or cost to our dealers to use the Sourcewell contract and this is part of the reason for their high engagement and our high reporting accuracy.
- After month end, we gather the new machine and work tool sales data attributed to Sourcewell and aggregate it for our reporting.
- After quarter end, we will send the quarterly sales report and administration fee payment to Sourcewell for all items that are subject to the administrative fee.

18) Identify a proposed administrative fee that you will pay to Sourcewell for facilitating, managing, and promoting the Sourcewell Contract in the event that you are awarded a Contract. This fee is typically calculated as a percentage of Vendor's sales under the Contract or as a per-unit fee; it is not a line-item addition to the Member's cost of goods. (See RFP Section 6.29 and following for details.)

We would be pleased to offer an administration fee of 0.50% of net dealer revenue on the sales of new machines and work tools. Caterpillar will pay this fee and will not ask members or dealers to bear any additional burden.

Industry-Specific Questions

19) Describe any industry-specific quality management system certifications obtained by your organization.

Throughout the history of Caterpillar, we've produced reliable, durable products our customers have been able to count on for many years...if not decades. This reliability and durability is foundational to our brand. We measure ourselves on both defects and durability. Defects are issues that prevent a machine or any part of it from performing as intended within the first year of service. Durability is defined as the actual achieved life of a machine or component. We pride ourselves on leading the industry.

Specifically, as it relates to this question, the below list shows our current quality certificates:

03 - Thin Film Coating Center, Mossville (IL), USA - CQMS / ISO9001:2015 Certificate (Exp date: 09-Mar-2019)
05 - Caterpillar Global Machine Development - Peoria Proving Ground, Peoria (IL), USA - ISO17025:2005 (Expiry date 31-Jan-2021)
06 - Caterpillar Inc., Cast Metals Organisation, Mapleton (IL), USA - ISO9001:2015 (Expiry date 24-Apr-2021)
08 - Caterpillar Inc., - SOS Services Laboratory (Main Multi-site), Peoria, IL, USA - ISO9001:2015 (Expiry date 29-Nov-2020)
12 - Caterpillar Inc. - Matl Handling & Underground Div. (Aurora), Montgomery IL, USA ISO9001:2015 Certificate. (Exp: 23-Feb-2020)
13 - Caterpillar Inc.- Construction and Mining Equipment (HQ), Decatur (IL), USA - ISO9001:2015 Certificate. (Exp date: 26-Oct-2021)
16 - Caterpillar Inc. - East Peoria (Multi-Site - TTT), Tractor Drive, East Peoria (IL), USA - ISO9001:2015 Certificate (Exp: 30-Nov-2019)
28 - Caterpillar Brasil Limited, Campo Largo, Brasil - ISO9001:2015 (Exp date: 23-Jul-2020)
28 - Caterpillar Brasil Ltda., Piracicaba, Brasil - ISO9001:2015 Certificate (Exp date: 19-Mar-2021)
29 - Caterpillar Engine Systems Inc. (HQ), Pontiac (IL), USA - ISO9001:2015 Certificate (Exp date: 06-Aug-2019)
40 - Caterpillar Engine Systems Inc., Mossville (IL), USA - ISO9001:2015 Certificate (Exp date: 06-Aug-2019)
40 - Caterpillar Inc., Industrial Power Systems Division, Mossville (IL), USA - ISO9001:2015 Certificate (Exp Date: 17-Feb-2019)
40 - Caterpillar Inc., Industrial Power Systems Division, San Antonio (TX), USA - ISO9001:2015 Certificate (Exp Date: 17-Feb-2019)
40 - Caterpillar Inc., Industrial Power Systems Division, Schertz (TX), USA - ISO9001:2015 Certificate (Exp Date: 17-Feb-2019)
41 - Caterpillar Powertrain & Hydraulics - Systems Development, Mossville (IL), USA - ISO17025:2005 (Expiry date 31-Dec-2019)
41 - Global Engine Development - North America, Mossville, IL 61552, USA - ISO17025:2005 (Exp Date: 31-Aug-2019)
68 - Caterpillar Inc. (Remanufacturing Site-Specific Certificate), Corinth (MS), USA ISO9001:2015 Certificate (Expiry date 19-Jun-2020)
68 - Caterpillar Inc. Remanufacturing Services (HQ), Corinth, MS 38834, USA, ISO 9001:2015 (Exp Date: 19-Jun-2020)
7P - Perkins Motores Do Brasil LTDA, Curitiba, BRASIL - CQMS:2015 / ISO9001:2015 Certificate (Expiry date 05-Oct-2020)
88 - Caterpillar Inc. Lafayette Engine Center, Lafayette (IN), USA - ISO9001:2015 Certificate (Expiry date 04-Feb-2021)
89 - Caterpillar Mexico S.A. de C.V. (Monterrey), Nuevo Leon, Mexico 66350 - CQMS:2015/ISO 9001:2015 Certificate (Exp: 12-Jul-2019)
92 - Caterpillar Midwest Logistics Center (Champaign), Illinois - ISO 9001:2008 (Exp Date: 29-Jan-2018)
CF - Caterpillar Inc. (Remanufacturing Site-Specific Certificate), Nuevo Laredo (FINSA 1), Mexico - ISO 9001:2015 (Exp: 19-Jun-2020)
CF - Caterpillar Inc. (Remanufacturing Site-Specific Certificate), Nuevo Laredo (FINSA 3), Mexico ISO9001:2015 Certificate (Exp: 19-Jun-2020)
CF - Caterpillar Inc. (Remanufacturing Site-Specific Certificate), Nuevo Laredo (ORADEL), Mexico ISO9001:2015 Certificate (Exp. 19-Jun-2020)
CP - Caterpillar Global Machine Development - Tucson Proving Ground, Tucson (AZ), USA ISO17025:2005 (Expiry date 31-Jan-2020)
DQ - Caterpillar Inc. Building Construction Products Division, Clayton (NC), USA - ISO9001:2015 (Expiry date 06-Jul-2021)
FJ - Anchor Coupling (Menominee), Menominee (MI), USA ISO9001:2015 (Expiry date 22-Jan-2021)
HL - Caterpillar Inc. (Remanufacturing Site-Specific Certificate), Prentiss (Boonville - MS), USA ISO9001:2015 Certificate (Exp. 19-Jun-2020)
HP - Caterpillar Dyersburg, Tennessee - ISO9001:2008 Certificate. (Expiry date 14-Sep-2018)
HZ - Caterpillar Inc., Industrial Power Systems Division, Sequin (TX), USA - ISO9001:2015 Certificate (Exp Date: 17-Feb-2019)
JA - Caterpillar Inc. Building Construction Products Division, Sanford (NC), USA - ISO9001:2015 (Expiry date 06-Jul-2021)
JL - Caterpillar Inc. - Precision Pin Products Group, Sumter (SC), USA - ISO9001:2015 (Expiry date 22-Oct-2018)
JQ - Caterpillar Inc. Building Construction Products Division, Athens (GA), USA - ISO9001:2015 (Expiry date 06-Jul-2021)
LE - Caterpillar Inc., Griffin Generators, Griffin (GA), USA - ISO9001:2015 Certificate. (Expiry date 03-Mar-2021)
LS - All Caterpillar Newberry LLC Facilities - DNV ISO 9001:2008 (Exp Date: 15-Sep-2018)
M5 - Caterpillar Inc. Building Construction Products Division (HQ), Cary (NC), USA - ISO9001:2015 (Expiry date 06-Jul-2021)
MC - Caterpillar Inc. Building Construction Products Division, Torreon, MEXICO - ISO9001:2015 (Expiry date 06-Jul-2021)
N4 - Advanced Components and Technologies, Mossville (Il), USA - ISO 9001:2015 Certificate (Exp Date: 24-May-2019)
PE - Caterpillar Inc. (Remanufacturing Site Specific Certificate), West Fargo (ND), USA ISO9001:2015 Certificate (Exp: 19-Jun-2020)
PV - Perkins Shibaura Engines LLC, Griffin (GA), US ISO9001:2015 (Expiry date 31-Jan-2020)
QR - Caterpillar Global Mining - Houston PA - ISO 9001:2008 (Exp Date 15-Sep-2018)
R8 - Caterpillar Inc. / Paving Products / Minneapolis, (MN), USA - ISO 9001:2015 Certificate (Exp Date: 27-Nov-2020)
T3 - Solar Turbines Europe S.A. – Oil and Gas, Avenue de Finlande, Braine L'Alleud, Belgium - ISO 9001:2015 Certificate (Exp. 22-Sep-2020)
T3 - Solar Turbines Inc. (Packaging Systems Operations), San Diego (CA), USA - ISO9001:2015 (Expiry date 22-Sep-2020)
T3 - Solar Turbines Inc. (Power Generation), San Diego (CA), USA - ISO9001:2015 (Expiry date 22-Sep-2020)
T3 - Solar Turbines Inc. - Oil and Gas, 10203 Sam Houston Park Drive, Houston TX, USA - ISO 9001:2015 Certificate (Exp: 22-Sep-2020)
T3 - Solar Turbines Inc. - Oil and Gas, 9250 Sky Park Court, San Diego (CA), USA - ISO 9001:2015 Certificate (Exp Date: 22-Sep-2020)
T3 - Solar Turbines Inc. - Oil and Gas, 9280 Sky Park Court, San Diego (CA), USA - ISO 9001:2015 Certificate (Exp Date: 22-Sep-2020)
T3 - Solar Turbines Inc. - Oil and Gas, 9330 Sky Park Court, San Diego (CA), USA - ISO 9001:2015 Certificate (Exp Date: 22-Sep-2020)
T3 - Solar Turbines Inc. - Pkg Systems Operations (HQ), 4200 Ruffin Road, San Diego CA, USA - ISO 9001:2015 Certificate (Exp: 22-Sep-2020)
T3 - Solar Turbines Inc. - Pkg Systems Operations, Teran-Teran 20120 Int., Tijuana (BC), Mexico - ISO 9001:2015 Certificate (Exp: 22-Sep-2020)
T3 - Solar Turbines Inc. - Power Generation, 4180 Ruffin Road, San Diego (CA), USA - ISO 9001:2015 Certificate (Exp : 22-Sep-2020)
T3 - Solar Turbines Inc. - Turbofab, DeZavala Road, Channelview (TX), USA - ISO9001:2015 Certificate (Expiry date 23-July-2021)
T3 - Solar Turbines Inc., - Construction Services, Houston (TX), USA - ISO9001:2015 Certificate (Exp Date: 07-Jul-2021)
T3 - Solar Turbines Inc., - Desoto Overhaul Operations, Desoto (TX), USA - ISO9001:2015 Certificate (Expiry date 24-Aug-2021)
T3 - Solar Turbines Inc., Turbomachinery Prod, W Seattle Street, Broken Arrow OK, USA - ISO9001:2015 Certificate (Exp 03-May-2021)
T3 - Solar Turbines Inc., Turbomachinery Prod - Gas Compressors, Ruffin Road, San Diego (CA), USA - ISO9001:2015 Cert. (Exp 03-May-2021)
T3 - Solar Turbines Inc., Turbomachinery Prod - Gas Compressors, Sky Park Ct, San Diego (CA), USA - ISO9001:2015 Cert (Exp 03-May-2021)
T3 - Solar Turbines Inc., Turbomachinery Prod - Gear Systems / Superior Gear, Gardena (CA), USA - ISO9001:2015 Cert (Exp 03-May-2021)
T3 - Solar Turbines Inc., Turbomachinery Prod - Turbotec Bldg 1, Chilpancingo, Tijuana, B.C. Mexico - ISO9001:2015 Cert (Exp 03-May-2021)

T3 - Solar Turbines Inc., Turbomachinery Prod - Turbotec Bldg 2, Ciudad Ind Otay, Tijuana, B.C. Mexico - ISO9001:2015 Cert (Exp 03-May-2021)
T3 - Solar Turbines Incorporated, Mabank (TX), USA - ISO9001:2015 Certificate (Expiry date 04-Aug-2021)
T3 - Solar Turbines Switzerland Sagl, 6595 Riazzino, Switzerland - ISO9001:2015 Certificate (Expiry date 08-May-2018)
UD - Denison, TX -Caterpillar Global Mining LLC-ISO 9001:2008 (Exp Date: 03-Aug-2020)
UH - Caterpillar Acuna - Construction and Mining Equipment, Ciudad Acuna, Coahuila, Mexico - ISO9001:2015 Certificate. (Exp: 26-Oct-2021)
UH - Caterpillar Inc. - Acuna, Coahuila, MEXICO - ISO9001:2015 Certificate (Expiry date 26-Oct-2018)
UJ - Caterpillar - North Little Rock, North Little Rock (AR), USA - CQMS:2015 / ISO 9001:2015 Certificate (Exp Date: 05-Jun-2019)
XO - Anchor Coupling (Goldsboro), Goldsboro (NC), USA - ISO 9001:2015 (Exp date: 20-Dec-2018)
XY - Caterpillar Reynosa S.A. de C.V., Reynosa, Tamaulipas, Mexico - ISO9001:2015 Certificate (Exp date: 03-Oct-2020)
YP - Caterpillar Inc. (Remanufacturing Site-Specific Certificate), Franklin (IN), USA ISO9001:2015 Certificate (Expiry date 19-Jun-2020)
YV - Caterpillar Surface Mining and Technology, South Milwaukee (WI), USA - ISO9001:2015 (Expiry date 04-Jun-2021)
ZZ - Caterpillar Inc. - Advanced Components Manufacturing (Hydraulic Cylinders), Sumter (SC), USA - ISO9001:2015 Cert (Exp: 28-Mar-2020)

20) Describe any environmental management system certifications obtained by your organization.

We described our "green initiatives" more completely in Form A, Question 29. To be specific regarding ISO standards, we are listing here the plants that are certified to ISO 14001:2004 Environmental Management System:

Plants certified with ISO 14001:2004 Environmental Management System
Anchor Coupling - Goldsboro, NC - ISO 14001:2004 - Sept 2018
Anchor Coupling - Menominee - ISO 14001:2015 - Jan. 2021
Gen Sets - Newberry - ISO 14001:2004 - Nov. 2017
Mapleton - 14001:2004 self-certification - issued January 2013
Reman Services - Corinth, MS - ISO 14001:2015 - Sept. 2021
Reman Services - Franklin - ISO 14001:2004 - May 2017

21) Describe any preventive maintenance programs that your organization offers for the solutions you are proposing in your response.

Caterpillar understands the value to the customer of a well-defined preventive maintenance plan. Each machine we sell has very clear and detailed instructions for routine maintenance. We find that some customers prefer to do the maintenance themselves, others want our dealers to track and perform the service.

For customers who retain maintenance responsibilities, we have several tools available to facilitate that. As an example, My.Cat.Com makes it easy for customers to access critical information about their fleet.

STARTER CONNECTIVITY: If the customer purchases a machine with a factory-installed Product Link device, the customer will receive Cat Daily connectivity at no cost (for seven years on Building Construction Products machines; 12 years on Global Construction & Infrastructure machines). Cat Daily provides basic information once per day via My.Cat.Com or via a mobile app as described below.

My.Cat.Com users have access to:

- Equipment location
- Hours
- Diagnostic and operational events
- Fuel burn
- Dealer work orders
- Parts lists and Preventive Maintenance Checklists
- Parts ordering
- Safety service letters
- Rental documentation
- Warranty information

- Operation and maintenance manuals
- Preventive maintenance alerts and scheduling
- Cat Inspect outcomes
- S-O-S fluid analysis results

A subset of this information is also available in the Cat App: Fleet Management (IOS and Android).

In some situations, information available through My.Cat.Com provides an agency with sufficient data. But sometimes the equipment manager/public works director wants a more comprehensive view of their assets and/or the ability to manage an entire fleet. To meet that need, Caterpillar offers VisionLink—a powerful, flexible platform with enhanced capabilities, like customizable reports and notifications, that makes it easier to optimize productivity, manage assets and reduce costs.

ADVANCED CONNECTIVITY TRIAL: For any construction machine with a Product Link device, the customer will receive a six-month complimentary VisionLink Essentials trial. After the trial period ends, customers may elect to continue access at several different levels:

- **VisionLink Daily** – offers convenient, affordable, once-a-day telematics information. Ideal for customers who only need once-per-day reporting
- **VisionLink Basic** – provides basic asset management features including hour and location monitoring as well as geographic fencing and maintenance management. Recommended for machines that only report hours, where data updates and related features are needed more frequently than once per day.
- **VisonLink Essentials** – includes all the features of Basic plus health, utilization, and productivity features with frequent data updates. Ideal for customers needing up-to-date information about site operations, productivity, asset location, and operator performance, as well as timely notification of issues as they occur.

Another free app we offer is designed to help customers focus on safety and preventive maintenance. The "Cat Inspect" app offers multiple features geared to make regular machine inspections simple and useful.

- **Daily Walkaround** inspections are designed primarily for operators who are guided where to look on their particular machine and allows them to document and report any abnormalities.
- **Preventive Maintenance** inspections are more in-depth and are designed for customer or dealer technicians to inspect components for signs of wear and to ensure that all recommended preventive maintenance procedures are completed and recorded.
- **Technical Analysis** inspections are the most in-depth and are normally used once per year or when a machine is at the end of a customer's ownership period.

This app includes the ability to take pictures, make notes and complete and share inspections electronically. Inspection reports are also integrated into both My.Cat.Com and VisionLink, providing visibility to overall fleet health.

For customers who intend to rely on dealers for maintenance, they can schedule the work themselves as needed, or we propose a variety of CSAs (Customer Support Agreements). These are completely customizable, but we offer starting points for several levels with corresponding price points which vary by product.

- Customer performed preventative maintenance – the Cat dealer will provide the necessary parts per the maintenance schedule; the customer will do the work.

- Dealer performed preventative maintenance – the Cat dealer will handle basic preventative maintenance for any machine or group of machines to help keep scheduled downtime to a minimum.
- Component maintenance and repair agreement – the Cat dealer will take care of maintaining and servicing systems such as engines, transmissions, etc. to extend service resources and equipment life.
- Total maintenance and repair agreement – the Cat dealer covers service and maintenance for any one piece of equipment or the entire fleet. This agreement can include guaranteed availability and uptime.

Signature: Peter A Redpath Date: 3/13/19

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-077, A RESOLUTON OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE EXECUTION OF ADMINISTERING AGENCY-STATE AGREEMENT FOR STATE-FUNDED PROJECTS, MASTER AGREEMENT 07-5378S21, TO RECEIVE STATE FUNDING THROUGH CALIFORNIA DEPARTMENT OF TRANSPORTATION, CITY AGREEMENT NO. A-7628**

ISSUE

Adopt Resolution No. CC 2021-077, a Resolution of the City Council of the City of Palmdale approving Master Agreement No. 07-5378S21 (City Agreement No. A-7628) and authorizing the Director of Public Works to execute any future Program Supplement agreements, to receive funding from Caltrans through the Division of Local Assistance.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2021-077, authorizing the execution of Master Agreement No. 07-5378S21 (City Agreement No. A-7628) with the State of California Department of Transportation (Caltrans).

BACKGROUND

Years ago, the Legislature of the State of California (State) enacted legislation by which certain State funds are made available for use on local transportation related projects of public agencies qualified to act as recipients of these State funds. To receive State funds, the City and State are required to enter into a Master Agreement that establishes terms and conditions applicable to the City for the designated project and to the subsequent operation and maintenance of that completed project.

DISCUSSION

Master agreements are general in nature and intended to provide the basic groundwork for future State-funded allocations on specific projects. Once a specific project is ready to proceed, Caltrans will generate a Program Supplement Agreement for that project,

which is then executed by the Director of Public Works in order for the City to receive reimbursement for expenditures related to that specific project.

The requirements of Master Agreement 07-5378S21 provide regulation and oversight by Caltrans regarding local agency activities such as Project Administration, Rights of Way Acquisition, Roadway Maintenance and Management, Contract Provisions, Auditing, Third Party Contracting, Records Retention and Reporting, State Lobbying, Fair Employment Practices, ADA Compliance and Nondiscrimination Assurances.

FISCAL IMPACT

Approving this Master Agreement will allow the City to continue to receive State-Funded grant funds through Caltrans; Caltrans will not authorize the allocation of State-Funded grant funds without the Master Agreement in effect.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone

Prepared by:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-077
2. Unsigned Master Agreement Administering Agency-State Agreement for State-Funded Projects (Caltrans Agreement No. 07-5378S21) (City Agreement No. A-7628)

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA

RESOLUTION NO. CC 2021-077

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE, CALIFORNIA, APPROVING THE MASTER AGREEMENT WITH THE STATE OF CALIFORNIA FOR STATE-FUNDED PROJECTS.

WHEREAS, the City of Palmdale utilizes and continues to seek State funds for various projects, particularly transportation related projects; and

WHEREAS, the oversight of State funds for transportation related projects is primarily governed by the State of California through its Department of Transportation (Caltrans); and

WHEREAS, the State of California requires that local agencies execute a binding agreement, hereinafter referred to as "Master Agreement", whereby the local agency agrees to the oversight functions of Caltrans as a condition of being awarded State funds; and

WHEREAS, upon approval of a specific State-funded project by Caltrans, the State of California then requires that the City execute a project specific amendment to the Master Agreement, hereinafter referred to as "Program Supplement", in order to receive State funds for that specific project; and

WHEREAS, upon approval of the Master Agreement, the execution of Program Supplement Agreements shall be required from time to time in order to receive State funds.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all the facts set forth in the Recitals are true and correct and constitute the findings of the City Council in this matter.

SECTION 2. The Master Agreement between the City of Palmdale and the State of California titled, "Administering Agency-State Agreement for State-Funded Projects", Master Agreement No. 07-5378S21 is hereby approved.

SECTION 3. The Director of Public Works is hereby authorized to execute all Program Supplement Agreements.

SECTION 4. City staff is authorized and directed to take all appropriate action to ensure that the Master Agreement and all Program Supplement Agreements are processed so as to receive State funds for applicable City projects.

SECTION 5. The City Clerk shall certify to the adoption of the resolution.

PASSED, APPROVED and **ADOPTED** this 7th day of September, 2021.

Approved as to form:

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Wm. Matthew Ditzhazy
City Attorney

_____
Rebecca J. Smith, City Clerk

I, Rebecca J. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September, 2021 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rebecca J. Smith, City Clerk

MASTER AGREEMENT
ADMINISTERING AGENCY-STATE AGREEMENT FOR
STATE-FUNDED PROJECTS

07	City of Palmdale
District	Administering Agency

Agreement No. 07-5378S21

This AGREEMENT, is entered into effective this _____ day of _____, 20___, by and between the City of Palmdale, hereinafter referred to as "ADMINISTERING AGENCY," and the State of California, acting by and through its Department of Transportation (Caltrans), hereinafter referred to as "STATE", and together referred to as "PARTIES" or individually as a "PARTY."

RECITALS:

1. WHEREAS, the Legislature of the State of California has enacted legislation by which certain State funds are made available for use on local transportation related projects of public entities qualified to act as recipients of these state funds; and

2. WHEREAS, ADMINISTERING AGENCY has applied to the California Transportation Commission (CTC) and/or STATE for funding from a State-funded program (herein referred to as STATE FUNDS), as defined in the Local Assistance Program Guidelines (LAPG) and/or in the respective CTC Guidelines, for use on local authorized transportation related projects as a local administered project(s), hereinafter referred to as "PROJECT"; and

3. WHEREAS, said PROJECT will not receive any federal funds; and

4. WHEREAS, before STATE FUNDS will be made available for PROJECT, ADMINISTERING AGENCY and STATE are required to enter into an agreement to establish terms and conditions applicable to the ADMINISTERING AGENCY when receiving STATE FUNDS for a designated PROJECT facility and to the subsequent operation and maintenance of that completed facility.

NOW, THEREFORE, the PARTIES agree as follows:

ARTICLE I - PROJECT ADMINISTRATION

1. This AGREEMENT shall have no force or effect with respect to any program project unless and until a project- specific Program Supplement to this AGREEMENT for state funded projects, hereinafter referred to as "PROGRAM SUPPLEMENT", has been fully executed by both STATE and ADMINISTERING AGENCY.

2. The State approved project-specific allocation notification letter and approved CTC allocation documentation designate the party responsible for implementing PROJECT, type of work, and location of PROJECT for projects requiring CTC allocation by PROJECT component of work.

3. The PROGRAM SUPPLEMENT sets out special covenants as a condition for the ADMINISTERING AGENCY to receive STATE FUNDS from/through STATE for designated PROJECT. The PROGRAM SUPPLEMENT shall also show these STATE FUNDS that have been initially encumbered for PROJECT along with the matching funds to be provided by ADMINISTERING AGENCY and/or others. Execution of PROGRAM SUPPLEMENT by the PARTIES shall cause ADMINISTERING AGENCY to adopt all the terms of this AGREEMENT as though fully set forth therein in the PROGRAM SUPPLEMENT. Unless otherwise expressly delegated in a resolution by the governing body of ADMINISTERING AGENCY, and with written concurrence by STATE, the PROGRAM SUPPLEMENT shall be approved and managed by the governing body of ADMINISTERING AGENCY.

4. ADMINISTERING AGENCY agrees to execute and return each project-specific PROGRAM SUPPLEMENT. The PARTIES agree that STATE may suspend future allocations, encumbrances and invoice payments for any on- going or future STATE FUNDED PROJECT performed by ADMINISTERING AGENCY if any project-specific PROGRAM SUPPLEMENT is not returned, unless otherwise agreed by STATE in writing.

5. ADMINISTERING AGENCY further agrees, as a condition to the release and payment of STATE FUNDS encumbered for the PROJECT described in each PROGRAM SUPPLEMENT, to comply with the terms and conditions of this AGREEMENT and all the agreed-upon Special Covenants or Remarks incorporated within the PROGRAM SUPPLEMENT, and Cooperative/Contribution Agreement where appropriate, defining and identifying the nature of the specific PROJECT.

6. STATE FUNDS will not participate in any portion of PROJECT work performed in advance of the effective date of allocation by CTC, or by STATE for allocations delegated to STATE by CTC, for said PROJECT.

7. Projects allocated with STATE FUNDS will be administered in accordance with the current CTC STIP Guidelines, applicable chapter(s) of the LAPG, LAPM and/or any other instructions published by STATE.

8. ADMINISTERING AGENCY agrees to ensure compliance with all relevant State laws and requirements for work related to PROJECT, including the California Environmental Quality Act (CEQA).

9. ADMINISTERING AGENCY's eligible costs for preliminary engineering work includes all preliminary work directly related to PROJECT up to contract award for construction, including, but not limited to, environmental studies and permits (E&P),

preliminary surveys and reports, laboratory work, soil investigations, the preparation of plans, specifications and estimates (PS&E), advertising for bids, awarding of a contract and project development contract administration.

10. ADMINISTERING AGENCY's eligible costs for construction engineering include actual inspection and supervision of PROJECT construction work; construction staking; laboratory and field testing; and the preparation and processing of field reports, records, estimates, final reports, and allowable expenses of employees/consultants engaged in such activities.

11. Unless the PARTIES agree otherwise in writing, ADMINISTERING AGENCY's employees or its contracted engineering consultant shall be responsible for all PROJECT engineering work.

12. ADMINISTERING AGENCY shall not proceed with final design of PROJECT until final environmental approval of PROJECT. Final design entails the design work necessary to complete the PS&E and other work necessary for a construction contract but not required earlier for environmental clearance of that PROJECT.

13. If PROJECT is not on STATE-owned right-of-way, PROJECT shall be constructed in accordance with Chapter 11 of the LAPM that describes minimum statewide design standards for local agency streets and roads. The design standards for projects off the National Highway System (NHS) allow STATE to accept either the current Caltrans Highway Design Manual standards, the current FHWA-adopted American Association of State Highway and Transportation Officials (AASHTO) A Policy on Geometric Design of Highways and Streets standards, or the approved geometric design standards of ADMINISTERING AGENCY. Additionally, for projects off the NHS, STATE will accept ADMINISTERING AGENCY-approved standard specifications, standard plans, materials sampling and testing quality assurance programs that meet the conditions described in the then current Local Assistance Procedures Manual.

14. If PROJECT involves work within or partially within STATE-owned right-of-way, that PROJECT shall also be subject to compliance with the policies, procedures and standards of the STATE Project Development Procedures Manual and Highway Design Manual and where appropriate, an executed cooperative agreement between STATE and ADMINISTERING AGENCY that outlines the PROJECT responsibilities and respective obligations of the PARTIES. ADMINISTERING AGENCY and its contractors shall each obtain an encroachment permit through STATE prior to commencing any work within STATE rights-of-way or work which affects STATE facilities.

15. When PROJECT is not on the State Highway System (SHS) but includes work to be performed by a railroad, the contract for such work shall be prepared by ADMINISTERING AGENCY or by STATE, as the PARTIES may hereafter agree. In either event, ADMINISTERING AGENCY shall enter into an agreement with the railroad providing for future maintenance of protective devices or other facilities installed under the contract.

16. ADMINISTERING AGENCY shall comply with the provisions of sections 4450 and 4454 of the California Government Code, as well as other Department of General Services guidance, if applicable, for the contract PS&E for the construction of buildings, structures, sidewalks, curbs and related facilities for accessibility and

usability. Further requirements and guidance are provided in Title 24 of the California Code of Regulations.

17. ADMINISTERING AGENCY shall provide a full-time public employee to be in responsible charge of each PROJECT. ADMINISTERING AGENCY shall provide or arrange for adequate supervision and inspection of each PROJECT. ADMINISTERING AGENCY may utilize consultants to perform supervision and inspection work for PROJECT with a fully qualified and licensed engineer. Utilization of consultants does not relieve ADMINISTERING AGENCY of its obligation to provide a full-time public employee to be in responsible charge of each PROJECT.

18. Unless otherwise provided in the PROGRAM SUPPLEMENT, ADMINISTERING AGENCY shall advertise, award, and administer the PROJECT construction contract or contracts.

19. The cost of maintenance, security, or protection performed by ADMINISTERING AGENCY or contractor forces during any temporary suspension of PROJECT or at any other time may not be charged to the PROJECT.

20. ADMINISTERING AGENCY shall submit PROJECT-specific award information to STATE's District Local Assistance Engineer, within sixty (60) days after contract award.

21. ADMINISTERING AGENCY shall submit the final report documents that collectively constitute a "Final Project Expenditure Report", LAPM Exhibit 17-M, within one hundred eighty (180) days of PROJECT completion. Failure by ADMINISTERING AGENCY to submit a "Final Project Expenditure Report", within 180 days of project completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the Local Assistance Procedures Manual.

22. ADMINISTERING AGENCY shall comply with the Americans with Disabilities Act (ADA) of 1990 that prohibits discrimination on the basis of disability and all applicable regulations and guidelines issued pursuant to the ADA.

23. The Governor and the Legislature of the State of California, each within their respective jurisdictions, have prescribed certain nondiscrimination requirements with respect to contract and other work financed with public funds. ADMINISTERING AGENCY agrees to comply with the requirements of the FAIR EMPLOYMENT PRACTICES ADDENDUM, attached hereto as Exhibit A and further agrees that any agreement entered into by ADMINISTERING AGENCY with a third party for performance of work connected with PROJECT shall incorporate Exhibit A (with third party's name replacing ADMINISTERING AGENCY) as parts of such agreement.

24. ADMINISTERING AGENCY shall include in all contracts and subcontracts awarded when applicable, a clause that requires each subcontractor to comply with California Labor Code requirements that all workers employed on public works aspects of any project (as defined in California Labor Code sections 1720-1815) be paid not less than the general prevailing wage rates predetermined by the Department of Industrial Relations as effective at the date of contract award by the ADMINISTERING AGENCY.

ARTICLE II - RIGHTS-OF-WAY

1. No contract for the construction of a STATE FUNDED PROJECT shall be awarded until all necessary rights of way have been secured. Prior to the advertising for construction of PROJECT, ADMINISTERING AGENCY shall certify and, upon request, shall furnish STATE with evidence that all necessary rights-of-way are available for construction purposes or will be available by the time of award of the construction contract.

2. The furnishing of rights of way by ADMINISTERING AGENCY as provided for herein includes, and is limited to, the following, unless the PROGRAM SUPPLEMENT provides otherwise.

(a) Expenditures of capital and support to purchase all real property required for PROJECT free and clear of liens, conflicting easements, obstructions and encumbrances, after crediting PROJECT with the fair market value of any excess property retained and not disposed of by ADMINISTERING AGENCY.

(b) The cost of furnishing of right-of-way as provided for herein includes, in addition to real property required for the PROJECT, title free and clear of obstructions and encumbrances affecting PROJECT and the payment, as required by applicable law, of damages to owners of remainder real property not actually taken but injuriously affected by PROJECT.

(c) The cost of relocation payments and services provided to owners and occupants pursuant to Government Code sections 7260-7277 when PROJECT displaces an individual, family, business, farm operation or nonprofit organization.

(d) The cost of demolition and/or the sale of all improvements on the right-of-way after credit is recorded for sale proceeds used to offset PROJECT costs.

(e) The cost of all unavoidable utility relocation, protection or removal.

(f) The cost of all necessary hazardous material and hazardous waste treatment, encapsulation or removal and protective storage for which ADMINISTERING AGENCY accepts responsibility and where the actual generator cannot be identified, and recovery made.

3. ADMINISTERING AGENCY agrees to indemnify and hold STATE harmless from any liability that may result in the event the right-of-way for a PROJECT is not clear as certified by ADMINISTERING AGENCY, including, but not limited to, if said right-of-way is found to contain hazardous materials requiring treatment or removal to remediate in accordance with Federal and State laws. ADMINISTERING AGENCY shall pay, from its own non- matching funds, any costs which arise out of delays to the construction of PROJECT because utility facilities have not been timely removed or relocated, or because rights-of-way were not available to ADMINISTERING AGENCY for the orderly prosecution of PROJECT work.

ARTICLE III - MAINTENANCE AND MANAGEMENT

1. ADMINISTERING AGENCY will maintain and operate the property acquired, developed, constructed, rehabilitated, or restored by PROJECT for its intended public use until such time as the parties might amend this AGREEMENT to otherwise provide. With the approval of STATE, ADMINISTERING AGENCY or its successors in interest in the PROJECT property may transfer this obligation and responsibility to maintain and operate PROJECT property for that intended public purpose to another public entity.

2. Upon ADMINISTERING AGENCY's acceptance of the completed construction contract or upon contractor being relieved of the responsibility for maintaining and protecting PROJECT, ADMINISTERING AGENCY will be responsible for the maintenance, ownership, liability, and the expense thereof, for PROJECT in a manner satisfactory to the authorized representatives of STATE and if PROJECT falls within the jurisdictional limits of another Agency or Agencies, it is the duty of ADMINISTERING AGENCY to facilitate a separate maintenance agreement(s) between itself and the other jurisdictional Agency or Agencies providing for the operation, maintenance, ownership and liability of PROJECT. Until those agreements are executed, ADMINISTERING AGENCY will be responsible for all PROJECT operations, maintenance, ownership and liability in a manner satisfactory to the authorized representatives of STATE. If, within ninety (90) days after receipt of notice from STATE that a PROJECT, or any portion thereof, is not being properly operated and maintained and ADMINISTERING AGENCY has not satisfactorily remedied the conditions complained of, the approval of future STATE FUNDED PROJECTS of ADMINISTERING AGENCY will be withheld until the PROJECT shall have been put in a condition of operation and maintenance satisfactory to STATE. The provisions of this section shall not apply to a PROJECT that has been vacated through due process of law with STATE's concurrence.

3. PROJECT and its facilities shall be maintained by an adequate and well-trained staff of engineers and/or such other professionals and technicians as PROJECT reasonably requires. Said operations and maintenance staff may be employees of ADMINISTERING AGENCY, another unit of government, or a contractor under agreement with ADMINISTERING AGENCY. All maintenance will be performed at regular intervals or as required for efficient operation of the complete PROJECT improvements.

4. ADMINISTERING AGENCY shall comply with all applicable law, including but not limited to, all applicable legal authority regarding construction standards.

ARTICLE IV - FISCAL PROVISIONS

1. All contractual obligations of STATE are subject to the appropriation of resources by the Legislature and the allocation of resources by the CTC.

2. STATE'S financial commitment of STATE FUNDS will occur only upon the execution of this AGREEMENT, the execution of each project-specific PROGRAM SUPPLEMENT and/or STATE's approved finance letter.

3. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices in arrears for reimbursement of allowable PROJECT costs at least once every six months commencing after the STATE FUNDS are encumbered on either the project-specific PROGRAM SUPPLEMENT or through a project-specific finance letter approved by STATE. STATE reserves the right to suspend future allocations and invoice payments for any on-going or future STATE FUNDED project performed by ADMINISTERING AGENCY if PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period

4. Invoices shall be submitted on a standardized billing summary template, in accordance with Chapter 5 of the LAPM to claim reimbursement by ADMINISTERING AGENCY. For construction invoices, pay estimates must be included.

5. ADMINISTERING AGENCY must retain at least one copy of supporting backup documentation for allowable costs incurred and claimed for reimbursement by ADMINISTERING AGENCY. ADMINISTERING AGENCY agrees to submit supporting backup documentation with invoices if requested by State. Acceptable backup documentation includes, but is not limited to, agency's progress payment to the contractors, copies of cancelled checks showing amounts made payable to vendors and contractors, and/or a computerized summary of PROJECT costs.

6. Payments to ADMINISTERING AGENCY can only be released by STATE as reimbursements of actual allowable PROJECT costs already incurred and paid for by the ADMINISTERING AGENCY.

7. Indirect Cost Allocation Plans/Indirect Cost Rate Proposals (ICAP/ICRP), Central Service Cost Allocation Plans and related documentation are to be prepared and provided to the Inspector General - Independent Office of Audits and Investigations for review and approval prior to ADMINISTERING AGENCY seeking reimbursement of indirect cost incurred within each fiscal year being claimed for reimbursement. ICAPs/ICRPs must be prepared in accordance with the requirements set forth in 2 CFR, Part 200, Chapter 5 of the LAPM, and the ICAP/ICRP approval procedures established by STATE.

8. STATE will withhold the greater of either two (2) percent of the total of all STATE FUNDS encumbered for each PROGRAM SUPPLEMENT or $40,000 until ADMINISTERING AGENCY submits the Final Report of Expenditures for each completed PROGRAM SUPPLEMENT PROJECT.

9. The estimated total cost of PROJECT, the amount of STATE FUNDS obligated, and the required matching funds may be adjusted by mutual consent of the PARTIES with a finance letter, and an allocation notification letter when applicable. STATE FUNDING may be increased to cover PROJECT cost increases only if such additional funds are available and the CTC and/or STATE concurs with that increase in the

form of an allocation and finance letter.

10. When such additional STATE FUNDS are not available, ADMINISTERING AGENCY agrees that any increases in PROJECT costs must be defrayed with ADMINISTERING AGENCY's own funds.

11. ADMINISTERING AGENCY shall use its own non-STATE FUNDS to finance the local share of eligible costs and all PROJECT expenditures or contract items ruled ineligible for financing with STATE FUNDS. STATE shall make the final determination of ADMINISTERING AGENCY's cost eligibility for STATE FUNDED financing with respect to claimed PROJECT costs.

12. ADMINISTERING AGENCY will reimburse STATE for STATE's share of costs for work performed by STATE at the request of ADMINISTERING AGENCY. STATE's costs shall include overhead assessments in accordance with section 8755.1 of the State Administrative Manual.

13. STATE FUNDS allocated by the CTC and/or STATE are subject to the timely use of funds provisions approved in CTC Guidelines and State procedures approved by the CTC and STATE.

14. STATE FUNDS encumbered for PROJECT are available for liquidation only for a limited period from the beginning of the State fiscal year when those funds were appropriated in the State Budget. STATE FUNDS not liquidated within these periods will be reverted unless a Cooperative Work Agreement (CWA) is submitted by ADMINISTERING AGENCY and approved by the California Department of Finance in accordance with Section 16304 of the Government Code. The exact date of fund reversion will be reflected in the STATE signed PROJECT finance letter.

15. Payments to ADMINISTERING AGENCY for PROJECT-related travel and subsistence (per diem) expenses of ADMINISTERING AGENCY forces and its contractors and subcontractors claimed for reimbursement or as local match credit shall not exceed rates authorized to be paid to rank and file STATE employees under current California Department of Human Resources (CalHR) rules unless a Cooperative Work Agreement (CWA) is submitted by ADMINISTERING AGENCY and approved by the California Department of Finance in accordance with Government Code section 16304. If the rates invoiced by ADMINISTERING AGENCY are in excess of CalHR rates, ADMINISTERING AGENCY is responsible for the cost difference, and any overpayments inadvertently paid by STATE shall be reimbursed to STATE by ADMINISTERING AGENCY on demand.

16. ADMINISTERING AGENCY agrees to comply with California Government Code 4525-4529.14. Administering Agency shall undertake the procedures described in California Government Code 4527(a) and 4528(a). Administering Agency shall also comply with 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards, excluding 2 CFR Part 200.318-200.326.

17. ADMINISTERING AGENCY agrees and will assure that its contractors and subcontractors will be obligated to agree that Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual PROJECT cost items.

Every recipient and sub-recipient receiving PROJECT funds under this AGREEMENT shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards, excluding 2 CFR Part 200.318-200.326Governments. ADMINISTERING AGENCY agrees to comply with the provisions set forth in 23 CFR Parts 140, 645 and 646 when contracting with railroad and utility companies.

18. Every recipient and sub-recipient receiving PROJECT funds under this AGREEMENT shall comply with 2 CFR 200 excluding 2 CFR Part 200.318-200.326, 48 CFR Chapter 1, Part 31, LAPM, Public Contract Code (PCC) 10300- 10334 (procurement of goods), PCC 10335-10381 (non-A&E services), California Government Code 4525-4529.5 including 4527(a) and 4528(a), and other applicable STATE regulations.

19. Any PROJECT costs for which ADMINISTERING AGENCY has received payment or credit that are determined by subsequent audit to be questioned, disallowed, or unallowable under 2 CFR, Part 200, 48 CFR, Chapter 1, Part 31, 23 CFR Parts 140, 645 and 646, LAPM, Public Contract Code (PCC) 10300-10334 (procurement of goods), PCC 10335-10381 (non-A&E services), California Government Code 4525-4529.5 including 4527(a) and 4528(a), and other applicable STATE regulations are subject to repayment by ADMINISTERING AGENCY to STATE and may result in STATE imposing sanctions on ADMINISTERING AGENCY as described in Chapter 20 of the Local Assistance Procedures Manual.

20. Should ADMINISTERING AGENCY fail to refund any moneys due upon written demand by STATE as provided herein or should ADMINISTERING AGENCY breach this AGREEMENT by failing to complete PROJECT without adequate justification and approval by STATE, then, within thirty (30) days of demand, or within such other period as may be agreed to in writing between the PARTIES hereto, STATE, acting through the State Controller, the State Treasurer, the CTC or any other public entity or agency, may intercept, withhold and demand the transfer of an amount equal to the amount paid by or owed to STATE for each PROJECT, from future apportionments, or any other funds due ADMINISTERING AGENCY from the Highway Users Tax Fund or any other sources of funds, and/or may also withhold approval of future STATE FUNDED projects proposed by ADMINISTERING AGENCY.

21. Should ADMINISTERING AGENCY be declared to be in breach of this AGREEMENT or otherwise in default thereof by STATE, and if ADMINISTERING AGENCY is constituted as a joint powers authority, special district, or any other public entity not directly receiving funds through the State Controller, STATE is authorized to obtain reimbursement from whatever sources of funding are available, including the withholding or transfer of funds, 20from those constituent entities comprising a joint powers authority or by bringing of an action against ADMINISTERING AGENCY or its constituent member entities, to recover all funds provided by STATE hereunder.

22. ADMINISTERING AGENCY acknowledges that the signatory party represents the ADMINISTERING AGENCY and further warrants that there is nothing within a Joint Powers Agreement, by which ADMINISTERING AGENCY was created, if any exists, that would restrict or otherwise limit STATE's ability to recover STATE FUNDS improperly spent by ADMINISTERING AGENCY in contravention of the terms of this AGREEMENT.

ARTICLE V

AUDITS, THIRD PARTY CONTRACTING, RECORDS RETENTION AND REPORTS

1. STATE reserves the right to conduct technical and financial audits of PROJECT work and records and ADMINISTERING AGENCY agrees, and shall require its contractors and subcontractors to agree, to cooperate with STATE by making all appropriate and relevant PROJECT records available for audit and copying as required by paragraph three (3) of Article V.

2. ADMINISTERING AGENCY, its contractors and subcontractors shall establish and maintain a financial management system and records that properly accumulate and segregate reasonable, allowable, and allocable incurred PROJECT costs and matching funds by line item for the PROJECT. The financial management system of ADMINISTERING AGENCY, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles, enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices sent to or paid by STATE.

3. ADMINISTERING AGENCY, ADMINISTERING AGENCY's contractors and subcontractors, and STATE shall each maintain and make available for inspection and audit by STATE, the California State Auditor, or any duly authorized representative of STATE or the United States, all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts, and ADMINISTERING AGENCY shall furnish copies thereof if requested. All of the above-referenced parties shall make such AGREEMENT and PROGRAM SUPPLEMENT materials available at their respective offices at all reasonable times during the entire PROJECT period and for three (3) years, or 35 years for Prop 1B funds, from the date of final payment to ADMINISTERING AGENCY.

4. ADMINISTERING AGENCY shall not award a construction contract over $25,000 on the basis of a noncompetitive negotiation for work to be performed under this AGREEMENT without the prior written approval of STATE. All contracts awarded by ADMINISTERING AGENCY intended or used as local match credit must meet the requirements set forth in this AGREEMENT regarding local match funds.

5. ADMINISTERING AGENCY shall comply with Chapter 10 (commencing with Section 4525) Division 5 of Title 1 of the Government Code and shall undertake the procedures described in California Government Code 4527(a) and 4528(a). Administering Agency shall comply with Chapter 10 of the LAPM for A&E Consultant Contracts.

6. ADMINISTERING AGENCY shall comply with Government Code Division 5 Title 1 sections 4525-4529.5 and shall undertake the procedures described in California Government Code 4527(a) and 4528(a) for procurement of professional service contracts. Administering Agency shall follow Public Contract Code Section 10335-10381 for other professional service contracts.

7. Any subcontract entered into by ADMINISTERING AGENCY as a result of this AGREEMENT shall contain all of the provisions of Article IV, FISCAL PROVISIONS, and this ARTICLE V, AUDITS, THIRD-PARTY CONTRACTING, RECORDS RETENTION AND REPORTS and shall mandate that travel and per diem reimbursements and third-

party contract reimbursements to subcontractors will be allowable as PROJECT costs only after those costs are incurred and paid for by the subcontractors.

8. To be eligible for local match credit, ADMINISTERING AGENCY must ensure that local match funds used for a PROJECT meet the fiscal provisions requirements outlined in ARTICLE IV in the same manner that is required of all other PROJECT expenditures.

9. Except as provided in this Article, this AGREEMENT is solely between and for the benefit of the PARTIES and there are no third-party beneficiaries.

ARTICLE VI - MISCELLANEOUS PROVISIONS

1. ADMINISTERING AGENCY agrees to use all PROJECT funds reimbursed hereunder only for transportation purposes that are in conformance with Article XIX of the California State Constitution and other California laws.

2. ADMINISTERING AGENCY shall conform to all applicable State and Federal statutes and regulations, and the Local Assistance Program Guidelines and Local Assistance Procedures Manual as published by STATE and incorporated herein, including all subsequent approved revisions thereto applicable to PROJECT unless otherwise designated in the project-specific executed PROJECT SUPPLEMENT.

3. This AGREEMENT is subject to any additional restrictions, limitations, conditions, or any statute enacted by the State Legislature or adopted by the CTC that may affect the provisions, terms, or funding of this AGREEMENT in any manner.

4. ADMINISTERING AGENCY and the officers and employees of ADMINISTERING AGENCY, when engaged in the performance of this AGREEMENT, shall act in an independent capacity and not as officers, employees or agents of STATE.

5. Each project-specific PROGRAM SUPPLEMENT shall separately establish the terms and funding limits for each described PROJECT funded under this AGREEMENT and that PROGRAM SUPPLEMENT. No STATE FUNDS are obligated against this AGREEMENT.

6. ADMINISTERING AGENCY certifies that neither ADMINISTERING AGENCY nor its principals are suspended or debarred at the time of the execution of this AGREEMENT, and ADMINISTERING AGENCY agrees that it will notify STATE immediately in the event a suspension or a debarment occurs after the execution of this AGREEMENT.

7. ADMINISTERING AGENCY certifies, by execution of this AGREEMENT, that no person or selling agency has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by ADMINISTERING AGENCY for the purpose of securing business. For breach or violation of this warranty, STATE has the right to annul this AGREEMENT without liability, pay only for the value of the PROJECT work actually performed, or in STATE's discretion, to deduct from the price of PROGRAM SUPPLEMENT consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8. In accordance with Public Contract Code section 10296, ADMINISTERING AGENCY hereby certifies under penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against ADMINISTERING AGENCY within the immediate preceding two (2) year period because of ADMINISTERING AGENCY's failure to comply with an order of a federal court that orders ADMINISTERING AGENCY to comply with an order of the National Labor Relations Board.

9. ADMINISTERING AGENCY shall disclose any financial, business, or other relationship with STATE that may have an impact upon the outcome of this AGREEMENT or any individual PROJECT encompassed within a PROGRAM SUPPLEMENT. ADMINISTERING AGENCY shall also list current contractors who may have a financial interest in the outcome of a PROJECT undertaken pursuant to this

AGREEMENT. These disclosures shall be delivered to STATE in a form deemed acceptable by the STATE prior to execution of this AGREEMENT.

10. ADMINISTERING AGENCY hereby certifies that it does not have, nor shall it acquire, any financial or business interest that would conflict with the performance of any PROJECT initiated under this AGREEMENT.

11. ADMINISTERING AGENCY certifies that this AGREEMENT was not obtained or secured through rebates, kickbacks or other unlawful consideration either promised or paid to any STATE employee. For breach or violation of this warranty, STATE shall have the right, in its sole discretion, to terminate this AGREEMENT without liability, to pay only for PROJECT work actually performed, or to deduct from a PROGRAM SUPPLEMENT price or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. Any dispute concerning a question of fact arising under this AGREEMENT that is not disposed of by agreement shall be decided by the STATE's Contract Manager, who shall be identified to ADMINISTERING AGENCY at the time of execution of this AGREEMENT and, as applicable , any time that Contract Manager changes during the duration of this AGREEMENT who may consider any written or verbal evidence submitted by ADMINISTERING AGENCY. The decision of the Contract Manager, issued in writing, shall be conclusive and binding on the PARTIES on all questions of fact considered and determined by the Contract Manager.

13. Neither the pending of a dispute nor its consideration by the Contract Manager will excuse the ADMINISTERING AGENCY from full and timely performance in accordance with the terms of this AGREEMENT and each PROGRAM SUPPLEMENT.

14. Neither STATE nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by ADMINISTERING AGENCY under or in connection with any work, authority or jurisdiction of ADMINISTERING AGENCY arising under this AGREEMENT. It is understood and agreed that ADMINISTERING AGENCY shall fully defend, indemnify and save harmless STATE and all of its officers and employees from all claims and suits or actions of every name, kind and description brought forth under, including but not limited to, tortuous, contractual, inverse condemnation or other theories or assertions of liability occurring by reason of anything done or omitted to be done by ADMINISTERING AGENCY under this AGREEMENT.

15. Neither ADMINISTERING AGENCY nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by, under or in connection with any work, authority or jurisdiction arising under this AGREEMENT. It is understood and agreed that STATE shall fully defend, indemnify and save harmless the ADMINISTERING AGENCY and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including but not limited to, tortuous, contractual, inverse condemnation and other theories or assertions of liability occurring by reason of anything done or omitted to be done by STATE under this AGREEMENT.

16. In the event of (a) ADMINISTERING AGENCY failing to timely proceed with effective PROJECT work in accordance with the project-specific PROGRAM SUPPLEMENT; (b) failing to maintain any applicable bonding requirements; and (c)

otherwise materially violating the terms and conditions of this AGREEMENT and/or any PROGRAM SUPPLEMENT, STATE reserves the right to terminate funding for that PROJECT upon thirty (30) days' written notice to ADMINISTERING AGENCY.

17. No termination notice shall become effective if, within thirty (30) days after receipt of a Notice of Termination, ADMINISTERING AGENCY either cures the default involved or, if the default is not reasonably susceptible of cure within said thirty (30) day period the ADMINISTERING AGENCY proceeds thereafter to complete that cure in a manner and time line acceptable to STATE.

18. Any such termination shall be accomplished by delivery to ADMINISTERING AGENCY of a Notice of Termination, which notice shall become effective not less than thirty (30) days after receipt, specifying the reason for the termination, the extent to which funding of work under this AGREEMENT and the applicable PROGRAM SUPPLEMENT is terminated and the date upon which such termination becomes effective, if beyond thirty (30) days after receipt. During the period before the effective termination date, ADMINISTERING AGENCY and STATE shall meet to attempt to resolve any dispute. In the event of such termination, STATE may proceed with the PROJECT work in a manner deemed proper by STATE. If STATE terminates funding for PROJECT with ADMINISTERING AGENCY for the reasons stated in paragraph sixteen (16) of ARTICLE VI, STATE shall pay ADMINISTERING AGENCY the sum due ADMINISTERING AGENCY under the PROGRAM SUPPLEMENT and/or STATE-approved finance letter prior to termination, provided, however, ADMINISTERING AGENCY is not in default of the terms and conditions of this AGREEMENT or the project-specific PROGRAM SUPPLEMENT and that the cost of any PROJECT completion to STATE shall first be deducted from any sum due ADMINISTERING AGENCY.

19. In the case of inconsistency or conflicts with the terms of this AGREEMENT and that of a project-specific PROGRAM SUPPLEMENT and/or Cooperative Agreement, the terms stated in that PROGRAM SUPPLEMENT and/or Cooperative Agreement shall prevail over those in this AGREEMENT.

20. Without the written consent of STATE, this AGREEMENT is not assignable by ADMINISTERING AGENCY either in whole or in part.

21. No alteration or variation of the terms of this AGREEMENT shall be valid unless made in writing and signed by the PARTIES, and no oral understanding or agreement not incorporated herein shall be binding on any of the PARTIES.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT by their duly authorized officer.

STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION	City of Palmdale
By_____	By_____
_____	_____
Chief, Office of Project Implementation Division of Local Assistance	City of Palmdale Representative Name & Title (Authorized Governing Body Representative)
Date _____	Date _____

EXHIBIT A - FAIR EMPLOYMENT PRACTICES ADDENDUM

1. In the performance of this Agreement, ADMINISTERING AGENCY will not discriminate against any employee for employment on account of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. ADMINISTERING AGENCY will take affirmative action to ensure that employees are treated during employment without regard to their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Such action shall include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. ADMINISTERING AGENCY shall post in conspicuous places, available to employees for employment, notices to be provided by STATE setting forth the provisions of this Fair Employment section.

2. ADMINISTERING AGENCY, its contractor(s) and all subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code, 1290-0 et seq.), and the applicable regulations promulgated thereunder (Cal. Code Regs., Title 2, 11000, et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12900(a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this AGREEMENT by reference and made a part hereof as if set forth in full. Each of the ADMINISTERING AGENCY'S contractors and all subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreements, as appropriate.

3. ADMINISTERING AGENCY shall include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts to perform work under this AGREEMENT.

4. ADMINISTERING AGENCY will permit access to the records of employment, employment advertisements, application forms, and other pertinent data and records by STATE, the State Fair Employment and Housing Commission, or any other agency of the State of California designated by STATE, for the purposes of investigation to ascertain compliance with the Fair Employment section of this Agreement.

5. Remedies for Willful Violation:

(a) STATE may determine a willful violation of the Fair Employment provision to have occurred upon receipt of a final judgment to that effect from a court in an action to which ADMINISTERING AGENCY was a party, or upon receipt of a written notice from the Fair Employment and Housing Commission that it has investigated and determined that ADMINISTERING AGENCY has violated the Fair Employment Practices Act.

(b) For willful violation of this Fair Employment Provision, STATE shall have the right

to terminate this Agreement either in whole or in part, and any loss or damage sustained by STATE in securing the goods or services thereunder shall be borne and paid for by ADMINISTERING AGENCY and by the surety under the performance bond, if any, and STATE may deduct from any moneys due or thereafter may become due to ADMINISTERING AGENCY, the difference between the price named in the Agreement and the actual cost thereof to STATE to cure ADMINISTERING AGENCY's breach of this Agreement.

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NOS. CC 2021-078 AND CC 2021-079, RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF PALMDALE INITIATING PROCEEDINGS AND DECLARING ITS INTENTION TO ANNEX TERRITORY INTO THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT AS ANNEXATION NO. 2020-324, APPROVING THE ANNEXATION AND ANNUAL LEVY REPORT, AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING**

ISSUE

Adopt Resolutions Nos. CC 2021-078 and CC 2021-079 initiating proceedings and declaring its intention to annex territory, approving the Annexation and Annual Levy Report, setting a time and place for the public hearing, for the City of Palmdale Landscape Maintenance Assessment District (the "District") as Annexation No. 2020-324 for fiscal year 2022-2023.

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt a resolution Initiating Proceedings for the Annexation of Territory into the City of Palmdale Landscape Maintenance Assessment District, as Annexation No. 2020-324;
2. Adopt a resolution Declaring its Intention to Annex Territory into the City of Palmdale Landscape Maintenance Assessment District, as Annexation No. 2020-324;
3. Approve the Annexation and Annual Levy Report for the City of Palmdale Landscape Maintenance Assessment District, Annexation No. 2020-324; and,
4. Set a time and place for a Public Hearing for November 2, 2021 and ordering the initiation of assessment ballot proceedings.

BACKGROUND

As a condition of approval for the project, Tract 73740 located at the southeast corner of Taintor Road and Division Street, landscaping and appurtenant facilities are

required. The developers are required to install all the necessary improvements for the proposed 56-unit duplex condominium project.

Staff proposes the annexation of territory into the City of Palmdale Landscape Maintenance Assessment District, as Annexation No. 2020-324 (the "Annexation") and levy special assessments therein. The Annexation will be subject to a majority protest proceeding for the property owners within the territory, in compliance with the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500), California Constitution Article XIIID and the Proposition 218 Omnibus Implementation Act Gov. Code Section 53730 et seq. (collectively the "Assessment Law").

The City has prepared resolutions initiating proceedings and declaring it's intention to annex territory. The attached resolutions and Annexation and Annual Levy Report (the "Report") initiate the process for the annexation and set a date for the public hearing.

At the close of the public hearing, the ballots will be tabulated, and if no majority protest exists, the Report and resolution to be heard at the public hearing will confirm and levy assessments placed upon each parcel for the operation, maintenance, and servicing costs.

DISCUSSION

Adoption of these Resolutions is necessary to Initiate Proceedings, Declaring the City's Intention to Annex Territory into the District, along with approving the Report and to set the date of the Public Hearing for the Annexation. At least 45 days before the date of the Public Hearing, assessment ballots will be mailed to the property owners within the proposed Annexation boundary, to vote for or against the Annexation of the territory into the District.

To assist the City in proceeding with the annexation process, the City hired NBS; an Assessment Engineer firm that has prepared the Annexation and Annual Levy Report, which provides a description of the improvements, the estimated costs of improvements, a diagram for the Annexation, and the assessment roll containing the fiscal year 2022-2023 levy for each parcel within the Annexation. NBS will also handle the noticing and protest ballot process, along with the submittal of the appropriate materials to Los Angeles County by the fiscal year 2022-23 property assessment deadline if approved.

FISCAL IMPACT

The Report indicates the proposed assessments for the City of Palmdale Landscape Maintenance Assessment District Annexation No. 2020-324. The total combined maximum assessment from the Annexation for fiscal year 2022/2023 is $12,384.96.

The City's general benefit contribution is $4,351.36, which will require a budget adjustment for FY 2022/2023.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost effective, customer focused methods of service delivery.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-078
2. Resolution No. CC 2021-079
3. Annexation and Annual Levy Report for the City of Palmdale Landscape Maintenance Assessment District Annexation No. 2020-324

COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-078

A RESOLUTION OF THE COUNCIL OF THE CITY OF PALMDALE INITIATING PROCEEDINGS FOR THE ANNEXATION OF TERRITORY TO THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT, AS ANNEXATION NO. 2020-324, DESCRIBING THE PROPOSED IMPROVEMENTS TO SERVE SAID DISTRICT, AND ORDERING THE PREPARATION OF THE ANNEXATION AND ANNUAL LEVY REPORT

WHEREAS, the City Council (the "Council") of the City of Palmdale ("City"), State of California, has previously formed the City of Palmdale Landscape Maintenance Assessment District (the "District") pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500), and Article XIIID of the California Constitution (collectively referred to as the "Assessment Law"), that provides for the levy and collection of assessments by the County of Los Angeles for the City of Palmdale to pay for the maintenance and services of all improvements and facilities related thereto. Said annexation shall be known and designated as "City of Palmdale Landscape Maintenance Assessment District Annexation No. 2020-324" (the "Annexation"); and,

WHEREAS, the provisions of Article 2 of Chapter 2 of the Assessment Law authorize the annexation of additional territory to the District; and

WHEREAS, such provisions also provide that the requirement for the preparation of resolutions, an assessment engineer's report, and notice of public hearing; and

WHEREAS, notwithstanding that such provisions of Assessment Law related to the annexation of territory to the District, Article XIIID of the Constitution of the State of California establishes certain procedural requirements for the authorization to levy assessments which apply to the levy of annual assessments for the District on the territory proposed to be annexed to such District; and

WHEREAS, the owners of certain property described in Exhibit A attached hereto and incorporated herein by this reference have requested that such property (collectively, the "Territory") be annexed to the District in order to provide for the levy of annual assessments to finance the maintenance of certain improvements described in Exhibit B hereto (the "Improvements"); and

WHEREAS, the Council desires to initiate proceedings to annex territory into the District and to levy annual special benefit assessments within said Annexation; and

WHEREAS, the City has retained NBS for the purpose of assisting with the annexation and annual levy of the Annexation and to prepare and file a report in accordance with the Act; and

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are all true and correct and by this reference made an operative part hereof.

SECTION 2. That the Council hereby proposes the Annexation to the District and the levy of collection and assessments.

SECTION 3. The Council hereby orders NBS to prepare and file with the City Clerk the Annexation and Annual Levy Report concerning the Annexation and the levy and collection of assessments for the fiscal year commencing July 1, 2022 and ending June 30, 2023 in accordance with Chapter 1, Article 4, Section 22565 of the Act.

SECTION 4. Generally, the improvements within the Annexation which shall be maintained for the benefit of the proposed District and through the special benefit assessments levied annually shall include but not be limited to the following:

(a) the installation, planting or maintenance of landscaping, including, but not limited to, turf, trees, parks, streetscapes and parkways;

(b) the installation, construction or operation of any facilities which are appurtenant to any improvements listed in (a) and (b) or which are necessary or convenient for the maintenance or servicing thereof including, but not limited to, irrigation, drainage, and electrical facilities; and

(c) the maintenance and servicing of any of the foregoing.

The Annexation and Annual Levy Report shall describe all improvements.

SECTION 5. The boundaries of the Annexation are described as being on the south west corner of Division Street and Avenue R, within the boundaries of the City of Palmdale within the County of Los Angeles, State of California.

SECTION 6. The proposed Annexation is designated as: City of Palmdale Landscape Maintenance Assessment District, with the annexation territory being described as Annexation No. 2020-324.

SECTION 7. That the City Clerk shall attest and certify to the passage and adoption of this Resolution and it shall become effective immediately upon it's approval.

PASSED, APPROVED and **ADOPTED** this 7th day of September, 2021.

Approved as to form:

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Christopher L. Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September, 2021 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-079

A RESOLUTION OF THE COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO ANNEX TERRITORY INTO THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT, AS ANNEXATION NO. 2020-324, APPROVING THE ANNEXATION AND ANNUAL LEVY, SETTING A TIME AND PLACE FOR A PUBLIC HEARING AND ORDERING THE INITIATION OF ASSESSMENT BALLOT PROCEDURES

WHEREAS, the City Council (the "Council") of the City of Palmdale ("City"), State of California, has previously formed the City of Palmdale Landscape Maintenance Assessment District (the "District") pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500), and Article XIIID of the California Constitution (collectively referred to as the "Assessment Law"), that provides for the levy and collection of assessments by the County of Los Angeles for the City of Palmdale to pay for the maintenance and services of all improvements and facilities related thereto. Said annexation shall be known and designated as "City of Palmdale Landscape Maintenance Assessment District Annexation No. 2020-324" (the "Annexation"); and,

WHEREAS, the provisions of Article 2 of Chapter 2 of the Assessment Law authorize the annexation of additional territory to the District; and

WHEREAS, such provisions also provide that the requirement for the preparation of resolutions, an assessment engineer's report, and a notice of public hearing; and

WHEREAS, notwithstanding that such provisions of Assessment Law related to the annexation of territory to the District, Article XIIID of the Constitution of the State of California establishes certain procedural requirements for the authorization to levy assessments which apply to the levy of annual assessments for the District on the territory proposed to be annexed to such District; and

WHEREAS, the owners of certain property described in Exhibit A attached hereto and incorporated herein by this reference have requested that such property (collectively, the "Territory") be annexed to the District in order to provide for the levy of annual assessments to finance the maintenance of certain improvements described in Exhibit B hereto (the "Improvements"); and

WHEREAS, on September 7, 2021 by previous Resolution, the City Council (the "Council") of the City of Palmdale ("City"), State of California, initiated proceedings to annex territory into the District and ordered the preparation of an Annexation and Annual Levy Report (the "Report") for said Annexation for Fiscal Year 2022/23, that provides for the levy and collection of assessments by the County of Los Angeles for

the City of Palmdale to pay for the maintenance and services of all improvements and facilities related thereto; and,

WHEREAS, the Council has retained NBS for the purpose of assisting with the Annual Levy of the Annexation and to prepare and file the Report with the City Clerk in accordance with the Assessment Law; and,

WHEREAS, at this time the Council desires to declare its intention to annex territory into the District and to provide for the levy and collection of annual assessments, beginning with in Fiscal Year 2022/23, to provide for the costs and expenses necessary to pay for the maintenance and servicing of the improvements (defined below) within the Annexation; and

WHEREAS, the Report has been filed with the City Clerk and submitted to this Council in accordance with the Assessment Law; and

WHEREAS, the Council has carefully examined and reviewed the Report as presented and is satisfied with the proposed annexation, each and all of the budget items and documents as set forth therein and is satisfied that the levy amounts have been spread in accordance with the special benefit received from the improvements, operation, maintenance and services within the Annexation as set forth in said Report; and

WHEREAS, for purposes of this Annexation, the Public Works Director is designated to be the Superintendent of Streets.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS

SECTION 1. The above recitals are all true and correct and by this reference made an operative part hereof.

SECTION 2. The Council hereby declares that it is its intention to order the levy of assessments within the Annexation and seek the Annual Levy of the Annexation pursuant to the Act, over and including the land within the Annexation, and to levy and collect assessments on all such land to pay the annual costs of the improvements. The Council has determined at this time to call an assessment ballot proceeding therein to authorize the levy of assessments (which are more particularly outlined in the Report) to pay the costs and expenses of the improvements described in Section 5 of this Resolution. The Council finds that the public's best interest requires such levy and collection.

SECTION 3. Pursuant to Proposition 218, Section 4, Sub-Section 4 (c), now California Constitutional Articles XIIIC and XIIID, (hereafter referred to as the "Proposition 218") approved by the California voters in November 1996, an assessment ballot proceeding is hereby called on behalf of the Annexation on the proposition of levying the assessments and the assessment range formula to allow for reasonable increases within the Annexation.

SECTION 4. The assessment ballot proceeding for the Annexation on the proposition of authorizing the assessments and the assessment range formula to allow for reasonable increases, pursuant to Section 4, Sub-Section 4 (c and d) of Proposition 218 consists of a ballot, included with the mailed notice required by Proposition 218, distributed to the property owners of record within the Annexation as of the County's last equalized roll or as evidenced to the City. Each property owner's ballot is weighted by the amount of their proposed assessment and they may return the ballot by mail or in person to the City Clerk not later than the conclusion of the Public Hearing on November 2, 2021. At the conclusion of the Public Hearing, pursuant to Section 4, Sub-Section 4 (e) of Proposition 218 the agency shall tabulate the ballots to determine if a majority protest exists. The ballots shall be weighted according to the proportional financial obligation of the affected property. A majority protest exists if, upon the conclusion of the Public Hearing, ballots submitted in opposition to the assessments exceed the ballots submitted in favor of the assessments.

SECTION 5. The boundaries of the Annexation are described as being on the south west corner of Division Street and Avenue R, within the boundaries of the City of Palmdale within the County of Los Angeles, State of California.

SECTION 6. The Report as presented, consisting of: (i) a description of improvements, (ii) an annual budget (costs and expenses of services, operations and maintenance) and (iii) the assessment roll containing the Fiscal Year 2022/23 levy for each Assessor's parcel within the Annexation, is hereby approved and ordered to be filed in the office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 7. Generally, the improvements within the Annexation which shall be maintained for the benefit of the proposed District and through the special benefit assessments levied annually shall include but not be limited to the following:

(a) the installation, planting or maintenance of landscaping, including, but not limited to, turf, trees, parks, streetscapes and parkways;

(b) the installation, construction or operation of any facilities which are appurtenant to any improvements listed in (a) and (b) or which are necessary or convenient for the maintenance or servicing thereof including, but not limited to, irrigation, drainage, and electrical facilities; and

(c) the maintenance and servicing of any of the foregoing.

SECTION 8. For Fiscal Year 2022/23, the proposed assessments are outlined in the Report which details the annual assessments and formula.

SECTION 9. Property owners have been provided a notice and an assessment ballot to cast on the proposed assessment and the assessment range formula to allow for reasonable increases. Ballots must be received prior to the conclusion of the Public Hearing at which they will be tabulated. At the Public Hearing, all interested persons shall be afforded the opportunity to hear and be heard.

SECTION 10. The City Clerk hereby declares that a Public Hearing on these matters will be held by the City Council on November 2, 2021 at 7:00pm or as soon thereafter as feasible in the City Council Chambers, located at 38300 Sierra Highway, Suite C, Palmdale, CA 93550.

SECTION 11. That the City Clerk shall attest and certify to the passage and adoption of this Resolution and it shall become effective immediately upon it's approval.

PASSED, APPROVED and **ADOPTED** this 7th day of September, 2021.

Approved as to form:

_____
Christopher L. Beck
City Attorney

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September, 2021 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____

Shanae S. Smith, City Clerk

CITY OF PALMDALE

Annexation and Annual Levy Report For:

Landscape Maintenance Assessment District Annexation No. 2020-324

Tract No. 73740

August 2021

Fiscal Year 2022/23

Prepared by:

NBS
helping communities fund tomorrow

nbsgov.com

Corporate Headquarters
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Temecula, CA 92592
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1. INTRODUCTION

1.1 District History

The City of Palmdale ("City") provides maintenance and servicing of certain publicly owned landscaped areas and detention basins throughout it's jurisdictional boundaries. The City funds the maintenance of these landscaping projects and improvements as described in Section 2 of this Report through assessments. The City formed the Landscape Maintenance Assessment District (the "Assessment District") and there are currently 248 existing zones covering approximately 29,000 parcels. The assessments described in this Report have been prepared pursuant to Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act (Division 2 of the California Government Code §53739 et seq.), and the Landscaping and Lighting Act of 1972 (Division 15 of the California Streets and Highways Code §22500 et seq.) collectively, the "Assessment Law".

As a condition of approval, Tract number 73740 is required to fund landscape maintenance associated with the frontage improvements for 56 residential units located at the southeast corner of Taintor Road and Division Street. The property proposed to be included in the Annexation consists of 56-duplex condominium units totaling 98,960 square feet on 9.9 acres of property. The Landscape Maintenance Assessment District Annexation No. 2019-324 (the "Annexation") is proposed to fund the maintenance and servicing of street trees and other landscape maintenance (the "Improvements") that benefit the residential subdivision that forms the Annexation.

1.2 Legislative Context

Determinations of special and general benefits must comply with the requirements of Assessment Law. The following is a description of the legislative context within which this report is written.

In 1996, California Voters adopted Proposition 218, the "Right to Vote on Taxes Act" which added Articles XIII C and XIII D to the California Constitution. Article XIII D imposes certain substantive and procedural requirements on any agency that wishes to levy special assessments.

The substantive requirements are twofold: (1) assessments can only be imposed for a "special benefit" conferred on an assessed parcel, and (2) assessments must be in proportion to, and no greater than, the special benefit conferred on an assessed parcel.

The special benefit and proportionality requirements are described in Section 4, Subdivision (a) of Article XIII D: "*An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel…*"

In addition to its substantive requirements, Article XIII D imposes certain procedural requirements, which include preparing an engineer's report, providing written notice to property owners, providing assessment protest ballots to property owners, holding a public hearing, and tabulating the assessment protest ballots.

1.3 Court Rulings

Since the initial passage of Proposition 218, several court rulings have helped provide context and direction on the practical implementation procedures and requirements for levying assessments. Several of the key concepts from these rulings are summarized below.

1.3.1 GENERAL BENEFIT

Article XIII D requires an agency to separate the general benefits from the special benefits conferred because only special benefits are assessable.

The Court of Appeal in *Golden Hills Neighborhood Assn., Inc. v. City of San Diego* (2011) ("*Golden Hills"*) clarified this concept by stating, "*Separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits*."

The Court of Appeal in *Beutz v. County of Riverside* (2010) ("*Beutz"*) quoted from the Legislative Analyst's Office pamphlet titled "Understanding Proposition 218" which states an agency must, "*estimate the amount of special benefit landowners would receive from the project or service, as well as the amount of 'general benefit.' This step is needed because Proposition 218 allows local government to recoup from assessments only the proportionate share of cost to provide the special benefit.*"

The Court in *Beutz* furthered this idea stating, "*Separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits*."

1.3.2 BENEFIT-BASED NOT COST-BASED

In *Bonander v. Town of Tiburon* (2009) ("*Tiburon"*), the Court of Appeal clarified the idea that assessments must be apportioned based upon benefit rather than cost. The Court stated, "*Proportionate special benefit is the basis upon which a project's total assessable costs are apportioned among parcels within an assessment district.*"

The assessment on a particular property cannot be based on the relative cost of the improvements, but rather the special benefit conferred on such property. The Court in *Tiburon* also stated, "*an assessment represents the entirety of the cost of the improvement or property-related service, less any amount attributable to general benefits (which may not be assessed), allocated to individual properties in proportion to the relative special benefit conferred on the property*."

1.3.3 PUBLIC PROPERTY

Section 4, Subdivision (a) of Article XIII D states, in part, "*Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive*

no special benefit." Historically, there had been differing opinions about whether this requirement that publicly owned property should not be exempt actually meant those properties must be assessed.

The Court of Appeal in *Manteca Unified School District v. Reclamation District No. 17 et al* (2017) *("Manteca")* clarified this issue by stating, *"section 4, subdivision (a) of article XIII D of the California Constitution unambiguously conditions any continuing benefit assessment exemption on a showing by clear and convincing evidence of no special benefit.*"

1.3.4 IMPRECISION

The Court in *Tiburon* acknowledged the difficulty of trying to precisely assign and measure special benefit, stating, "*Any attempt to classify special benefits conferred on particular properties and to assign relative weights to those benefits will necessarily involve some degree of imprecision.*"

The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *"may be a legally justifiable approach to measuring and apportioning special benefits,* [but] *it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning special benefits, however, it must be both defensible and consistently applied*."

2. IMPROVEMENTS

The City seeks to fund the following services and maintenance activities:

- Street Tree and Other Landscape Maintenance

The services and maintenance activities listed above are collectively referred to as the "Improvements." A diagram detailing the proposed area in which the Improvements can be found in Section 8 of this report.

2.1 Street Tree and Other Landscape Maintenance

The City wishes to fund ongoing maintenance and servicing of ornamental structures, street trees and landscaping, including, but not limited to, trees, shrubs, grass and other ornamental vegetation, and appurtenant devices, including irrigation systems, watering, and other associated landscape maintenance along Division Street within the City, as well as incidental expenses, associated with the frontage improvements for 56 residential units located at the southeast corner of Taintor Road and Division Street.

3. BENEFITS

The Improvements will confer special benefits upon certain parcels within the Annexation. These benefits are summarized in the table below:

Improvement	Benefit(s)
Street Tree and Other Landscape Maintenance	Improved Aesthetics Increased Desirability

The special benefits to be conferred by the Improvements are detailed below.

3.1 Street Tree and Other Landscape Maintenance – Improved Aesthetics and Increased Desirability

The street trees and other landscaping activities will confer aesthetic benefits. Specifically, the street trees are believed to create a more beautiful, aesthetically pleasing environment within the Annexation. A study by the University of George found "*People's preferences for locating areas of social interactions in calming, beautiful, and nature-dominated areas revolve around the presence of community trees and forests*" (Coder, 1996). The same study noted "*Large old street trees were found to be the most important indicator of attractiveness in a community*" (Coder). Therefore, the street tree improvements will confer aesthetic benefits to properties in close proximity.

The Improvements will confer desirability benefits upon all parcels within the Annexation. The Improvements are designed to create a more welcoming environment for the residents within the Annexation. They also make properties in the area more desirable. The presence of natural areas and green landscapes are positively related to neighborhood satisfaction (Kearney, 2006). Therefore, the Improvements will confer desirability benefits.

4. SPECIAL BENEFIT DISTRIBUTION

Once special benefits are identified, they must be assigned based on the estimated proportionate special benefit derived by each parcel. This section describes the assignment of special benefit to each parcel.

4.1 Building Factor

It is believed parcels of the same use will experience different degrees of special benefit in relation to differences in their building size. For example, a parcel with a large building will experience greater special benefit than a parcel with a small building. Accordingly, as building size increases, parcels are considered to receive proportionately greater special benefit. Therefore, these parcel characteristics are deemed appropriate factors for determining proportional special benefit.

The parcels within the Annexation are proposed to be condominiums of similar size and use, consequently it is expected the parcels will experience a similar degree of special benefit from the Improvements. Therefore, the building factor for each parcel is 1.00.

4.2 Land Use Type

In addition to building size, a parcel's land use type will also affect the special benefits received. Following the assignment of each planned parcel building factor, Land Use Benefit Points were assigned. These benefit points correspond to the special benefits described in the Benefits section of this report.

Each parcel within the proposed Annexation boundary is assigned a land use type for purposes of determining the special benefits received. Below is a description of the land use type category to be assessed within the Annexation.

Condominium Property consists of parcels that are duplexes, triplexes, fourplexes, and condominiums used exclusively for residential purposes.

4.2.1 APPORTIONING AESTHETIC BENEFIT

The Aesthetic Benefits conferred by the Improvements will be enjoyed by all assessable land use types. The benefit of visual appeal is not restricted to a particular land use. A more attractive public environment can be enjoyed by all parcels irrespective of land use type. Accordingly, each assessable land use type will be assigned one Aesthetic Benefit Point.

As a property-related benefit, improved aesthetics from tree and landscaping improvements can be measured by the characteristics of a parcel, namely the presence of a building and its size. Larger parcels and parcels with larger developments have a greater intensity of use and will experience the Aesthetic Benefits to a greater degree than smaller, less-developed parcels. Therefore, the Building Factor is used to measure Aesthetic Benefits.

4.2.2 APPORTIONING DESIRABILITY BENEFIT

As a result of the Aesthetic benefit conferred by the continued maintenance of the improvements, services and activities, the overall desirability of the Annexation will increase. Desirability is largely affected by conditions in the public realm, places where people naturally interact with each other and their

community, including streets, parks, transportation terminals and other public facilities. Desirability also refers to the environmental and social quality of an area as perceived by residents and visitors. This includes local environmental conditions, the quality of social interactions, opportunities for recreation and entertainment, aesthetics, and existence of unique cultural and environmental resources. Therefore, Improvements will confer desirability benefits upon all parcels within the Annexation.

4.2.3 LAND USE BENEFIT POINTS

The table below summaries the Land Use Benefit Points assigned to each parcel within the Annexation:

Land Use Type	Aesthetic	Desirability	Total Land Use Benefit Points
Condominium	1	1	2

4.3 Total Special Benefit Points

The calculation of Total Special Benefit Points for each parcel takes into account each component analyzed and described above, parcel characteristics and land use. The formula for determining each parcel's Total Benefit Points is as follows:

Building Factor	X	Land Use Benefit Points	=	Total Special Benefit Points

The Total Special Benefit Points are computed for each parcel in the Annexation. The Total Annexation Special Benefit Points are 112. These Total Annexation Special Benefit Points are used to determine the proposed assessment amounts on each parcel.

Below is a sample Total Special Benefit Points calculation for a typical parcel in the Annexation:

Building Factor		Land Use Benefit Points		Total Special Benefit Points
1.00	X	2.00	=	2.00

5. SEPARATION AND QUANTIFICATION OF GENERAL BENEFITS

As described in the Introduction, only special benefits are assessable and in order to assess only special benefits, the general benefits resulting from the Improvements must be separated and quantified. This section describes the process used to separate and quantify the general benefits.

5.1 Summary

As detailed below, it is estimated the Improvements will confer an Effective General Benefit of 26.00%.

5.2 General Benefits Identified

Section 4 of Article XIIID of the California Constitution provides that once a local agency which proposes to impose assessments on property has identified those parcels that will have special benefits conferred upon them and upon which an assessment will be imposed, the local agency must next "separate the general benefits from the special benefits conferred," and only the special benefits can be included in the amount of the assessments imposed.

General benefit is an overall and similar benefit to the public at large resulting from the maintenance of the Improvements provided by the assessments levied. The Improvements to be maintained by the Annexation are located within the Annexation boundaries only. There will be no Annexation maintenance activities provided for Improvements located outside of the Annexation boundaries.

The ongoing maintenance of the Improvements will provide aesthetic and desirability benefits to the property within the Annexation. However, it is recognized that the ongoing maintenance activities will also provide a level of benefit to some property within proximity to the Annexation, as well as individuals passing through. Therefore, the general benefit created as a result of the Annexation maintenance activities has been considered.

5.3 General Benefit Analysis

As a result of the maintenance and operation of the Improvements, there will be a level of general benefit to people that do not work or intend to conduct business within the Annexation. In order for property within the Annexation to be assessed only for that portion of special benefits received from the Annexation's maintenance activities, general benefits provided by the ongoing maintenance of the improvements needs to be quantified. The amount of general benefit that is provided from the Annexation's maintenance activities cannot be funded via property owners' assessments.

5.3.1 GENERAL BENEFIT: PASS THROUGH TRAFFIC LOCAL STREETS

For purposes of determining general benefits, all streets within the Annexation other than Division Street are considered local streets by the City. Local streets are intended to serve individual neighborhoods and not to be pass-through streets, but cul-de-sacs or loop roads to reduce pass through traffic. From a visual inspection of the layout of the Annexation, one must conclude that the purpose of the local streets is exclusively

intended for the benefit of the parcels on such streets. There are no local streets that provide a direct or efficient means of traveling from one place to another such that one could reasonably expect a driver to purposefully choose the local streets as the best route for travel unless necessary because the route either began or ended with a parcel in the Annexation. Given the localized nature of traffic, one could imagine a small degree of "residential tourism" wherein drivers are in fact simply "passing through" to enjoy the views of the homes, the natural surroundings or perhaps lost on their way to their intended destination. As such, approximately 1.00% general benefit is attributable to vehicles passing through the Annexation via the local streets.

Pass-through Traffic Local Streets General Benefit	1.00%

5.3.2 GENERAL BENEFIT: PASS THROUGH TRAFFIC ARTERIAL ROAD

Division Street, however, is classified by the City of Palmdale as a major arterial road, ultimately consisting of 6 lanes and a bike lane, continue in both directions to major access routes. There is a general benefit component associated with landscaping along arterial/collector streets roughly equal to the percentage of pass-through trips using those streets (typically 15-25% based on the amount of traffic volume placed on each type of roadway). Said pass-through traffic, whether vehicular, bicycle or pedestrian will also enjoy the Improvements as they travel through the landscaped area of the Annexation along Division Drive. As such approximately 25.00% general benefit is attributable to vehicles passing through the Annexation via Division Drive.

Pass-through Traffic Arterial Road General Benefit	25.00%

5.3.3 TOTAL GENERAL BENEFIT

Since the Annexation is comprised of improved aesthetics and desirability benefits resulting from the Improvements, the activity of vehicles, pedestrians and bicycles passing through the Annexation must be addressed in a collective form rather than independently. This general benefit result is provided in the table below:

Pass-through Traffic Local Streets General Benefit	25.00%
Pass-through Traffic Arterial Road General Benefit	1.00%
Total General Benefit	**26.00%**

6. BUDGET

The following table summarizes the estimated annual costs to fund the Improvements for Fiscal Year 2022/23:

Description	Amount
Maintenance	
Street Tree and Landscape Maintenance	$15,736.00
Administration	
Engineer/Consultant Costs	1,000.00
Total Cost of Improvements	**$16,736.00**

6.1 Maximum Balance to Be Assessed

The total maximum amount to be assessed upon the specially benefitting parcels is the total cost of the Improvements, as detailed above, less the portion of Maintenance costs attributable to General Benefit as detailed in the Separation and Quantification of General Benefits section.

The calculation of the balance to be assessed is shown below:

Description	Amount
Total Cost of Improvements	$16,736.00
Less Maintenance General Benefit Portion (26.00%)	(4,351.36)
Rounding	.32
Total Cost of Improvements to Be Assessed	**$12,384.96**

6.2 Maximum Assessment Rate per Special Benefit Point

The Maximum Assessment Rate per Special Benefit Point is determined by dividing the Total Cost of Improvements to Be Assessed by the sum of the Total Annexation Special Benefit Points noted in Section 5.

The calculation of the Maximum Assessment Rate per Special Benefit Point is shown below:

Description	Amount
Balance to Be Assessed	$12,384.96
Total Annexation Special Benefit Points	112.00
Maximum Assessment Rate per Special Benefit Point[(1)]	**$110.58**

(1) Beginning July 1, 2023 the maximum assessment per Special Benefit Point will be increased by the change in the February to February Consumer Price Index for all Urban Consumers, for the Los Angeles-Long Beach-Anaheim CA region compared year over year not to exceed 3% annually.

The Maximum Assessment Rate per Special Benefit Point is multiplied by each parcel's Total Special Benefit Points to determine a maximum assessment amount per parcel. Below is a sample total maximum assessment calculation for a typical parcel in the Annexation:

Maximum Assessment Rate per Special Benefit Point		Total Special Benefit Points		Total Maximum Assessment Amount Per Parcel
$110.58	X	2.00	=	$221.16

6.3 Annual Maximum Assessment Rate Increases

Each parcel's actual assessment is determined by multiplying the assessment rate by the parcels total specific benefit points. If the total Annexation special benefit points change in future years, the allowable annual Maximum Assessment Rate will not be recalculated. The allowable annual Maximum Assessment Rate per special benefit point, plus the annual cost of living inflator, will remain fixed. The actual annual assessment rate will be calculated by dividing the fiscal year's net cost estimate to be assessed by the fiscal year's total special benefit points, not to exceed the allowable annual Maximum Assessment Rate for that fiscal year. The Maximum Assessment Rate per special benefit point is escalated each year on July 1 by the annual change in the February to February Consumer Price Index for all Urban Consumers, for the Los Angeles-Long Beach-Anaheim CA region not to exceed 3% annually, beginning July 1, 2023.

In any given year, the assessments may be levied at any rate sufficient to meet the estimated budget, as long as the actual assessment rate does not exceed the Maximum Assessment Rate for that fiscal year.

6.4 Future Changes to Parcel Characteristics

Future changes to parcel characteristics (building, frontage, and land use) will cause changes in the total assessment revenue. The assessment revenue for any given year will be the product of the Annexation's parcel characteristics and the budget in effect for such fiscal year. Development within the Annexation that increases the overall building square footage, for example, will lead to increased assessment revenue, even if the assessment rate is not increased.

6.5 Data for Annual Assessment Calculations

Each year, as part of the assessment calculation procedures, the City or its designated consultant shall determine the land use type for each parcel based on the County Assessor's use code or other supplementary information made available and deemed reliable. The parcel characteristics of building square footage shall similarly be based on the County Assessor's secured rolled data for the applicable year and may be supplemented with other reliable data sources.

Assessment amounts may change over time in accordance with changes to parcel characteristics including land use type and building square footage.

6.6 Appeals

If any property owner believes the data used to calculate the assessment is inaccurate for any reason, the property owner shall submit, in writing, a request for review to the City. The property owner shall provide documentation needed to support the request for review. The City or its designated consultant shall

review the request and provide a response to the property owner. The property owner must be current in the payment of all assessments when filing the request for review and must remain current during the review process. The property owner should continue to pay any regular property taxes due according to the County's due dates.

If the review conducted by the City or its designated consultant results in changes to any parcel characteristics used to compute the assessment, the City or its designated consultant shall recalculate the assessment. When recalculating the assessment, the assessment rates actually applied in such fiscal year shall be used. Only the assessment for the parcel or parcels subject to review shall be recalculated.

If the recalculated assessment is less than the amount submitted to the County on the secured property tax roll, the difference shall be credited back to the property owner. This credit shall be limited to the current fiscal year and the prior fiscal year, if applicable. The "fiscal year" shall follow the County's fiscal year for property taxes, from July 1 to June 30. The applicable fiscal year shall be determined by the date the request for review is submitted to the City.

> *For example, if a request for review is submitted to the City during Fiscal Year 2023/24, the Fiscal Year 2023/24 and 2022/23 assessments will be reviewed. The property owner credit shall be limited to any difference calculated for Fiscal Year 2023/24 (the current fiscal year) and Fiscal Year 2022/23 (the prior fiscal year).*

The credit may be provided in the form of a check to the property owner, an adjustment to the current year's property tax roll (if possible), or a credit to the succeeding year's assessment thereby reducing the amount placed on the secured property tax roll for such year.

If the recalculated assessment is greater than the amount submitted to the County on the secured property tax roll, the City or its designated consultant shall apply the recalculated assessment to the succeeding year's property tax roll and no adjustments shall be made to the prior or current fiscal years' assessments.

In any dispute over parcel characteristic data used to compute assessments, the City shall make a conclusive determination and its decision shall be final.

6.7 Method of Collection

The assessments will be collected annually on the County's secured property tax roll. The assessments will be subject to the County's assigned due dates and late penalties. However, the City may choose to collect the assessments in an alternate manner (including directly billing the property owner) as may be deemed appropriate or necessary by the City.

7. ENGINEER'S STATEMENT

The City of Palmdale Landscape Maintenance Assessment District Annexation No. 2020-324 assessments described in this Report have been prepared pursuant to Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act (Division 2 of the California Government Code §53739 et seq.), and the Landscaping and Lighting Act of 1972 (Division 15 of the California Streets and Highways Code §22500 et seq.) collectively, the "Assessment Law".

1. I have identified all parcels that will have a special benefit conferred upon them by the Improvements described in Section 2 of this Report (the "Specially Benefited Parcels").
    a. For particulars as to the identification of these parcels, reference is made to the Assessment Diagram, a copy of which is included in Section 8 of this Report.
2. I have assessed the estimated costs and expenses of the Improvements upon the Specially Benefited Parcels. In making such assessment:
    a. The proportionate special benefit derived from the Improvements by each Specially Benefited Parcel was determined in relationship to the entirety of the cost of the Improvements;
    b. No assessment has been imposed on any Specially Benefited Parcel which exceeds the reasonable cost of the proportional special benefit conferred on such parcel by the Improvements; and
    c. The general benefits have been separated from the special benefits and only special benefits have been assessed.

I, the undersigned, respectfully submit this Annexation and Annual Levy Report and, to the best of my knowledge, information and belief, this Report, the assessments, and the Assessment Diagram herein have been prepared and computed in accordance with the Assessment Law.

By: John G Egan

John G. Egan
Assessment Engineer
R.C.E. 14853

8/4/21

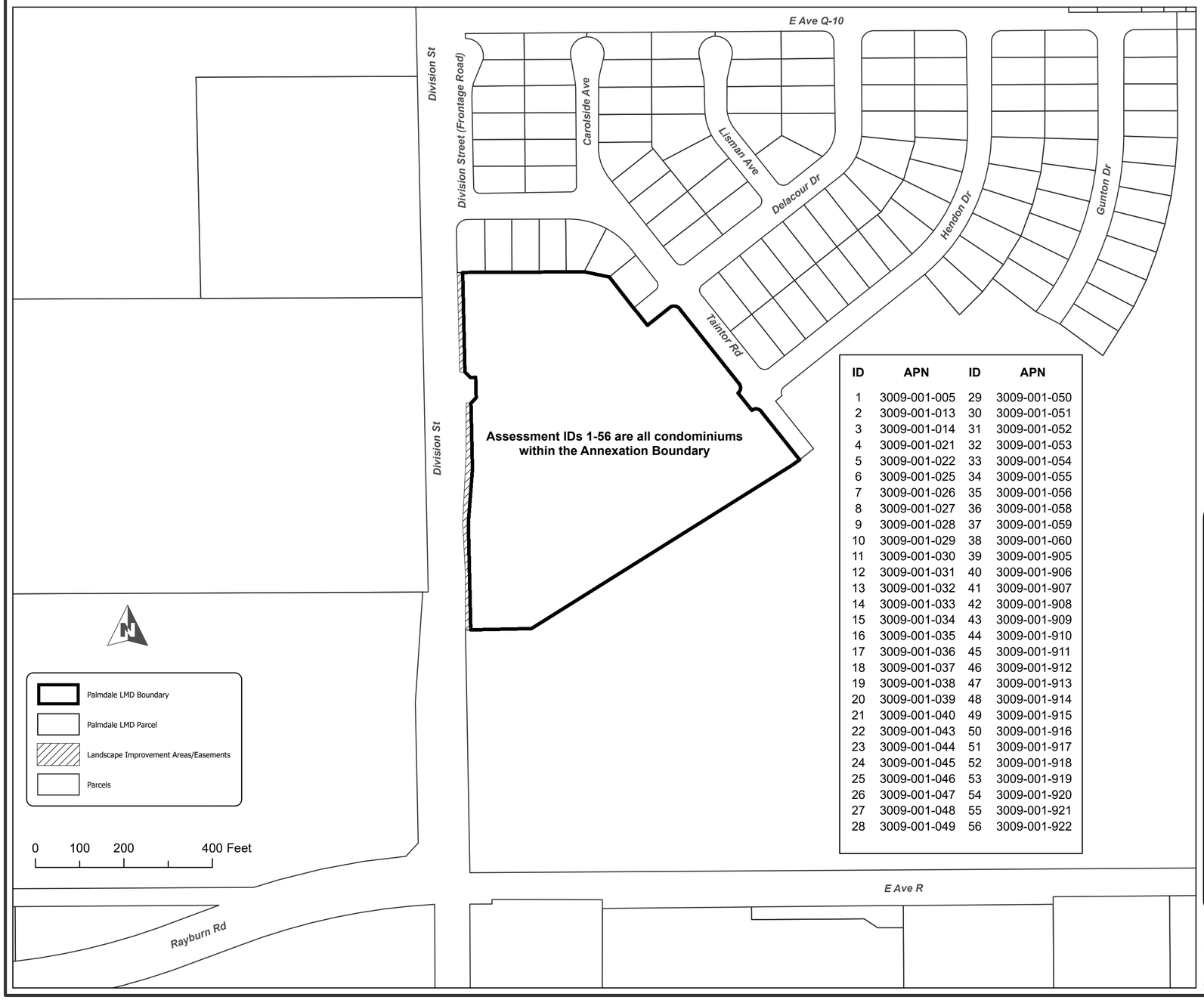


8. ASSESSMENT DIAGRAM

The following pages contain the assessment diagram for the District.

ASSESSMENT DIAGRAM
LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT ANNEXATION NO. 2020-324

CITY OF PALMDALE
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA



ID	APN	ID	APN
1	3009-001-005	29	3009-001-050
2	3009-001-013	30	3009-001-051
3	3009-001-014	31	3009-001-052
4	3009-001-021	32	3009-001-053
5	3009-001-022	33	3009-001-054
6	3009-001-025	34	3009-001-055
7	3009-001-026	35	3009-001-056
8	3009-001-027	36	3009-001-058
9	3009-001-028	37	3009-001-059
10	3009-001-029	38	3009-001-060
11	3009-001-030	39	3009-001-905
12	3009-001-031	40	3009-001-906
13	3009-001-032	41	3009-001-907
14	3009-001-033	42	3009-001-908
15	3009-001-034	43	3009-001-909
16	3009-001-035	44	3009-001-910
17	3009-001-036	45	3009-001-911
18	3009-001-037	46	3009-001-912
19	3009-001-038	47	3009-001-913
20	3009-001-039	48	3009-001-914
21	3009-001-040	49	3009-001-915
22	3009-001-043	50	3009-001-916
23	3009-001-044	51	3009-001-917
24	3009-001-045	52	3009-001-918
25	3009-001-046	53	3009-001-919
26	3009-001-047	54	3009-001-920
27	3009-001-048	55	3009-001-921
28	3009-001-049	56	3009-001-922

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS ____ DAY OF _____, 2021.

_____
CITY CLERK
CITY OF PALMDALE
COUNTY OF LOS ANGELES

RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE CITY OF PALMDALE ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE ____ DAY OF _____, 2021.

_____
SUPERINTENDENT OF STREETS
CITY OF PALMDALE
COUNTY OF LOS ANGELES

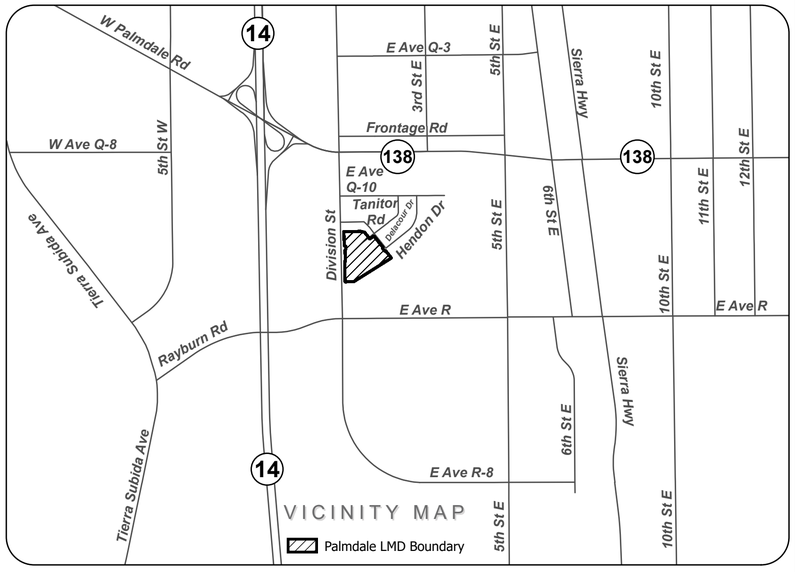
AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF PALMDALE ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE ____ DAY OF _____, 2021; THE ASSESSMENT DIAGRAM AND ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THAT CITY ON THE ____ DAY OF _____, 20__. REFERENCE IS MADE TO THE ASSESSMENT ROLL RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM.

_____
CITY CLERK
CITY OF PALMDALE
COUNTY OF LOS ANGELES

FILED THIS ____ DAY OF _____, 20__, AT THE HOUR OF __ O'CLOCK _M, IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

_____
COUNTY RECORDER
COUNTY OF LOS ANGELES

FOR PARTICULARS OF THE LINES AND DIMENSIONS OF ASSESSOR PARCELS, REFERENCE IS MADE TO THE MAPS OF THE ASSESSOR, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.



Source: Los Angeles County GIS
Geographic Coordinate Reference: GCS North American 1983
Projection: NAD 1983 StatePlane California V FIPS 0405 Feet

NBS

9. ASSESSMENT ROLL

The following pages contain the proposed 2022/23 assessment roll for the Annexation.

City of Palmdale

Landscape Maintenance Assessment District Annexation No. 2020-324

Fiscal Year 2022/23 Proposed Maximum Assessment

Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
3009-001-005	$221.16
3009-001-013	221.16
3009-001-014	221.16
3009-001-021	221.16
3009-001-022	221.16
3009-001-025	221.16
3009-001-026	221.16
3009-001-027	221.16
3009-001-028	221.16
3009-001-029	221.16
3009-001-030	221.16
3009-001-031	221.16
3009-001-032	221.16
3009-001-033	221.16
3009-001-034	221.16
3009-001-035	221.16
3009-001-036	221.16
3009-001-037	221.16
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3009-001-040	221.16
3009-001-043	221.16
3009-001-044	221.16
3009-001-045	221.16
3009-001-046	221.16
3009-001-047	221.16
3009-001-048	221.16
3009-001-049	221.16
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3009-001-056	221.16
3009-001-058	221.16
3009-001-059	221.16
3009-001-060	221.16
3009-001-905	221.16
3009-001-906	221.16
3009-001-907	221.16
3009-001-908	221.16
3009-001-909	221.16

City of Palmdale

Landscape Maintenance Assessment District Annexation No. 2020-324

Fiscal Year 2022/23 Proposed Maximum Assessment

Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
3009-001-910	221.16
3009-001-911	221.16
3009-001-912	221.16
3009-001-913	221.16
3009-001-914	221.16
3009-001-915	221.16
3009-001-916	221.16
3009-001-917	221.16
3009-001-918	221.16
3009-001-919	221.16
3009-001-920	221.16
3009-001-921	221.16
3009-001-922	221.16
56 Parcels	**12,384.96**

10. REFERENCES

Beutz v. County of Riverside, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)

Bonander v. Town of Tiburon, 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)

Coder, Kim D. "Identified Benefits of Community Trees and Forests." *University of Georgia Cooperative Extension Service - Forest Resources Publication*, October 1996.

Golden Hill Neighborhood Assn. v. City of San Diego CA4/1, D062203 (Cal. Ct. App. 2013)

Kearney, Anne R. "Residential Development Patterns and Neighborhood Satisfaction: Impacts of Density and Nearby Nature." *Environment and Behavior*, 38, 112-139, 2006.

Manteca Unified School District v. Reclamation District No. 17 et al, C077906 (Cal. Ct. App. 2017)

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NOS. CC 2021-082 AND CC 2021-085, RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF PALMDALE INITIATING PROCEEDINGS AND DECLARING ITS INTENTION TO ANNEX TERRITORY INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2019-186, APPROVING THE ANNEXATION AND ANNUAL LEVY REPORT, AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING.**

ISSUE

Adopt Resolutions Nos. CC 2021-082 and CC 2021-085 initiating proceedings and declaring its intention to annex territory, approving the Annexation and Annual Levy Report, and setting a time and place for the Public Hearing for the City of Palmdale Streetlight Maintenance Assessment District No. 1 (the "District") as Annexation 2019-186 for FY 2022/2023.

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt a resolution Initiating Proceedings for the Annexation of Territory into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2019-186; and
2. Adopt a resolution Declaring the City's Intention to Annex Territory into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2019-186.
3. Approve the Annexation and Annual Levy Report for the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2019-186; and
4. Set a time and place for a Public Hearing for November 2, 2021 and ordering the initiation of assessment ballot proceedings.

BACKGROUND

As a condition of approval for project Tract 73740, located at the southeast corner of Taintor Road and Division Street, streetlighting improvements are required. The

developers are required to install all the necessary improvements for the proposed 56-unit duplex condominium project.

Staff proposes the annexation of territory into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2019-186 (the "Annexation") and levy special assessments therein. The Annexation will be subject to a majority protest proceeding for the property owners within the territory, in compliance with the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500), California Constitution Article XIIID and the Proposition 218 Omnibus Implementation Act Gov. Code Section 53730 et seq. (collectively the "Assessment Law").

The City has prepared Resolutions to initiate proceedings and declare its intention to annex territory. The attached Resolutions and Annual Annexation and Annual Levy Report (the "Report") initiate the process for the annexation and set a date for the Public Hearing.

At the time of the Public Hearing, the ballots will be tabulated, and if no majority protest exists, the Report and Resolutions to be heard at the Public Hearing will confirm and levy assessments placed upon each parcel for the operation, maintenance and servicing costs.

DISCUSSION

Adoptions of these Resolutions is necessary to Initiate Proceedings, Declare the City's Intention to Annex Territory into the District, along with approving the Report, and to set the date of the Public Hearing for the Annexation. Before the date of the Public Hearing, assessment ballots will be mailed to the property owners within the proposed District's boundary, for votes in favor or against the formation of the District.

To assist the City in proceeding with the annexation process, the City hired NBS, an Assessment Engineering firm that has prepared the Annexation and Annual Levy Report, which provides a description of the improvements, the estimated costs of improvements, a diagram for the Annexation, and the assessment roll containing the Fiscal Year 2022-2023 levy for each parcel within the Annexation. NBS will also handle the noticing and protest ballot process, along with the submittal of the appropriate materials to Los Angeles County by Fiscal Year 2022-2023 property assessment deadline, if approved.

FISCAL IMPACT

The Report indicates the proposed assessments for the City of Palmdale Streetlight Maintenance Assessment District No 1, Annexation 2019-186. The total combined maximum assessment from the Annexation for Fiscal Year 2022/2023 is $3,304.00.

The City's general benefit contribution is $1,160.90 which will require a budget adjustment for Fiscal Year 2022/2023.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost effective, customer focused methods of service delivery.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-082
2. Resolution No. CC 2021-085
3. Annexation and Annual Levy Report for the City of Palmdale Streetlight Maintenance Assessment District No 1, Annexation 2019-186

COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-082

A RESOLUTION OF THE COUNCIL OF THE CITY OF PALMDALE INITIATING PROCEEDINGS FOR THE ANNEXATION OF TERRITORY TO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2019-186, DESCRIBING THE PROPOSED IMPROVEMENTS TO SERVE SAID DISTRICT, AND ORDERING THE PREPARATION OF THE ANNEXATION AND ANNUAL LEVY REPORT

WHEREAS, the City Council (the "Council") of the City of Palmdale ("City"), State of California, has previously formed the City of Palmdale Streetlight Maintenance Assessment District (the "District") pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500), and Article XIIID of the California Constitution (collectively referred to as the "Assessment Law"), that provides for the levy and collection of assessments by the County of Los Angeles for the City of Palmdale to pay for the maintenance and services of all improvements and facilities related thereto. Said annexation shall be known and designated as "City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2019-186" (the "Annexation"); and,

WHEREAS, the provisions of Article 2 of Chapter 2 of the Assessment Law authorize the annexation of additional territory to the District; and

WHEREAS, such provisions also provide that the requirement for the preparation of resolutions, an assessment engineer's report, and notice of public hearing; and

WHEREAS, notwithstanding that such provisions of Assessment Law related to the annexation of territory to the District, Article XIIID of the Constitution of the State of California establishes certain procedural requirements for the authorization to levy assessments which apply to the levy of annual assessments for the District on the territory proposed to be annexed to such District; and

WHEREAS, the owners of certain property described in Exhibit A attached hereto and incorporated herein by this reference have requested that such property (collectively, the "Territory") be annexed to the District in order to provide for the levy of annual assessments to finance the maintenance of certain improvements described in Exhibit B hereto (the "Improvements"); and

WHEREAS, the Council desires to initiate proceedings to annex territory into the District and to levy annual special benefit assessments within said Annexation; and

WHEREAS, the City has retained NBS for the purpose of assisting with the annexation and annual levy of the Annexation and to prepare and file a report in accordance with the Act; and

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are all true and correct and by this reference made an operative part hereof.

SECTION 2. That the Council hereby proposes the Annexation to the District and the levy of collection and assessments.

SECTION 3. The Council hereby orders NBS to prepare and file with the City Clerk the Annexation and Annual Levy Report concerning the Annexation and the levy and collection of assessments for the fiscal year commencing July 1, 2022 and ending June 30, 2023 in accordance with Chapter 1, Article 4, Section 22565 of the Act.

SECTION 4. Generally, the improvements within the Annexation which shall be maintained for the benefit of the proposed District and through the special benefit assessments levied annually shall include but not be limited to the following:

(a) the installation, construction or operation of public lighting, facilities, including, but not limited to, street lights and crosswalk lights;

(b) the installation, construction or operation of any facilities which are appurtenant to any improvements listed in (a) and (b) or which are necessary or convenient for the maintenance or servicing thereof including, but not limited to, drainage and electrical facilities; and

(c) the maintenance and servicing of any of the foregoing.

The Annexation and Annual Levy Report shall describe all improvements.

SECTION 5. The boundaries of the Annexation are described as being on the south west corner of Division Street and Avenue R, within the boundaries of the City of Palmdale within the County of Los Angeles, State of California.

SECTION 6. The proposed Annexation is designated as: City of Palmdale Streetlight Maintenance Assessment District No. 1, with the annexation territory being described as Annexation 2019-186.

SECTION 7. That the City Clerk shall attest and certify to the passage and adoption of this Resolution and it shall become effective immediately upon it's approval.

PASSED, APPROVED and **ADOPTED** this 7th day of September, 2021.

Approved as to form:

_____
Christopher L. Beck
City Attorney

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September, 2021 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-085

A RESOLUTION OF THE COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO ANNEX TERRITORY INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2019-186, APPROVING THE ANNEXATION AND ANNUAL LEVY, SETTING A TIME AND PLACE FOR A PUBLIC HEARING AND ORDERING THE INITIATION OF ASSESSMENT BALLOT PROCEDURES

WHEREAS, the City Council (the "Council") of the City of Palmdale ("City"), State of California, has previously formed the City of Palmdale Streetlight Maintenance Assessment District No. 1 (the "District") pursuant to the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500), and Article XIIID of the California Constitution (collectively referred to as the "Assessment Law"), that provides for the levy and collection of assessments by the County of Los Angeles for the City of Palmdale to pay for the maintenance and services of all improvements and facilities related thereto. Said annexation shall be known and designated as "City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2019-186" (the "Annexation"); and,

WHEREAS, the provisions of Article 2 of Chapter 2 of the Assessment Law authorize the annexation of additional territory to the District; and

WHEREAS, such provisions also provide that the requirement for the preparation of resolutions, an assessment engineer's report, and a notice of public hearing; and

WHEREAS, notwithstanding that such provisions of Assessment Law related to the annexation of territory to the District, Article XIIID of the Constitution of the State of California establishes certain procedural requirements for the authorization to levy assessments which apply to the levy of annual assessments for the District on the territory proposed to be annexed to such District; and

WHEREAS, the owners of certain property described in Exhibit A attached hereto and incorporated herein by this reference have requested that such property (collectively, the "Territory") be annexed to the District in order to provide for the levy of annual assessments to finance the maintenance of certain improvements described in Exhibit B hereto (the "Improvements"); and

WHEREAS, on September 7, 2021 by previous Resolution, the City Council (the "Council") of the City of Palmdale ("City"), State of California, initiated proceedings to annex territory into the District and ordered the preparation of an Annexation and Annual Levy Report (the "Report") for said Annexation for Fiscal Year 2022/23, that provides for the levy and collection of assessments by the County of Los Angeles for

the City of Palmdale to pay for the maintenance and services of all improvements and facilities related thereto; and,

WHEREAS, the Council has retained NBS for the purpose of assisting with the Annual Levy of the Annexation and to prepare and file the Report with the City Clerk in accordance with the Assessment Law; and,

WHEREAS, at this time the Council desires to declare its intention to annex territory into the District and to provide for the levy and collection of annual assessments, beginning with in Fiscal Year 2022/23, to provide for the costs and expenses necessary to pay for the maintenance and servicing of the improvements (defined below) within the Annexation; and

WHEREAS, the Report has been filed with the City Clerk and submitted to this Council in accordance with the Assessment Law; and

WHEREAS, the Council has carefully examined and reviewed the Report as presented and is satisfied with the proposed annexation, each and all of the budget items and documents as set forth therein and is satisfied that the levy amounts have been spread in accordance with the special benefit received from the improvements, operation, maintenance and services within the Annexation as set forth in said Report; and

WHEREAS, for purposes of this Annexation, the Public Works Director is designated to be the Superintendent of Streets.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are all true and correct and by this reference made an operative part hereof.

SECTION 2. The Council hereby declares that it is its intention to order the levy of assessments within the Annexation and seek the Annual Levy of the Annexation pursuant to the Act, over and including the land within the Annexation, and to levy and collect assessments on all such land to pay the annual costs of the improvements. The Council has determined at this time to call an assessment ballot proceeding therein to authorize the levy of assessments (which are more particularly outlined in the Report) to pay the costs and expenses of the improvements described in Section 5 of this Resolution. The Council finds that the public's best interest requires such levy and collection.

SECTION 3. Pursuant to Proposition 218, Section 4, Sub-Section 4 (c), now California Constitutional Articles XIIIC and XIIID, (hereafter referred to as the "Proposition 218") approved by the California voters in November 1996, an assessment ballot proceeding is hereby called on behalf of the Annexation on the proposition of levying the assessments and the assessment range formula to allow for reasonable increases within the Annexation.

SECTION 4. The assessment ballot proceeding for the Annexation on the proposition of authorizing the assessments and the assessment range formula to allow for reasonable increases, pursuant to Section 4, Sub-Section 4 (c and d) of Proposition 218 consists of a ballot, included with the mailed notice required by Proposition 218, distributed to the property owners of record within the Annexation as of the County's last equalized roll or as evidenced to the City. Each property owner's ballot is weighted by the amount of their proposed assessment and they may return the ballot by mail or in person to the City Clerk not later than the conclusion of the Public Hearing on November 2, 2021. At the conclusion of the Public Hearing, pursuant to Section 4, Sub-Section 4 (e) of Proposition 218 the agency shall tabulate the ballots to determine if a majority protest exists. The ballots shall be weighted according to the proportional financial obligation of the affected property. A majority protest exists if, upon the conclusion of the Public Hearing, ballots submitted in opposition to the assessments exceed the ballots submitted in favor of the assessments.

SECTION 5. The boundaries of the Annexation are described as being on the south west corner of Division Street and Avenue R, within the boundaries of the City of Palmdale within the County of Los Angeles, State of California.

SECTION 6. The Report as presented, consisting of: (i) a description of improvements, (ii) an annual budget (costs and expenses of services, operations and maintenance) and (iii) the assessment roll containing the Fiscal Year 2022/23 levy for each Assessor's parcel within the Annexation, is hereby approved and ordered to be filed in the office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 7. Generally, the improvements within the Annexation which shall be maintained for the benefit of the proposed District and through the special benefit assessments levied annually shall include but not be limited to the following:

(a) the installation, construction or operation of public lighting, facilities, including, but not limited to, street lights and crosswalk lights;

(b) the installation, construction or operation of any facilities which are appurtenant to any improvements listed in (a) and (b) or which are necessary or convenient for the maintenance or servicing thereof including, but not limited to, drainage and electrical facilities; and

(c) the maintenance and servicing of any of the foregoing.

SECTION 8. For Fiscal Year 2022/23, the proposed assessments are outlined in the Report which details the annual assessments and formula.

SECTION 9. Property owners have been provided a notice and an assessment ballot to cast on the proposed assessment and the assessment range formula to allow for reasonable increases. Ballots must be received prior to the conclusion of the Public Hearing at which they will be tabulated. At the Public Hearing, all interested persons shall be afforded the opportunity to hear and be heard.

SECTION 10. The City Clerk hereby declares that a Public Hearing on these matters will be held by the City Council on November 2, 2021 at 7:00 pm or as soon thereafter as feasible in the City Council Chambers, located at 38300 Sierra Highway, Suite C, Palmdale, CA 93550.

SECTION 11. That the City Clerk shall attest and certify to the passage and adoption of this Resolution and it shall become effective immediately upon it's approval.

PASSED, APPROVED and **ADOPTED** this 7th day of September, 2021.

Approved as to form:

_____
Christopher L. Beck
City Attorney

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September, 2021 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____

Shanae S. Smith, City Clerk

CITY OF PALMDALE

Annexation and Annual Levy Report For:

Streetlight Maintenance Assessment District No. 1 Annexation 2019-186

Tract No. 73740

August 2021

Fiscal Year 2022/23

Prepared by:

NBS
helping communities fund tomorrow

nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
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1. INTRODUCTION

1.1 District History

The City of Palmdale ("City") provides maintenance and servicing of certain publicly owned streetlights throughout it's jurisdictional boundaries. In order to fund the maintenance and operation (the "Services") of these projects and improvements, the City has formed five Streetlight Maintenance Assessment Districts, including subsequent Annexations, covering over 40,880 parcels. The assessments described in this Report have been prepared pursuant to Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act (Division 2 of the California Government Code §53739 et seq.), and the Landscaping and Lighting Act of 1972 (Division 15 of the California Streets and Highways Code §22500 et seq.) collectively, the "Assessment Law".

As a condition of approval, Tract number 73740 is required to fund streetlight maintenance associated with the streetlight improvements for 56 residential units located at the southeast corner of Taintor Road and Division Street. The property proposed to be included in the Annexation consists of 56-duplex condominium units totaling 98,960 square feet on 9.9 acres of property. The Streetlight Maintenance Assessment District No. 1, Annexation 2019-186 (the "Annexation") is proposed to fund the maintenance and servicing of streetlights (the Improvements") that benefit the residential subdivision that forms the Annexation.

1.2 Legislative Context

Determinations of special and general benefits must comply with the requirements of Assessment Law. The following is a description of the legislative context within which this report is written.

In 1996, California Voters adopted Proposition 218, the "Right to Vote on Taxes Act" which added Articles XIII C and XIII D to the California Constitution. Article XIII D imposes certain substantive and procedural requirements on any agency that wishes to levy special assessments.

The substantive requirements are twofold: (1) assessments can only be imposed for a "special benefit" conferred on an assessed parcel, and (2) assessments must be in proportion to, and no greater than, the special benefit conferred on an assessed parcel.

The special benefit and proportionality requirements are described in Section 4, Subdivision (a) of Article XIII D: "*An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel…*"

In addition to its substantive requirements, Article XIII D imposes certain procedural requirements, which include preparing an engineer's report, providing written notice to property owners, providing assessment protest ballots to property owners, holding a public hearing, and tabulating the assessment protest ballots.

1.3 Court Rulings

Since the initial passage of Proposition 218, several court rulings have helped provide context and direction on the practical implementation procedures and requirements for levying assessments. Several of the key concepts from these rulings are summarized below.

1.3.1 GENERAL BENEFIT

Article XIII D requires an agency to separate the general benefits from the special benefits conferred because only special benefits are assessable.

The Court of Appeal in *Golden Hills Neighborhood Assn., Inc. v. City of San Diego* (2011) ("*Golden Hills"*) clarified this concept by stating, "*Separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits*."

The Court of Appeal in *Beutz v. County of Riverside* (2010) ("*Beutz"*) quoted from the Legislative Analyst's Office pamphlet titled "Understanding Proposition 218" which states an agency must, "*estimate the amount of special benefit landowners would receive from the project or service, as well as the amount of 'general benefit.' This step is needed because Proposition 218 allows local government to recoup from assessments only the proportionate share of cost to provide the special benefit.*"

The Court in *Beutz* furthered this idea stating, "*Separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits*."

1.3.2 BENEFIT-BASED NOT COST-BASED

In *Bonander v. Town of Tiburon* (2009) ("*Tiburon"*), the Court of Appeal clarified the idea that assessments must be apportioned based upon benefit rather than cost. The Court stated, "*Proportionate special benefit is the basis upon which a project's total assessable costs are apportioned among parcels within an assessment district.*"

The assessment on a particular property cannot be based on the relative cost of the improvements, but rather the special benefit conferred on such property. The Court in *Tiburon* also stated, "*an assessment represents the entirety of the cost of the improvement or property-related service, less any amount attributable to general benefits (which may not be assessed), allocated to individual properties in proportion to the relative special benefit conferred on the property*."

1.3.3 PUBLIC PROPERTY

Section 4, Subdivision (a) of Article XIII D states, in part, "*Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.*" Historically, there had been differing opinions about whether this requirement that publicly owned property should not be exempt actually meant those properties must be assessed.

The Court of Appeal in *Manteca Unified School District v. Reclamation District No. 17 et al* (2017) *("Manteca")* clarified this issue by stating, *"section 4, subdivision (a) of article XIII D of the California*

Constitution unambiguously conditions any continuing benefit assessment exemption on a showing by clear and convincing evidence of no special benefit."

1.3.4 IMPRECISION

The Court in *Tiburon* acknowledged the difficulty of trying to precisely assign and measure special benefit, stating, "*Any attempt to classify special benefits conferred on particular properties and to assign relative weights to those benefits will necessarily involve some degree of imprecision.*"

The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *"may be a legally justifiable approach to measuring and apportioning special benefits,* [but] *it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning special benefits, however, it must be both defensible and consistently applied*."

2. IMPROVEMENTS

The City seeks to fund the following services and maintenance activities:

- Streetlight Maintenance

The services and maintenance activities listed above are collectively referred to as the "Improvements." A diagram detailing the proposed area in which the Improvements can be found in Section 8 of this report.

2.1 Streetlight Maintenance

The City wishes to fund ongoing maintenance and servicing of streetlights and appurtenant devices, along Division Street and Taintor Road within the City, as well as incidental expenses, associated with frontage improvements for 56 residential units located at the southeast corner of Taintor Road and Division Street.

3. BENEFITS

The Improvements will confer special benefits upon certain parcels within the Annexation. These benefits are summarized in the table below:

Improvement	Benefit(s)
Street Lighting	Improved Safety and Crime Prevention Improved Access and Traffic Circulation

The special benefits to be conferred by the Improvements are detailed below.

3.1 Improved Safety and Crime Prevention

The street lighting improvements will confer safety benefits and help mitigate potential criminal activity within the Annexation. This benefit extends to property, as adequate lighting should decrease vandalism and other property-related crime. The following safety and crime prevention benefits will be provided as a result of the street lighting improvements.

The street lighting improvements will provide enhanced lighting throughout the Annexation, which will ensure that sidewalks, streets and property fronts are more visible during dusk and night time hours. The increased level of visibility, during these darker periods of the day, will reduce opportunities for potential vandalism and other property-related crimes. "Lighting has a positive effect on reducing crime and the positive benefits are similar to those observed for roadway lighting reducing crashes." The creation of a cohesive neighborhood is also accomplished by lighting in that "lighting may send a message that goes beyond visibility as a means for providing a community with crime-reducing benefit." (Review of the Safety Benefits and Other Effects of Roadway Lighting, National Cooperative Highway Research Program, Transportation Research Board of the National Academies, 2009).

The street lighting improvements also provide a measure of safety for pedestrian and vehicular traffic within the Annexation. "Published studies having different methodologies tend to converge on an overall average reported 20% to 30% reduction in night time crash risk from lighting" (National Cooperative Highway Research Program Transportation Research Board of The National Academies, 2009). This is of particular importance in a residential area where pedestrians are likely to be present during night time hours. The same report also states, "… lighting has a positive effect on reducing crime ..." Therefore, the street lighting improvements will confer safety benefits to property within the Annexation.

3.2 Improved Access and Traffic Circulation

The street lighting improvements also provide improved accessibility and traffic circulation benefits to the Annexation parcels where the access route to the property utilizes street lighting. The maximum usefulness of a parcel cannot be fully realized unless it is accessible. Thus, improving the accessibility of a parcel especially during night time hours, through proper street lighting, can improve the overall utilization of the parcel. The street lighting improvements will also improve the overall accessibility for emergency response vehicles. The efficient and timely response to emergencies is a critical component to the effectiveness of emergency response. It is reasonable to conclude that improving street lighting will improve accessibility

and emergency response efficiency, especially during the night time hours for parcels within the Annexation.

The street lighting improvements will also provide improved traffic circulation benefits by facilitating a more efficient and safer flow of traffic to and from properties within the Annexation between the dusk and dawn hours. This increased traffic circulation benefit is due to the fact that well-maintained and reliable lighting artificially extends the “lighted” hours, which increases the amount of time for activity to occur. It is a well-accepted fact that pedestrian and traffic safety is considerably reduced in the hours of darkness. Various studies have concluded that good quality street lighting reduces the accident rate by increasing the overall visibility, as vehicle headlights are inadequate for high speed traffic. “Driving outside of daylight hours is more dangerous – only a quarter of all travel by car drivers is between the hours of 7pm and 8am, yet this period accounts for 40% of fatal and serious injuries in the same group.” (Night-time accidents: a scoping study, UCL, London, 2009). Therefore, the street lighting improvements will confer traffic circulation benefits to property within the Annexation.

4. SPECIAL BENEFIT DISTRIBUTION

Once special benefits are identified, they must be assigned based on the estimated proportionate special benefit derived by each parcel. This section describes the assignment of special benefit to each parcel.

4.1 Building Factor

It is believed parcels of the same use will experience different degrees of special benefit in relation to differences in their building size. For example, a parcel with a large building will experience greater special benefit than a parcel with a small building. Accordingly, as building size increases, parcels are considered to receive proportionately greater special benefit. Therefore, these parcel characteristics are deemed appropriate factors for determining proportional special benefit.

The parcels within the Annexation are proposed to be condominiums of similar size and use, consequently it is expected the parcels will experience a similar degree of special benefit from the Improvements. Therefore, the building factor for each parcel is 1.00.

4.2 Land Use Type

In addition to building size, a parcel's land use type will also affect the special benefits received. Following the assignment of each planned parcel building factor, Land Use Benefit Points were assigned. These benefit points correspond to the special benefits described in the Benefits section of this report.

Each parcel within the proposed Annexation boundary is assigned a land use type for purposes of determining the special benefits received. Below is a description of the land use type category to be assessed within the Annexation.

Condominium Property consists of parcels that are duplexes, triplexes, fourplexes, and condominiums used exclusively for residential purposes.

4.2.1 APPORTIONING SAFETY AND CRIME PREVENTION BENEFIT

For the most part, Safety and Crime Prevention benefits are universal benefits for all parcels within the Annexation. The overall appeal and safety of an area is enhanced when street lighting improvements are in place and kept in a satisfactory condition. Conversely, appeal and safety decreases when street lighting is not operational or provides inconsistent illumination. Therefore, each parcel is assigned 1.00 benefit point for Safety and Crime Prevention.

4.2.2 APPORTIONING ACCESS AND TRAFFIC CIRCULATION BENEFIT

Generally, Access and Traffic Circulation benefits are universal benefits for all parcels within the Annexation. The improved accessibility and traffic circulation benefits to the Annexation parcels maximizes the overall usefulness of the parcel. Therefore, each parcel is assigned 1.00 benefit point for Access and Circulation.

4.2.3 LAND USE BENEFIT POINTS

The table below summaries the Land Use Benefit Points assigned to each parcel within the Annexation:

Land Use Type	Safety and Crime Prevention	Access and Traffic Circulation	Total Land Use Benefit Points
Condominium	1	1	2

4.3 Total Special Benefit Points

The calculation of Total Special Benefit Points for each parcel takes into account each component analyzed and described above, parcel characteristics and land use. The formula for determining each parcel's Total Benefit Points is as follows:

Building Factor	X	Land Use Benefit Points	=	Total Special Benefit Points

The Total Special Benefit Points are computed for each parcel in the Annexation and summed. The Total Annexation Special Benefit Points are 112. These Total Annexation Special Benefit Points are used to determine the proposed assessment amounts on each parcel.

Below is a sample Total Special Benefit Points calculation for a typical parcel in the Annexation:

Building Factor		Land Use Benefit Points		Total Special Benefit Points
1.00	X	2.00	=	2.00

5. SEPARATION AND QUANTIFICATION OF GENERAL BENEFITS

As described in the Introduction, only special benefits are assessable and in order to assess only special benefits, the general benefits resulting from the Improvements must be separated and quantified. This section describes the process used to separate and quantify the general benefits.

5.1 Summary

As detailed below, it is estimated the Improvements will confer an Effective General Benefit of 26.00%.

5.2 General Benefits Identified

Section 4 of Article XIIID of the California Constitution provides that once a local agency which proposes to impose assessments on property has identified those parcels that will have special benefits conferred upon them and upon which an assessment will be imposed, the local agency must next "separate the general benefits from the special benefits conferred," and only the special benefits can be included in the amount of the assessments imposed.

General benefit is an overall and similar benefit to the public at large resulting from the maintenance of the Improvements provided by the assessments levied. The Improvements to be maintained by the Annexation are located within the Annexation boundaries only. There will be no Annexation maintenance activities provided for Improvements located outside of the Annexation boundaries.

The ongoing maintenance of the Improvements will provide safety and crime prevention and access and traffic circulation benefits to the property within the Annexation. However, it is recognized that the ongoing maintenance activities will also provide a level of benefit to some property within proximity to the Annexation, as well as individuals passing through. Therefore, the general benefit created as a result of the Annexation maintenance activities has been considered.

5.3 General Benefit Analysis

As a result of the maintenance and operation of the Improvements, there will be a level of general benefit to people that do not work or intend to conduct business within the Annexation. In order for property within the Annexation to be assessed only for that portion of special benefits received from the Annexation's maintenance activities, general benefits provided by the ongoing maintenance of the improvements needs to be quantified. The amount of general benefit that is provided from the Annexation's maintenance activities cannot be funded via property owners' assessments.

5.3.1 GENERAL BENEFIT: PASS THROUGH TRAFFIC LOCAL STREETS

For purposes of determining general benefits, all streets within the Annexation other than Division Street are considered local streets by the City. Local streets are intended to serve individual neighborhoods and not to be pass-through streets, but cul-de-sacs or loop roads to reduce pass through traffic. From a visual inspection of the layout of the Annexation one must conclude that the purpose of the local streets is exclusively intended for the benefit of the parcels on such streets. There are no local streets that provide a direct or efficient

means of traveling from one place to another such that one could reasonably expect a driver to purposefully choose the local streets as the best route for travel unless necessary because the route either began or ended with a parcel in the Annexation. Given the localized nature of traffic, one could imagine a small degree of "residential tourism" wherein drivers are in fact simply "passing through" to enjoy the views of the homes, the natural surroundings or perhaps lost on their way to their intended destination. As such, approximately 1.00% general benefit is attributable to vehicles passing through the Annexation via the local streets.

Pass-through Traffic Local Streets General Benefit	1.00%

5.3.2 GENERAL BENEFIT: PASS THROUGH TRAFFIC ARTERIAL ROAD

Division Street, however, is classified by the City of Palmdale as a major arterial road, ultimately consisting of 6 lanes and a bike lane, continue in both directions to major access routes. There is a general benefit component associated with street lighting along arterial/collector streets roughly equal to the percentage of pass-through trips using those streets (typically 15-25% based on the amount of traffic volume placed on each type of roadway). Said pass-through traffic, whether vehicular, bicycle or pedestrian will also enjoy the Improvements as they travel through the well-lit area of the Annexation along Division Drive. As such approximately 25.00% general benefit is attributable to vehicles passing through the Annexation via Division Drive.

Pass-through Traffic Arterial Road General Benefit	25.00%

5.3.3 TOTAL GENERAL BENEFIT

Since the Annexation is comprised of safety and crime prevention and improved access and traffic circulation benefits resulting from the Improvements, the activity of vehicles, pedestrians and bicycles passing through the Annexation must be addressed in a collective form rather than independently. This general benefit result is provided in the table below:

Pass-through Traffic Local Streets General Benefit	25.00%
Pass-through Traffic Arterial Road General Benefit	1.00%
Total General Benefit	**26.00%**

6. BUDGET

The following table summarizes the estimated annual costs to fund the Improvements for Fiscal Year 2022/23:

Description	Amount
Maintenance	
Direct Labor/Material Costs	$1,408.00
Streetlight Maintenance/Utility Costs	$2,057.00
Administration	
Engineer/Consultant Costs	1,000.00
Total Cost of Improvements	**$4,465.00**

6.1 Maximum Balance to Be Assessed

The total maximum amount to be assessed upon the specially benefitting parcels is the total cost of the Improvements, as detailed above, less the portion of Maintenance costs attributable to General Benefit as detailed in the Separation and Quantification of General Benefits section.

The calculation of the balance to be assessed is shown below:

Description	Amount
Total Cost of Improvements	$4,465.00
Less Maintenance General Benefit Portion (26.00%)	(1,160.90)
Rounding	(.10)
Total Cost of Improvements to Be Assessed	**$3,304.00**

6.2 Maximum Assessment Rate per Special Benefit Point

The Maximum Assessment Rate per Special Benefit Point is determined by dividing the Total Cost of Improvements to Be Assessed by the sum of the Total Annexation Special Benefit Points noted in Section 5.

The calculation of the Maximum Assessment Rate per Special Benefit Point is shown below:

Description	Amount
Balance to Be Assessed	$3,304.00
Total Annexation Special Benefit Points	112.00
Maximum Assessment Rate per Special Benefit Point[(1)]	**$29.50**

(1) Beginning July 1, 2023 the maximum assessment per Special Benefit Point will be increased by the change in the February to February Consumer Price Index for all Urban Consumers, for the Los Angeles-Long Beach-Anaheim CA region compared year over year not to exceed 3% annually.

The Maximum Assessment Rate per Special Benefit Point is multiplied by each parcel's Total Special Benefit Points to determine a maximum assessment amount per parcel. Below is a sample total maximum assessment calculation for a typical parcel in the Annexation:

Maximum Assessment Rate per Special Benefit Point		Total Special Benefit Points		Total Maximum Assessment Amount Per Parcel
$29.50	X	2.00	=	$59.00

6.3 Annual Maximum Assessment Rate Increases

Each parcel's actual assessment is determined by multiplying the assessment rate by the parcels total specific benefit points. If the total Annexation special benefit points change in future years, the allowable annual Maximum Assessment Rate will not be recalculated. The allowable annual Maximum Assessment Rate per special benefit point, plus the annual cost of living inflator, will remain fixed. The actual annual assessment rate will be calculated by dividing the fiscal year's net cost estimate to be assessed by the fiscal year's total special benefit points, not to exceed the allowable annual Maximum Assessment Rate for that fiscal year. The Maximum Assessment Rate per special benefit point is escalated each year on July 1 by the annual change in the February to February Consumer Price Index for all Urban Consumers, for the Los Angeles-Long Beach-Anaheim CA region not to exceed 3% annually, beginning July 1, 2023.

In any given year, the assessments may be levied at any rate sufficient to meet the estimated budget, as long as the actual assessment rate does not exceed the Maximum Assessment Rate for that fiscal year.

6.4 Future Changes to Parcel Characteristics

Future changes to parcel characteristics (building, frontage, and land use) will cause changes in the total assessment revenue. The assessment revenue for any given year will be the product of the Annexation's parcel characteristics and the budget in effect for such fiscal year. Development within the Annexation that increases the overall building square footage, for example, will lead to increased assessment revenue, even if the assessment rate is not increased.

6.5 Data for Annual Assessment Calculations

Each year, as part of the assessment calculation procedures, the City or its designated consultant shall determine the land use type for each parcel based on the County Assessor's use code or other supplementary information made available and deemed reliable. The parcel characteristics of building square footage shall similarly be based on the County Assessor's secured rolled data for the applicable year and may be supplemented with other reliable data sources.

Assessment amounts may change over time in accordance with changes to parcel characteristics including land use type and building square footage.

6.6 Appeals

If any property owner believes the data used to calculate the assessment is inaccurate for any reason, the property owner shall submit, in writing, a request for review to the City. The property owner shall provide documentation needed to support the request for review. The City or its designated consultant shall

review the request and provide a response to the property owner. The property owner must be current in the payment of all assessments when filing the request for review and must remain current during the review process. The property owner should continue to pay any regular property taxes due according to the County's due dates.

If the review conducted by the City or its designated consultant results in changes to any parcel characteristics used to compute the assessment, the City or its designated consultant shall recalculate the assessment. When recalculating the assessment, the assessment rates actually applied in such fiscal year shall be used. Only the assessment for the parcel or parcels subject to review shall be recalculated.

If the recalculated assessment is less than the amount submitted to the County on the secured property tax roll, the difference shall be credited back to the property owner. This credit shall be limited to the current fiscal year and the prior fiscal year, if applicable. The "fiscal year" shall follow the County's fiscal year for property taxes, from July 1 to June 30. The applicable fiscal year shall be determined by the date the request for review is submitted to the City.

> *For example, if a request for review is submitted to the City during Fiscal Year 2023/24, the Fiscal Year 2023/24 and 2022/23 assessments will be reviewed. The property owner credit shall be limited to any difference calculated for Fiscal Year 2023/24 (the current fiscal year) and Fiscal Year 2022/23 (the prior fiscal year).*

The credit may be provided in the form of a check to the property owner, an adjustment to the current year's property tax roll (if possible), or a credit to the succeeding year's assessment thereby reducing the amount placed on the secured property tax roll for such year.

If the recalculated assessment is greater than the amount submitted to the County on the secured property tax roll, the City or its designated consultant shall apply the recalculated assessment to the succeeding year's property tax roll and no adjustments shall be made to the prior or current fiscal years' assessments.

In any dispute over parcel characteristic data used to compute assessments, the City shall make a conclusive determination and its decision shall be final.

6.7 Method of Collection

The assessments will be collected annually on the County's secured property tax roll. The assessments will be subject to the County's assigned due dates and late penalties. However, the City may choose to collect the assessments in an alternate manner (including directly billing the property owner) as may be deemed appropriate or necessary by the City.

7. ENGINEER'S STATEMENT

The City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2019-186 assessments described in this Report have been prepared pursuant to Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act (Division 2 of the California Government Code §53739 et seq.), and the Landscaping and Lighting Act of 1972 (Division 15 of the California Streets and Highways Code §22500 et seq.) collectively, the "Assessment Law".

1. I have identified all parcels that will have a special benefit conferred upon them by the Improvements described in Section 2 of this Report (the "Specially Benefited Parcels").
    a. For particulars as to the identification of these parcels, reference is made to the Assessment Diagram, a copy of which is included in Section 8 of this Report.
2. I have assessed the estimated costs and expenses of the Improvements upon the Specially Benefited Parcels. In making such assessment:
    a. The proportionate special benefit derived from the Improvements by each Specially Benefited Parcel was determined in relationship to the entirety of the cost of the Improvements;
    b. No assessment has been imposed on any Specially Benefited Parcel which exceeds the reasonable cost of the proportional special benefit conferred on such parcel by the Improvements; and
    c. The general benefits have been separated from the special benefits and only special benefits have been assessed.

I, the undersigned, respectfully submit this Annexation and Annual Levy Report and, to the best of my knowledge, information and belief, this Report, the assessments, and the Assessment Diagram herein have been prepared and computed in accordance with the Assessment Law.

By: John G Egan

John G. Egan
Assessment Engineer
R.C.E. 14853
8/4/21

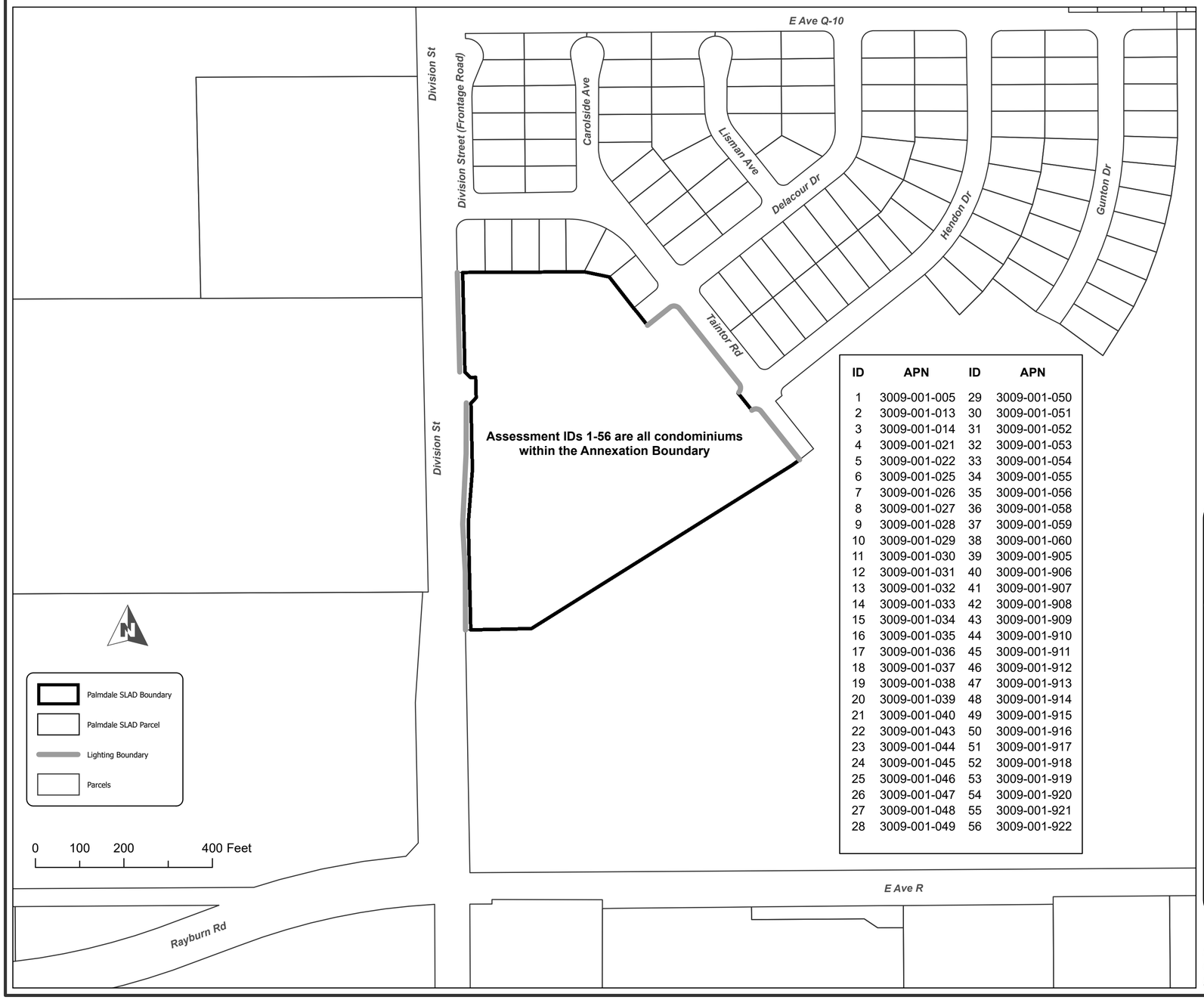


8. ASSESSMENT DIAGRAM

The following pages contain the assessment diagram for the Annexation.

ASSESSMENT DIAGRAM
STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, ANNEXATION 2019-186

CITY OF PALMDALE
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA



ID	APN	ID	APN
1	3009-001-005	29	3009-001-050
2	3009-001-013	30	3009-001-051
3	3009-001-014	31	3009-001-052
4	3009-001-021	32	3009-001-053
5	3009-001-022	33	3009-001-054
6	3009-001-025	34	3009-001-055
7	3009-001-026	35	3009-001-056
8	3009-001-027	36	3009-001-058
9	3009-001-028	37	3009-001-059
10	3009-001-029	38	3009-001-060
11	3009-001-030	39	3009-001-905
12	3009-001-031	40	3009-001-906
13	3009-001-032	41	3009-001-907
14	3009-001-033	42	3009-001-908
15	3009-001-034	43	3009-001-909
16	3009-001-035	44	3009-001-910
17	3009-001-036	45	3009-001-911
18	3009-001-037	46	3009-001-912
19	3009-001-038	47	3009-001-913
20	3009-001-039	48	3009-001-914
21	3009-001-040	49	3009-001-915
22	3009-001-043	50	3009-001-916
23	3009-001-044	51	3009-001-917
24	3009-001-045	52	3009-001-918
25	3009-001-046	53	3009-001-919
26	3009-001-047	54	3009-001-920
27	3009-001-048	55	3009-001-921
28	3009-001-049	56	3009-001-922

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS ____ DAY OF _____, 2021.

_____
CITY CLERK
CITY OF PALMDALE
COUNTY OF LOS ANGELES

RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE CITY OF PALMDALE ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE ____ DAY OF _____, 2021.

_____
SUPERINTENDENT OF STREETS
CITY OF PALMDALE
COUNTY OF LOS ANGELES

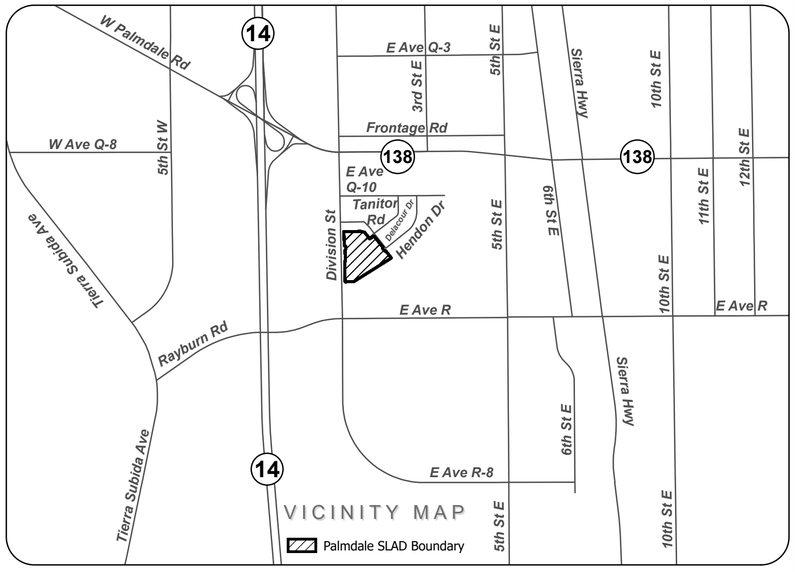
AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF PALMDALE ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE ____ DAY OF _____, 2021; THE ASSESSMENT DIAGRAM AND ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THAT CITY ON THE ____ DAY OF _____, 20__. REFERENCE IS MADE TO THE ASSESSMENT ROLL RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM.

_____
CITY CLERK
CITY OF PALMDALE
COUNTY OF LOS ANGELES

FILED THIS ____ DAY OF _____, 20__, AT THE HOUR OF __ O'CLOCK _M, IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

_____
COUNTY RECORDER
COUNTY OF LOS ANGELES

FOR PARTICULARS OF THE LINES AND DIMENSIONS OF ASSESSOR PARCELS, REFERENCE IS MADE TO THE MAPS OF THE ASSESSOR, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.



Source: Los Angeles County GIS
Geographic Coordinate Reference: GCS North American 1983
Projection: NAD 1983 StatePlane California V FIPS 0405 Feet

NBS

9. ASSESSMENT ROLL

The following pages contain the proposed 2022/23 assessment roll for the Annexation.

City of Palmdale

Streetlight Maintenance Assessment District No. 1, Annexation 2019-186

Fiscal Year 2022/23 Proposed Maximum Assessment

Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
3009-001-005	$59.00
3009-001-013	59.00
3009-001-014	59.00
3009-001-021	59.00
3009-001-022	59.00
3009-001-025	59.00
3009-001-026	59.00
3009-001-027	59.00
3009-001-028	59.00
3009-001-029	59.00
3009-001-030	59.00
3009-001-031	59.00
3009-001-032	59.00
3009-001-033	59.00
3009-001-034	59.00
3009-001-035	59.00
3009-001-036	59.00
3009-001-037	59.00
3009-001-038	59.00
3009-001-039	59.00
3009-001-040	59.00
3009-001-043	59.00
3009-001-044	59.00
3009-001-045	59.00
3009-001-046	59.00
3009-001-047	59.00
3009-001-048	59.00
3009-001-049	59.00
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3009-001-053	59.00
3009-001-054	59.00
3009-001-055	59.00
3009-001-056	59.00
3009-001-058	59.00
3009-001-059	59.00
3009-001-060	59.00
3009-001-905	59.00
3009-001-906	59.00
3009-001-907	59.00
3009-001-908	59.00

City of Palmdale

Streetlight Maintenance Assessment District No. 1, Annexation 2019-186

Fiscal Year 2022/23 Proposed Maximum Assessment

Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
3009-001-909	59.00
3009-001-910	59.00
3009-001-911	59.00
3009-001-912	59.00
3009-001-913	59.00
3009-001-914	59.00
3009-001-915	59.00
3009-001-916	59.00
3009-001-917	59.00
3009-001-918	59.00
3009-001-919	59.00
3009-001-920	59.00
3009-001-921	59.00
3009-001-922	59.00
56 Parcels	**$3,304.00**

10. REFERENCES

Beutz v. County of Riverside, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)

Bonander v. Town of Tiburon, 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)

Coder, Kim D. "Identified Benefits of Community Trees and Forests." *University of Georgia Cooperative Extension Service - Forest Resources Publication*, October 1996.

Golden Hill Neighborhood Assn. v. City of San Diego CA4/1, D062203 (Cal. Ct. App. 2013)

Kearney, Anne R. "Residential Development Patterns and Neighborhood Satisfaction: Impacts of Density and Nearby Nature." *Environment and Behavior*, 38, 112-139, 2006.

Manteca Unified School District v. Reclamation District No. 17 et al, C077906 (Cal. Ct. App. 2017)

City Council Staff Report

DATE: **SEPTEMER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **2**

SUBJECT: **AWARD CONSTRUCTION CONTRACT WITH MLC CONSTRUCTORS, INC. FOR PROJECT NO. 712, MAINTENANCE YARD IMPROVEMENTS, IN THE AMOUNT OF $1,449,900**

ISSUE

Award construction contract with MLC Constructors, Inc. for Project No. 712, Maintenance Yard Improvements, in the amount of $1,449,900.

RECOMMENDATION

Staff recommends that the City Council:

1. Award construction contract with MLC Constructors, Inc. for Project No. 712, Maintenance Yard Improvements, in the amount of $1,449,900; and
2. Authorize the City Manager or his designee to execute the Agreement No. A-7635 with MLC Constructors, Inc., including minimal and/or non-substantive changes.

BACKGROUND

In 2015, the City of Palmdale authorized the design and construction of a new vehicle wash station at the City Maintenance Yard under Capital Improvement Project No. 712. The new wash station will replace the existing uncovered, concrete wash racks that are problematic in operation and was originally designed as a masonry structure. Due to the increased cost of masonry and to reduce project cost, the wash station was re-designed as a pre-manufactured metal building, capable of housing the longest vehicle in the City's fleet for end-to-end and top-to-bottom cleaning.

In addition to the revision to the building material, the scope of work also expanded to include installation of a pre-manufactured metal fuel-island canopy to cover the existing fuel pumps, relocation of an existing clarifier, installation of a fuel flowmeter station and overflow manhole and the replacement of ±28,000-sf of existing deteriorated asphalt and concrete pavements and a surface drainage system.

In March 2021, at the conclusion of design, the Engineer and Architect estimated a construction cost of $895,140. In June 2021, at the time of bid release, the Engineer and Architect revised their estimate of construction cost to $1,024,519, to account for current market conditions and the competitive bidding environment. The total estimated construction cost, including estimated contingency, labor compliance and City administration and testing is shown in the table below.

Item	Original Estimated Costs
Construction Cost	$1,024,519
Contingency (10%)	$102,452
Labor Compliance	$45,000
City Administration & Testing	$100,000
TOTAL	**$1,271,971**

DISCUSSION

A pre-bid meeting was held on July 8, 2021, with ten (10) potential bidders attending. Two (2) bids for this project were received on July 29, 2021, and are summarized below:

Bidder	Location	Amount
1. MLC Constructors, Inc.	Corona, CA	$1,449,900
2. Metro Builders & engineers Group, Ltd.	Newport Beach, CA	$1,868,747

The apparent low bid is $1,449,900, which is $322,929 higher than the estimated construction cost plus contingency. This discrepancy can be attributed to inflation in material prices, specifically the cost of steel, as well as the undersupply of construction materials and deficiency in the labor force available to complete construction projects in the region. Staff has reviewed the bids received and determined that they are competitive relative to the current market. Selecting the current lowest bid for the construction of the Maintenance Yard Improvements still represents the best interest for the City.

On August 16, 2021, the second lowest bidder, Metro Builders & Engineers Group, Ltd., submitted a bid protest requesting the City of Palmdale deem the bid from MLC Constructors, Inc., nonresponsive. Staff provided MLC Constructors, Inc. the opportunity to respond to the claims made by Metro Builders & Engineers Group, Ltd. A written response from MLC Constructors, Inc. was received on August 18, 2021. Staff has evaluated both the bid protest and written response; a summary of the findings is provided below:

Claim #1: References provided by apparent low bidder, MLC Constructors, Inc., are less than the $750,000 minimum requested in the Bid Documents.

Resolution #1: Immaterial to Bid. References provided by apparent low bidder, MLC Constructors, Inc., even though less than $750,000, are still relevant in determining the

experience and qualifications of the bidder and confirming if the bidder can perform the work in question.

Claim #2: References provided by apparent low bidder, MLC Constructors, Inc., specify construction dates prior to the contractor's license issued date.

Resolution #2: Immaterial to Bid. MLC Constructors, Inc. was incorporated in September of 2020, but the references were provided by its predecessor company, which was managed by the same principal and personnel, and are still relevant in determining the experience and qualifications of the bidder and confirming if the bidder can perform the work in question.

Staff has evaluated all references and determined that MLC Constructors, Inc. has satisfied the requirements listed in the Invitation to Bidders and can perform the work in question. Staff recommends that the City Council award Project No. 712, Maintenance Yard Improvements, to MLC Constructors, Inc. in the amount of $1,449,900.

FISCAL IMPACT

The total project budget is $1,739,890.00, which includes additional costs of $289,000 for contingency, labor compliance and City Administration and testing. The Maintenance Yard Improvements will be funded through Sewer Maintenance Funds, Account No. U0005254-724525 which has a current balance of $2.4 million. Fiscal impact and remaining account balance can be seen in the following table:

Item	Budget	Anticipated Expenditures	Difference
Wash Station & Site Work	$2,400,000		
Construction		$1,449,900	
Contingency (10%)		$144,900	
Labor Compliance		$45,000	
City Administration & Testing		$100,000	
Total	**$2,400,000**	**$1,739,890**	**$660,110**

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Chuck Heffernan, Public Works Director
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1, 3**

SUBJECT: **AWARD CONSTRUCTION CONTRACT WITH INTERIOR DEMOLITION, INC. FOR PROJECT NO. 832, AVENUE R ABATEMENT AND DEMOLITION OF TWO COMMERCIAL BUILDINGS IN THE AMOUNT OF $96,607**

ISSUE

Award construction contract with Interior Demolition, Inc. for Project No. 832, Avenue R abatement and demolition of two commercial buildings in the amount of $96,607.

RECOMMENDATION

Staff recommends that the City Council:

1. Award construction contract with Interior Demolition, Inc. for Project No. 832, Avenue R abatement and demolition of two commercial buildings in the amount of $96,607; and

2. Authorize the City Manager or his designee to execute Agreement No. A-7641 with Interior Demolition, Inc., including minimal and/or non-substantive changes.

BACKGROUND

The Avenue R Complete Streets Project provides for a complete street concept that will accommodate pedestrian, bicycle, vehicle, and bus transportation modes on Avenue R between Sierra Highway and 25th Street East. As part of this project there are a total of 8 residences and/or commercial sites that need to be removed due to conflict with the proposed street improvements. Project No. 832 is the second phase of this project and provides asbestos and lead based paint abatement, demolishing of buildings, and clearing of the properties; located at 840 East Avenue R and 905 East Avenue R.

DISCUSSION

Two bids for this project were received on July 27, 2021, and are summarized below:

Bidder	Location	Amount
1. Interior Demolition, Inc.	Montrose, CA	$96,607
2. Sukut Construction, LLC	Santa Ana, CA	$250,500

References have been checked and staff recommends that the City Council award Project No. 832, to Interior Demolition, Inc. in the amount of $96,607.

FISCAL IMPACT

This phase of the Avenue R Complete Streets project will be funded through Measure M funds, Account No. S0058209-724525-3039. The account has a current balance of $2.4 million and the fiscal impact can be seen in the following table:

Item	Budget	Anticipated Expenditures	Difference
.Abatement & Demo Phase II	$ 150,000		
Construction		$96,607	
Contingency (10%)		$10,000	
Labor Compliance		$2,000	
City Administration & Testing		$10,000	
Total	**$150,000**	**$118,607**	**$ 31,393**

STRATEGIC PLAN

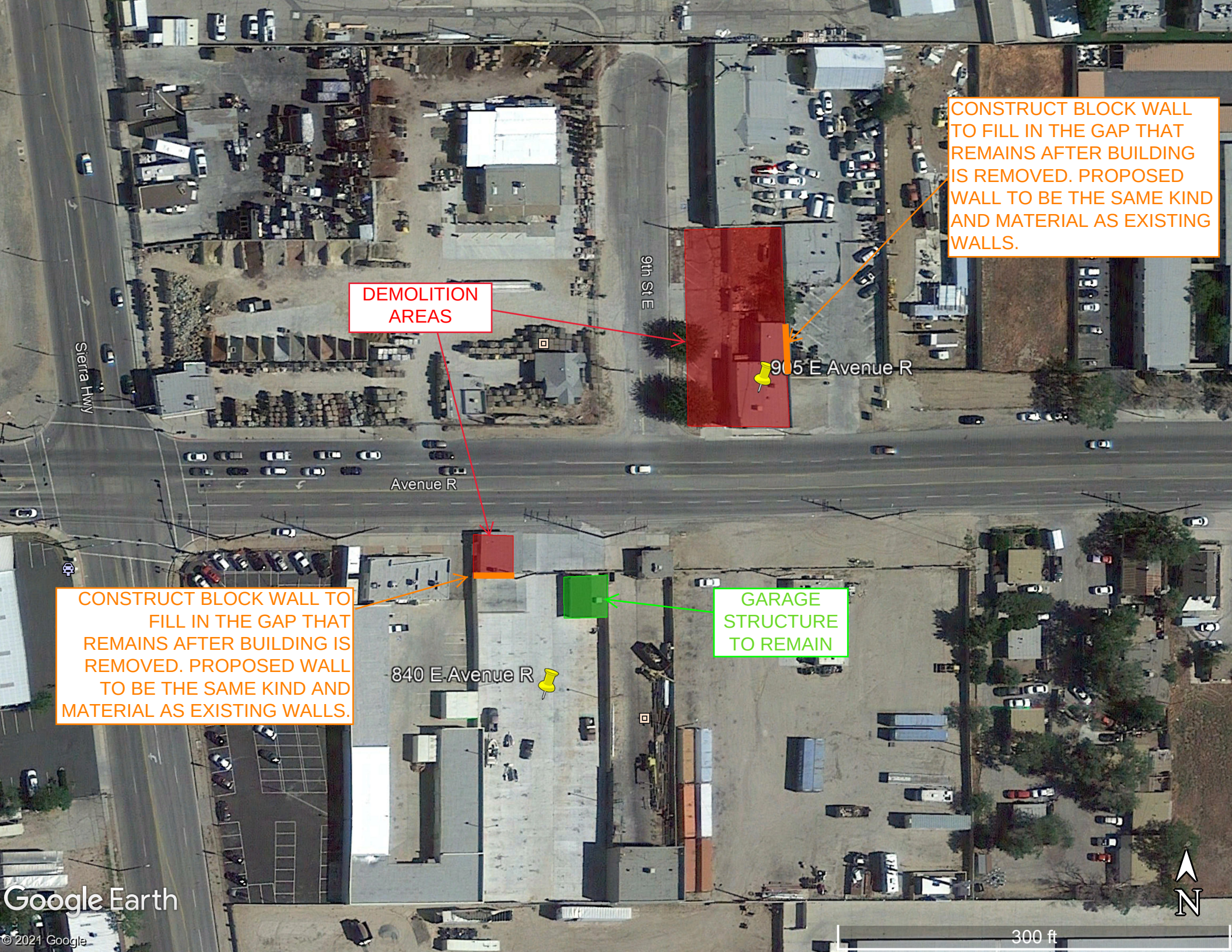
Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone

Prepared by: Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds: Keith Kang, Finance Manager
Approved by: J.J. Murphy, ICMA-CM, City Manager
Approved as to form: Christopher Beck, City Attorney

Attachment:

PN 832 Demo Exhibit


CONSTRUCT BLOCK WALL TO FILL IN THE GAP THAT REMAINS AFTER BUILDING IS REMOVED. PROPOSED WALL TO BE THE SAME KIND AND MATERIAL AS EXISTING WALLS.
DEMOLITION AREAS
9th St E
905 E Avenue R
Sierra Hwy
Avenue R
CONSTRUCT BLOCK WALL TO FILL IN THE GAP THAT REMAINS AFTER BUILDING IS REMOVED. PROPOSED WALL TO BE THE SAME KIND AND MATERIAL AS EXISTING WALLS.
GARAGE STRUCTURE TO REMAIN
840 E Avenue R
Google Earth
© 2021 Google
N
300 ft

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **II**

SUBJECT: **APPROVE AMENDMENT NO. 2 TO AGREEMENT WITH AECOM TECHNICAL SERVICES, INC. FOR ADDITIONAL LANDSCAPE ARCHITECURAL DESIGN, APPRAISAL, AND ACQUISTION SERVICES FOR PROJECT NUMBER 669, 10TH STREET WEST WIDENING/SR 14 INTERCHANGE PROJECT IN THE AMOUNT OF $529,238.**

ISSUE

Approve Amendment No. 2 to Agreement No. A-5038 with AECOM Technical Services, Inc. (AECOM) to provide additional landscape architectural design, appraisal, and acquisition services for the final design services for Project Number 669 10th Street West Widening/SR 14 Interchange Project, in the amount of $529,238.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Amendment No. 2 to Agreement No. A-5038 with AECOM Technical Services, Inc. for PN 669 10th Street West Widening/SR 14 Interchange Project, in the amount of 529,238.

2. Authorize the City Manager or his designee to execute Amendment No. 2 to Agreement No. A-5038 with AECOM, including minimal and/or non-substantive changes.

BACKGROUND

On April 1, 2015, the City Council approved Agreement No. A-5038 with AECOM in the amount of $2,494,804 to provide environmental and final engineering services for the 10th Street West Widening/SR-14 Interchange Project.

On February 4, 2020, the City Council approved Amendment No. 1 to Agreement No. A-5038 in the amount of $279,498.09, for additional engineering services for the 10th Street West Widening/SR-14 Interchange Project.

Amendment No. 2 includes additional landscape architectural services to prepare landscaping and irrigation plans for replacement of landscaping and irrigation systems on private properties (retail stores) that are impacted by 10th Street West widening and work associated with relocation of 8 Joshua trees within the project limits as required per Palmdale Municipal Code Chapter 14.04 (Joshua Tree and Native Desert Vegetation Preservation); Right of Way Acquisition services to prepare appraisal reports for 22 parcels, acquisition services, escrow coordination and utility coordination required for the project; and additional roadway design services that were not included in the original scope of agreement. The additional Scope of Services include:

Landscape Architectural Services

Joshua Tree Permit /Relocation Plan:
Per Palmdale Municipal Code Chapter 14.04, Joshua Tree and Native Desert Vegetation Preservation, will be prepared for relocation of eight (8) existing Joshua trees located in the median of 10th Street West. The Desert Vegetation Report will include the following topics: Location of each existing Joshua Tree with a description of the age and health of each Tree, Proposed relocation site for each of the Joshua trees; and Long-term maintenance plan for the relocated Joshua trees.

Tree and Landscaping Inventory:
AECOM will provide site investigations and an inventory of the trees located within the private and publicly owned areas impacted by the project. The area to be inventoried will include designated landscape restoration areas and an additional 10 feet of area beyond that to help properly restore efficient and functional irrigation systems.

Landscape Restoration Construction Plans and Specifications:
AECOM will prepare Landscape Restoration Construction Documents for the private and retail areas impacted by the project and shown in Attachment A. Construction documents will be prepared as an integrated package across contiguous areas but individual APN lot designations with be shown on the plans.

Project Support and Exhibits:
AECOM will provide support to the right-of-way acquisition team by answering landscape related questions and preparing up to five exhibits to assist in the acquisition of impacted parcels.

Prepare Technical Specifications and Bid Estimate:
AECOM will prepare a construction estimate and bid list for the restoration of the private and retail areas. Costs will also be segregated and tracked for each APN. Construction plans and specifications will be designed and packaged as one set of documents for the entire project. AECOM will prepare construction cost estimates in developing construction bid package.

Project Management:
AECOM will manage and coordinate the landscaping and right-of-way acquisition services work for the duration of the PS&E phase (assumed to be 18 months). This work will entail project controls and reporting functions, team coordination across disciplines, and project management oversight.

Appraisal, Acquisition and Escrow Coordination Services

The project will impact 22 parcels ranging from retail commercial land use, restaurants, service/gas station, and a few vacant parcels. Permanent easements and temporary construction easements will be required. AECOM will utilize Overland, Pacific, and Cutler, LLC (OPC) to provide appraisal, acquisition, escrow coordination services, and utility coordination for the project. OPC will subcontract fee appraisal and appraisal review to complete the necessary valuation assignment. Subconsultant R.P. Laurain and Associates, Inc. will be hired by OPC to appraise the 22 parcels (19 legal larger parcels) and the valuation of up to 6 monument signs to be relocated as part of 10th Street West Widening project. The appraisal services will also include Parcel Mitigation Planning for one parcel (APN 3005-004-077) to help solve/mitigate severance damages for the appraisal valuation problems associated with loss of 3 parking spaces.

Additional Roadway Design
During the plan checking of the improvement plans, several design tasks have been added to the project that were not included in the original scope of work and budget. These tasks are related to the increased staging and traffic handling due to the need to remove and replace pavement along 10th Street that was recently identified, ADA details for additional walkways within private properties (retail store areas) that are needed to join existing features beyond the right of way, and seismic calculations for additional retaining walls that were not identified during the preliminary engineering phase.

DISCUSSION

10th Street West is a major north-south corridor in the City of Palmdale providing access for the retail and business communities near the SR-138 (SR-14) interchange including the Antelope Valley Mall and the Sierra Commons Shopping Area. With the increasingly higher volume of traffic along this corridor and the excessive weaving in such a short distance, congestion occurs on a regular basis along this segment of 10th Street West.

The 10th Street West Widening/SR-14 interchange project will widen 10th St West from 6 lanes to 8 lanes 600’ s/o Rancho Vista Blvd (RVB) to Ave O-4; Additional right turn lanes from 10th West onto NB SR138/14 on ramp and AV Mall Entrance; traffic signal upgrades and modifications at the intersections of 10th St West and RVB, AV Mall Entrance, Destination O-8, and SR 138/14 SB off-ramp; Add NB and SB right turn lanes on 10th St West at RVB; modify existing SR 138/14 on and off-ramps at 10th St West; and other required improvements.

Final design (95% design) is currently underway, and the City is proceeding with the right-of-way acquisition phase of the project. The additional landscape architectural services to prepare landscaping and irrigation plans for replacement of landscaping and irrigation on private properties (retail stores), right of way acquisition services (appraisal, acquisition, escrow coordination services), and additional roadway design were not included or identified in the original scope of work.

FISCAL IMPACT

On March 6, 2013, the Palmdale City Council approved a Memorandum of Understanding (MOU)/Funding Agreement (FA) with the Los Angeles County Metropolitan Transportation Authority (LACMTA), via Palmdale Agreement No. A-4216, authorizing the use of Measure R Equity Grant funds for the project referenced herein. Under the terms and conditions contained in the Funding Agreement, LACMTA has authorized the programming of Measure R Equity Grant funds in the amount of $15,000,000 for environmental clearance, design, and construction. The City of Palmdale is not required to provide an in-kind or cash match under Metro's Measure R Equity Grant program.

During the preliminary engineering design phase of the project, the project total cost was revised to $27.6 million. In 2018, City staff requested additional funds from LACMTA for the project. On July 20, 2020, LACMTA approved an additional $12.6 million in Measure R funds, increasing the total project budget to $27.6 million to fund PS&E, ROW, and Construction phases of the project. This project is funded in Account S0050208, SR 138/10th St West Interchange, with a current available budget of $9.048 million. The following is a summary of the AECOM project.

Item	Amount
Original Contract Amount	$2,494,804.00
Supplemental Agreement No. 1	$279,489.09
Supplemental Agreement No. 2	$529,238.00
New Contract Amount	**$3,303,531.09**

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

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Prepared by:	Chuck Heffernan P.E., Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Agreement No. A-5038, Amendment No. 2

2nd AMENDMENT TO AGREEMENT A-5038 BETWEEN THE CITY OF PALMDALE AND AECOM TECHNICAL SERVICES

This 2nd Amendment to Agreement No. A-5038 (“Agreement”) between the City of Palmdale and AECOM TECHNICAL SERVICES is made and entered into this 7th day of September, 2021 by and between the City of Palmdale (hereinafter called “CITY”) and AECOM TECHNICAL SERVICES (hereinafter called "CONSULTANT").

WHEREAS, the CITY and "CONSULTANT" entered into an agreement to provide: technical and professional services in connection with 10th Street East Widening/SR-14 Interchange Project (Project No. 669)

WHEREAS, "CONSULTANT" represents that "CONSULTANT" has the expertise and is qualified to perform the services described in the Contract, and if required, is duly registered under the laws of the State of California.

WHEREAS, the CITY and "CONSULTANT" entered into an agreement to provide: Additional landscape architectural services to prepare landscaping and irrigation plans for replacement of landscaping and irrigation systems on private properties (retail stores) that are impacted by 10th Street West widening and work associated with relocation of 8 Joshua trees within the project limits as required per Palmdale Municipal Code Chapter14.04 (Joshua Tree and Native Desert Vegetation Preservation).

WHEREAS, the CITY and "CONSULANT" entered into an agreement to provide: Rght of way acquisition services to prepare appraisals for 23 parcels, acquisition services, escrow coordination, and utility coordination required for the 10th Street West Widening/SR-14 Interchange Project.

NOW THEREFORE, the parties agree as follows:

1. The scope of services is hereby amended to include the following:

LANDSCAPE ARCHITECTURAL SERVICES:

Task 1: Joshua Tree Permit/Relocation Plan

Per Municipal City Code Chapter 14.04, Joshua Tree and Native Desert Vegetation Preservation, CONSULTANT shall prepare a Desert Vegetation Report for eight existing Joshua trees located in the median of 10th Street West. The Desert Vegetation Report will include the following topics:

A. Location of each existing Joshua Tree with a description of the age and health of each tree;
B. Proposed relocation site for each of the Joshua trees; and,
C. Long-term maintenance plan for the relocated Joshua trees.CONSULTANT shall retain a subconsultant selected from the City's pre-approved list of consultants to prepare the Desert Vegetation Report. CONSULTANT shall prepare the permit applications for the Joshua tree relocations and support the City in obtaining the permits by attending up to two meetings. CONSULTANT will contact construction

contractors during the design phase to gather cost information for use in preparing cost estimates and to gather construction related information regarding the tree relocations that could be included in the specifications.

The actual removal, storage, and handling of the trees is not included with this scope of work and will be done by a separate contractor hired directly by the City.

Task 2 Tree and Landscaping Inventory

CONSULTANT will provide site investigations and an inventory of the trees located within the private and publicly owned areas impacted by the project. The estimated project impact areas are shown in Attachment A. The area to be inventoried will include designated landscape restoration areas and an additional 10 feet of area beyond that to help properly restore efficient and functional irrigation systems.

CONSULTANT, along with our subconsultant, will conduct site reviews and evaluation of existing trees and landscaping on impacted private and retail landscape areas as shown in Attachment A. The site inventory will include GPS mapping for all landscape areas, a tree location map, tree species identification, tree trunk and canopy size, and visual health assessment of each tree.

CONSULTANT will prepare a report that includes the collected information of the existing trees within project impact areas. Report will also include an assessment cost value for each individual tree.

Task 3. Project Support and Exhibits

Project Planning: CONSULTANT shall provide support to the right-of-way acquisition team by answering landscape related questions and preparing up to five exhibits to assist in the acquisition of impacted parcels. Additional exhibits can be provided under a separate proposal as needed. The level of effort assumed for this task is 10 hours/exhibit and up to 50 hours of project coordination with the design team

Task 4: Landscape and Irrigation Plans

CONSULTANT shall prepare Landscape Restoration Construction Documents for the private and retail areas impacted by the project. Construction documents will be prepared as an integrated package across contiguous areas but individual APN lot designations with be shown on the plans.

Landscape Restoration Construction Plans and Specifications: This scope of work assumes that landscaping and irrigation systems impacted by the project will be replaced with planting and irrigation equipment that is similar to the impacted existing material or irrigation equipment. A high degree of uncertainty currently exists regarding irrigation requirements due to the changing drought conditions. Changes to water usage and irrigation requirements could impact the level of study required for replacement planting and irrigation.

This scope and fee is based on the assumption that existing systems impacted by the project will be replaced with components that are similar to the existing equipment

or planting. Water consumption calculations are included in this scope of work but are limited to one evaluation and do not include the evaluation of an entire irrigation system that is only partially impacted. CONSULTANT can provide a separate scope and fee estimate for evaluation of the existing systems if requested by the City and as the specific conditions are known or assumed.

CONSULTANT will prepare Landscape Restoration Construction Documents for the private and retail areas impacted by the project and shown in Attachment A. Construction documents will be prepared as an integrated package across contiguous areas but individual APN lot designations with be shown on the plans. A separate construction estimate will be developed for each lot. A plan sheet or standalone exhibit for each APN is not included in this scope.

Landscape Plans: CONSULTANT will prepare landscape planting plans for private and retail areas on plan sheets that include the areas noted below. Five plan sheets at 1"=20' are assumed for the layout plan sheets along 10th Street West:
- West side of 10th street south of Rancho Vista Blvd
- East side of 10th Street south of Rancho Vista Blvd
- East side of 10th Street between Rancho Vista Blvd and Sierra Commons
- East side of 10th Street between Sierra Commons and SR-14
- East side of 10th Street between SR-14 and Destination O-8

In addition, up to three detail sheets, a quantity sheet, and legend sheet that shows the various APNs is also included. There are 10 plan sheets included with this sub-task. Relocation plans for the 8 Joshua trees are included in these plan sheets. A 95% and 100% level plan set will be prepared and submitted to the City for review. It is assumed the existing monument signs will be replaced by the parcel owners, but the replaced monument sign locations will be accounted for in the landscaping and irrigation design to the extent practical. It is assumed that the monument sign locations will be established during the PS&E phase and multiple iterations of the sign locations and subsequent landscaping and irrigation revisions are not included with this scope.

Irrigation Plans: CONSULTANT will prepare landscape irrigation plans for the private and retail areas as described for the landscaping plans. The plan sheets for the irrigation improvements are assumed to cover the same areas identified in the Landscape Plan task above. A 95% and 100% level plan set will be prepared and submitted to the City for review. This sub-task also includes collecting information related to the existing irrigation systems and networks.
This will be accomplished by field visits (two site visits assumed), review of as-built plans for the affected parcels, and discussions with maintenance personnel. CONSULTANT's scope is limited to changes due to direct impacts of the project and does not include any other upgrades or changes needed to comply with regulations enacted since a given system's inception. Deliverables: 8 Irrigation Plan and Details Sheets, and 2 water consumption sheets

Task 5: Prepare Technical Specifications and Bid Estimate

CONSULTANT shall prepare a construction estimate and bid list for the restoration of the private and retail areas. Costs will also be segregated and tracked for each APN. Construction plans and specifications will be designed and packaged as one set of

documents for the entire project. CONSULTANT shall prepare construction cost estimates in developing construction bid package.

Task 6: Project Management

CONSULTANT shall manage and coordinate the landscaping and right-of-way acquisition services work for the duration of the ROW phase (assumed to be 18 months). This work will entail project controls and reporting functions, team coordination across disciplines, and project management oversight.

RIGH OF WAY ACQUISITION SERVICES

The project will impact 22 parcels ranging from retail commercial land use, restaurants, service/gas station, and a few vacant parcels. Permanent easements and temporary construction easements will be required.

Scope of Work
R/W Project Management
As the point of contact for all R/W acquisition activities, OPC's Project Manager will:
A. Track and manage all budget-related aspects of the project associated with OPC's Scope of Work.
B. Assist with the development of administrative policies, procedures, and forms necessary to carry out the initial program.
C. Manage ongoing general consultation and project coordination with the Client, City, and other project team members, including one (1) project team meeting.
D. Preparation of tracking reports that monitor the completion of project milestones of the various disciplines involved with the project.
E. Preparation and presentation of a monthly status report based on the agreed-upon guidelines on information to be provided. Confer with client verbally on general status, issues, and progress.
F. Manage staff and associated tasks and oversee subcontracting for, and managing of, any necessary disciplines needed for the Project.

Title Investigation Services
As a part of title investigation, OPC shall:
A. Secure vesting deeds, property profile, and tax map for each property.
B. Secure copies of recorded back-up documents as needed.
C. Share preliminary title information with right of way engineer, surveyor, and real estate appraisers for their use on the project.

Fee Appraisal
OPC will subcontract fee appraisal and appraisal review to complete the necessary valuation assignment. Subconsultant R.P. Laurain and Associates, Inc. will appraise the 19 legal larger parcels. Included is the valuation of up to 6 monument signs.This valuation work will be performed by fixtures and equipment appraisers, Hodges, Lacy & Associates LLC.
A. OPC will mail a notification letter and acquisition policies brochure to the property owner requesting permission to conduct an on-site inspection of the property, advising them of their right to accompany the appraiser at the time of the inspection and requesting information regarding the property appraised which could influence

the appraised value.
B. Appraiser will review title information pertaining to respective ownerships and will review drawings and other pertinent information relative to the parcel.
C. Appraiser will inspect each property personally with the owner (if possible) and document the inspection with photographs for use in the report.
D. Appraiser will inventory all improvements affected by the proposed taking including notes on their manner of disposition (i.e., pay-for and remove vs. move back).
E. Appraiser will perform market research to support the selected appraisal methodologies and will document and confirm comparable sales information.
F. Appraiser will prepare a narrative appraisal report that conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal study and report are intended to serve as an acquisition appraisal and will be prepared in a summary format consistent with the specifications for narrative appraisal reports.
G. OPC will receive and analyze the completed appraisal reports and will reconcile the real estate and fixtures and equipment conclusions, as necessary.

Parcel Mitigation Planning
The following scope of services is included as part of Parcel Mitigation Planning for 1 parcel (APN 3005-004-077) to help solve/mitigate severance damages for appraisal valuation problems associated with a loss of parking:
A. Conduct a meeting with the City of Palmdale to establish contacts for preliminary approval process,
design standards, zoning requirements, and pertinent record documents/permit information.
B. Secure all preliminary design/right of way requirements, available topographic survey, and land net boundary retracement from Project Team in either Microstation or AutoCAD format and develop base files to be used in concept curative design plan preparation. Includes monthly coordination with Project Team to verify preliminary design/right of way requirements are current for up to twelve (12) months.
C. Attendance of pre-appraisal on-site meeting and up to two (2) follow up meetings with Project Team and appraisal staff as necessary to complete conceptual curative design plan.
D. Preparation of conceptual curative design plan depicting proposed project improvements and right of way needs, proposed site/building modifications, drainage design improvements/ elevations/slopes,
parking/building square foot pre/post mitigation summary, parcel lines, topography, and zoning setback requirements.
E. Up to one (1) submittal of conceptual curative design plan to the City and any corresponding jurisdictional/permitting agencies for courtesy review/approval.
F. Preparation of a comprehensive estimate of probable costs identifying administrative, professional services, local agency/County permit and development fees, demolition, construction, and appropriate contingencies for appraisal severance damage valuation/negotiation purposes.
G. Preparation of written summary report and action plan identifying a written summary of assumptions, constraints and conflicts, summary of site/building modifications consistent with the conceptual curative design plan/comprehensive estimate.
H. Provide QA/QC of final work product, submit to client and other Project Team members, and respond to inquiries.

I. Up to two (2) revisions due to design or right of way requirements changes / agency comments during courtesy review.

Acquisition Services – Fee Owner
Following the City's approval of just compensation, OPC will present the City's written purchase offer to the owners and/or owner's representative. Negotiations will involve an interactive, face-to-face discussion with each property owner about subject property; explanation of the project and its impacts to the property; explanation of the valuation process and how the value was concluded; and answer any questions or concerns the owner may have.All assigned OPC agents are licensed with the California Department of Real Estate and trained to utilize a noncoercive, integrative negotiation style to overcome all hurdles in reaching a settlement in the most efficient manner possible. Our agents will negotiate in good faith, with an open mind for creative solutions that would be mutually beneficial to all parties involved. In the event a counter proposal is made, OPC will evaluate its merits and make recommendations if an administrative adjustment or settlement is warranted, based on the facts. OPC consults with the real estate appraiser to provide supplemental research and analysis of property owner presented reports or theories. Supplemental negotiations may also include addressing any objection or question concerning the project the owner has by conferring with the City's Project Manager. Once an agreement is reached, OPC will submit the appropriate executed documents to the City for approval; including letters of recommendation with supporting documentation if an administrative settlement is being recommended.

For acquisition of the land and easements needed from the parcels, OPC will:
A. Establish and maintain complete and current ownership files in a form acceptable to the Client and the City.
B. Receive and analyze title information, approved appraisal reports, and legal descriptions in sufficient detail to negotiate with property owners and other parties.
C. Prepare all offer letters, summary statements, and lists of compensable items of fixtures and equipment, in accordance with state or federal regulations and approval of the Client and City.
D. Present written purchase offers to owners or their representatives in person, when possible. Secure receipt of delivery of offer as practical and present and secure tenant information statements, as applicable.
E. Follow-up and negotiate with each property owner, as necessary; prepare and submit recommended settlement justifications to client for review and approval; review any independent appraisal secured by property owner; and coordinate reimbursement of appraisal fees (up to $5,000) with the Client and the City. Ongoing negotiations and settlement discussions will continue for a period determined by the Client and City after the initial offer (eight weeks is recommended) or if settlement or impasse is reached sooner.
F. Prepare and assemble acquisition contracts, deeds, and related acquisition documents required for the acquisition of necessary property interests.
G. Maintain a diary report of all contacts made with property owners or representatives and a summary of the status of negotiations indicating attitude of owners, problem areas, and other pertinent information. Copies of all applicable written correspondence will be maintained in files.
H. Prepare an impasse letter for any parcel where, after diligent attempts to settle by negotiation, it appears eminent domain will be needed or prudent to acquire the

needed interest.
I. Transmit executed acquisition documents to the property owner and the City. Each transmittal package shall include a fully executed and properly notarized deed(s), fully executed acquisition contract with attachments and a brief settlement memorandum which summarizes the pertinent data relative to the transaction.

Escrow Services
If by Negotiated Settlement: OPC will assist the escrow/title company in the following:
A. Open escrow and coordinate execution of closing instructions providing for title insurance coverage at the settlement amount.
B. Provide escrow officer with fully executed acquisition contract and notarized deed.
C. Work in conjunction with escrow officer to facilitate the clearance of title matters as set forth in the settlement memorandum and escrow instructions
D. Assist escrow to secure full or partial reconveyance and/or subordination instruments from lien holders of record, if needed
E. Review settlement statement for accuracy.
F. Coordinate deposit of acquisition price and estimated closing costs with escrow.
G. After the closing, review the title insurance policy for accuracy.

If Settlement by Eminent Domain: OPC will assist eminent domain counsel with the following:
A. Prepare a letter for the client signature, to eminent domain counsel requesting proceeding to condemnation.
B. Provide eminent domain counsel with available right of way maps and legal descriptions, preliminary title reports and title review documents, and information on how to contact each owner or interest holder.
C. Provide eminent domain counsel with a duplicate copy of the parcel file, together with a copy of the appraisal, offer to purchase, correspondence, acquisition contract, and deed as presented.
D. Convert preliminary title reports to litigation guarantees for eminent domain counsel's use. Title company fees (based on the value of the interest required) are additional.

Utility Coordination
A. OPC will act as the primary point of contact with conflicting utility owners (SCE and Joint Pole tenants).
B. Coordinate and plan with the SCE, Crown Castle Time Warner and their designers as needed to discuss project design, conflicts, relocation alternatives, and resolution to conflicts (Est. 3 utility owners and 32 conflicts for a total of 8 meetings including field and teleconference).
C. Determine liability for the utility conflicts that are impacted.
D. Assist the project team (OPC RW and CONSULTANT) with the acquisition effort as needed for identified needs for utility easements.
E. Issue Notice to Owner using City provided templates (assume 3 conflicting utility owners Est. 5 NTO's).
F. Obtain detailed scopes of work from the utility companies for relocation, estimated start and completion dates and proposed cost to perform and complete work.
G. OPC will work with the design team to update a utility conflict matrix.
H. Prepare Utility Agreements for utility owner who has prior rights and conflict with

the project (Est.3 UA's SCE will require several separate UA's).
I. Guide, oversee and assist CONSULTANT utility coordinator in the coordination efforts of the other utility owners.

ADDITIONAL ROADWAY DESIGN

During the plan checking of the improvement plans, several design tasks have been added to the project that were not included in the original scope of work. These tasks are related to the increased staging and traffic handling due to the need to remove and replace pavement along 10th Street that was recently identified, and for a variety of details needed to join existing features beyond the right of way.

Staging updates and changes associated with pavement removal and replacement:
The original design was based on widening 10th Street West and then providing a grind and overlay pavement overlay of the existing street section. Staging and traffic control for this condition is relatively straightforward and was incorporated into the 65% plan package. During the review of the 65% plans package it was concluded that portions of the existing pavement are heavily worn, and the existing pavement section should be removed and replaced with a full structural section. CONSULTANT will update the staging concept to accommodate full sections of pavement and prepare plans temporary traffic control.

With grind and overlay work, the traffic handling work is performed with temporary closures and a detailed concept is not required. CONSULTANT will develop a new concept to accommodate the pavement removal and replacement and provide at least two open lanes of traffic during each stage. Additional plan sheets will be required and the 65% sheets will be redesigned. The additional work will include the following:

- Develop new staging concept to incorporate two lanes of open traffic in each stage
- Update staging sheets with new concept and details for 95% package (8 sheets)
- Prepare new sheets to incorporate additional details and sub-stages (5 sheets)
- Revise staging concept and details plans within Caltrans limits (4 sheets)

Additional details for private property modifications:
The current scope of work specifies that CONSULTANT will prepare a plan and profile for an existing access walkway at the Verizon store (one location). During the progression of the design, four additional walkways have been discovered that require detailed walkway design in order to perpetuate access to these locations. CONSULTANT will incorporate details for four additional locations into design package. The modified walkways will comply with ADA standards.

Seismic design of standard retaining walls along 10th Street
Four retaining walls are required along 10th Street to minimize the impacts to private property. These walls will be specified as APWA Greenbook standard plan retaining walls, however additional calculations are required to confirm the walls details due to site conditions and site seismicity. CONSULTANT will provide calculations to determine the adequacy of the standard plan walls. This will include structural calculations as well as development of geotechnical criteria that is required for the determination.

2. Item 4 Commencement and Completion of Works is amended to read:
The execution of this Contract by the parties does not constitute an authorization to proceed. The services of "CONSULTANT" shall commence when CITY, acting by its project Manager, has issued an Authorization to Proceed. "CONSULTANT" shall complete all the work described above and submit final deliverables within the milestones detailed in the scope of services above shall be fully completed by March 15, 2023. The final deliverables for the entire project shall be completed by April 15, 2023. "CONSULTANT" shall have no claim for compensation for any services or work, which has not been authorized by CITY's Authorization to Proceed.

3. Item 9.1 Compensation is amended to read:
For all of work and services including the various phases of tasks as described in Exhibit A, Scope of Services, CITY shall pay to "CONSULTANT" an amount not to exceed the sum of Three Million Three Hundred Three Thousand Five Hundred Thirty-One and Nine Hundredths dollars ($3,303,531.09), in accordance with the below breakdown, a Five Hundred Twenty-Three Thousand Two Hundred Thirty-Eight dollars ($529,238) increase.

1. Landscape Architectural Services	$161,100
2. Right of Way Acquisition Services:	$278,638
3. Additional Roadway Design	$ 89,500
TOTAL	$529,238

4. Exhibit B - Fee Schedule shall be amended to read as follows:

See attached Exhibit B-1 for additional fees CONSULTANT.

EXHIBIT -B1
ADDITIONAL FEES

AMENDMENT TASK

LANDSCAPE ARCHITRECTURAL SERVICES		
Josuha Tree Permit/Relocaion Plan	$	14,300.00
Tree and Landscaping Inventory	$	18,000.00
Project Support and Exhibits	$	15,000.00
Landscaping and Irrigation Plans (Retail Areas)	$	80,000.00
Specs and Bid Estimates	$	15,800.00
Project Management	$	18,000.00
Subtotal	$	161,100.00
RIGHT OF WAY ACQUISITION SERVICES		
Project Management	$	32,800.00
Title Investigation/Title Reports	$	10,050.00
Fee Appraisal	$	89,000.00
Parcel Mitigation Planning	$	7,500.00
Acquistion Services (Fee Owner)	$	92,747.00
Escrow Services	$	19,421.00
Utility Coordination	$	25,120.00
Other Direct Costs	$	2,000.00
Subtotal	$	278,638.00
ADDITIONAL ROADWAY DESIGN SERVICES		
Additional Staging and Traffic Handling Plans	$	46,000.00
Additionald ADA Detail Plans	$	27,500.00
Seismic Design of Retaining Walls (Additional Areas)	$	16,000.00
	$	89,500.00
Total Fee for Additional Services	**$**	**529,238.00**

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE:

J.J. Murphy Date
City Manager

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38250 Sierra Highway
Palmdale, Ca 93550

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

AECOM TECHNICAL SERVICES:

09-August-2021

Jeff Chapman, P.E. Date
Vice President

ADDRESS FOR NOTICE:
AECOM TECHNICAL SERVICES
999 Town and Country Road
Orange, CA 92869

ATTEST: If Corporation

Secretary

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **II**

SUBJECT: **APPROVAL OF LETTER OF AUTHORIZATION TO PARTNER WITH THE CITY OF LANCASTER FOR THE RESURFACING OF AVENUE M FROM 3rd STREET EAST TO 4th STREET EAST IN THE AMOUNT OF $185,160.**

ISSUE

Approve Letter of Authorization to partner with the City of Lancaster for the resurfacing of Avenue M from 3rd Street East to 4th Street East in the amount of $185,160.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Letter of Authorization to partner with the City of Lancaster for the resurfacing of Avenue M from 3rd Street East to 4th Street East in the amount of $185,160.

2. Authorize the City Manager or his designee to sign the Letter of Authorization to partner with the City of Lancaster, including minimal and/or non-substantive changes.

BACKGROUND

City of Lancaster's 2021 Summer Pavement Management Program, Public Works Capital Project No. 21-009, includes resurfacing efforts along Avenue M from 3rd Street East to 4th Street East. The scope of work for Lancaster's project includes completion of paving improvements, shoulder backing, utility adjustment, and restriping of this heavily used road section. The paving improvement will include pulverization of the existing roadway section to a depth of 12 inches, removal of the first 5-inches of pulverized asphalt concrete, cement treatment of the remaining material to a depth of 10 inches to create a solid, concrete-mix base, followed by placement of 5-inches of new asphalt concrete material to the final driving surface. The City of Lancaster reached out to the City of Palmdale to provide the opportunity of partnering on this project to provide pavement rehabilitation on the south side of Avenue M, which is within the City's jurisdictional responsibility.

The City is responsible for half-width of the roadway on Avenue M from 3rd Street East to 4th Street East (south side of centerline) and the current Pavement Condition Index

(PCI) for this section is very poor at 7/100. The PCI and field assessments show that a substantial resurfacing treatment is necessary to rehabilitate this section of roadway, and Lancaster's resurfacing project will provide an effective, hardy section to support the heavy, ongoing use. Partnering with the City of Lancaster to construct the same improvements on the south side of Avenue M within City of Palmdale's jurisdiction is prudent in that it will provide a strong and consistent roadway section for both travel directions and help meet the demand for a healthy regional arterial network.

DISCUSSION

The City of Lancaster publicly bid their 2021 Summer Pavement Management Project to include full-width improvement of Avenue M between 3rd Street East and 4th Street East. Sully-Miller Contracting Company was the verified low-bidder and was awarded the construction contract for $336,658.36. City of Palmdale's jurisdiction represents half of the square footage on the south side of the segment and therefore the cost for that portion of work is half of the bid amount plus an additional 10% for contingency, representing a total not to exceed cost of $185,160. The City of Lancaster will provide inspection during construction with some oversight by Palmdale staff. The schedule of work is to be determined but is anticipated to begin in September. It is recommended that a Letter of Authorization, to partner with the City of Lancaster for pavement rehabilitation efforts on Avenue M from 3rd Street East to 4th Street East, in the amount of $185,160, be approved by the City Manager or his designee, including minimal and/or non-substantive changes.

FISCAL IMPACT

Funds for this project have been budgeted in Account No. S0025204 (Prop C) which currently has a budget of $2 million.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Chuck Heffernan, Director of Public Works
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Letter of Authorization for Palmdale Participation in Ave M Resurfacing

PALMDALE

a place to call home

September 7, 2021

STEVEN D. HOFBAUER
Mayor

LAURA BETTENCOURT
Mayor Pro Tem

AUSTIN BISHOP
Councilmember

JUAN CARRILLO
Councilmember

RICHARD J. LOA
Councilmember

38300 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5100

Fax: 661/267-5122

TDD: 661/267-5167

Mr. Jeff Hogan
Director of Development Services
City of Lancaster
44933 Fern Avenue
Lancaster, CA 93534

RE: Resurfacing of the south side of Avenue M between 3rd Street East and 4th Street East, within City of Palmdale jurisdiction, as partnership project pursuant to the plans and specifications of City of Lancaster's Public Works Project No. 21-009

Dear Mr. Hogan

Thank you for the opportunity for the Cities of Lancaster and Palmdale to partner and take advantage of pavement rehabilitation activities on Avenue M. We understand that the City of Lancaster is beginning pavement rehabilitation efforts on Avenue M in September 2021, as associated with their 2021 Summer Pavement Management Program (Project No. 21-009). The scope of work includes paving improvements, shoulder backing, and restriping along Avenue M from 3rd Street East to 4th Street East.

The City of Palmdale wishes to accept City of Lancaster's offer to extend their project scope of work to rehabilitate Palmdale's jurisdictional share of pavement on the south side of Avenue M from 3rd Street East to 4th Street East. We understand the pavement rehabilitation work will include pulverizing the existing roadway material to 12-inches deep, removing 5-inches of asphalt-concrete material at the surface, cement-treating to 10-inches deep to solidify the subgrade, constructing a new 5-inch asphalt-concrete section comprised of 3-inches of asphalt-concrete base and 2-inches of asphalt rubber hot mix for the surface wear course, shoulder backing, restriping, utility adjustment, and associated traffic control. The roadway will be returned to the original grade and crossfall for drainage will be maintained.

The City of Palmdale agrees to pay its jurisdictional share of the work described above. The City of Lancaster has indicated that Sully Miller Contracting Company has been awarded the project for the total amount of

Auxiliary aids provided for communication accessibility upon 72 hours notice and request.

$ 336,658.36; and the total cost for-work performed within the City of Palmdale is a not to exceed $185,160.00 (equal to $168,328.19 + 10% contingency). The City of Lancaster will provide all necessary inspections and quality control. Also, the traffic control will be performed in accordance with the California MUTCD.

Please direct further inquiries and requests regarding this partnership project to Public Works Project Manager Marc Zuber, at (661) 267-5354 or mzuber@cityofpalmdale.org.

Sincerely,

J.J. Murphy, ICMA-CM
City Manager
City of Palmdale

cc: Chuck Heffernan, P.E, Director of Public Works
Lynn Glidden, Deputy Director of Public Works
Nick Godin, Capital Program Manager
Marc Zuber, Public Works Project Manager

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **3**

SUBJECT: **AWARD CONSTRUCTION CONTRACT WITH CEDRO CONSTRUCTION, INC. FOR PN 741-A, WATER IMPROVEMENTS AT AVENUE S-8 AND 40TH STREET EAST, IN THE AMOUNT OF $444,477.**

ISSUE

Award construction contract with Cedro Construction, Inc. for PN 741-A, Water Improvements at Avenue S-8 and 40th Street East Project, in the amount of $444,477.

RECOMMENDATION

Staff recommends that the City Council:

1. Award construction contract with Cedro Construction, Inc. for PN 741-A, Water Improvements at Avenue S-8 and 40th Street East, in the amount of $444,477.

2. Authorize the City Manager or his designee to execute Agreement No. A-7462 with Cedro Construction, Inc., including minimal and/or non-substantive changes.

BACKGROUND

Project No. 741-A will upgrade the existing main water system as a prerequisite for Project No. 741, Avenue S-8 and 40th Street East Roundabout. The Palmdale Water District (PWD) requires all water mains underneath new concrete structures to be protected by a casing. Project No. 741-A includes removal and disposal of existing 12-inch and 16-inch diameter water mains and all appurtenances, furnish and installation of new 12-inch and 16-inch diameter water mains, steel casing, and water valves, relocation of fire hydrant, and all other related work. All work will be performed within the existing right of way. It is anticipated that construction will take approximately 45 calendar days from the date the City issues the Notice to Proceed and is anticipated to take place between November through December 2021.

DISCUSSION

Three bids were received for this project on 9/1/2021, and are summarized below:

Bidder	Location	Amount
1. Christensen Brothers General Eng.	Apple Valley, CA	$484,250
2. Toro Enterprises, Inc.	Oxnard, CA	$522,600
3. Cedro Construction, Inc.	Santa Paula, CA	$444,477

References have been checked and staff recommends that the City Council award Project No. 741-A to Cedro Construction, Inc. in the amount of $444,477.

FISCAL IMPACT

The Water Improvements at Avenue S-8 and 40th Street East Roundabout project will be funded through Measure R and HSIP Grant Funds, which have been allocated in Account No. S0066208-724525. The account has a current balance of $3.06 million. The fiscal impact and remaining account balance can be seen in the following table:

Item	Budget	Anticipated Expenditures	Remaining Budget
Project Estimated Budget	$965,000		
Construction		$444,477	
Contingency (10%)		$44,448	
City Inspection		$10,000	
PWD Inspection		$20,000	
City Administration & Testing		$20,000	
Geotechnical Testing		$15,000	
Post Design Services		$15,000	
Labor Compliance		$5,000	
Total	**$965,000**	**$573,925**	**$391,075**

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost effective, customer focused methods of service delivery.
C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by: Chuck Heffernan, Director of Public Works
Certified as to availability of Funds: Keith Kang, Finance Manager
Approved by: J.J. Murphy, ICMA-CM, City Manager
Approved as to form: Christopher Beck, City Attorney

City Council Staff Report

DATE: **September 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-095, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE TO CONTINUE THE PROCLAMATION OF A LOCAL EMERGENCY RESULTING FROM CORONAVIRUS DISEASE (COVID-19)**

ISSUE

Adopt Resolution No. CC 2021-095, continuing the Proclamation of a Local Emergency resulting from Coronavirus Disease (COVID-19).

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2021-095, continuing the Proclamation of a Local Emergency resulting from Coronavirus Disease (COVID-19).

BACKGROUND

In December 2019, a new communicable disease, Coronavirus Disease (COVID-19), was first detected in Wuhan City, Hubei Province, China. Since that time, it has spread globally to over 122 countries, infecting more than 126,000 individuals and resulting in more than 4,614 deaths. Symptoms of the virus include fever, cough, and shortness of breath, and infected individuals have experienced a range of outcomes, from mild sickness to severe illness and death. This incident is being called the “COVID-19 outbreak.”

On January 31, 2020, the United States Secretary of Health and Human Services, Alex M. Azar ll, declared a Public Health Emergency to aid the United States in responding to COVID-19. This order was renewed on April 26, 2020.

On March 4, 2020, the State of California declared a State of Emergency to aid in the prevention and mitigation of the effects of the COVID-19 outbreak. That same day, the County of Los Angeles declared a State of Emergency to prevent the further spread of COVID-19 throughout the County of Los Angeles. Since that time, the counties of Orange, Santa Clara, San Diego, Sonoma, and San Francisco, along with the cities of Los Angeles, Long Beach, and San Francisco have also declared local health emergencies.

On March 11,2020, the World Health Organization declared the COVID-19 outbreak a pandemic, which means a global epidemic. That same day, there were a total of twenty- eight (28) cases of COVID-19 in the County of Los Angeles and one (1) reported death.

DISCUSSION

On March 11,2020, the City's Director of Emergency Services proclaimed the existence of a local emergency within the City of Palmdale, pursuant to California Government Code Section 8630 and Palmdale Municipal Code Section 2.28.060. Emergency proclamations issued by the Director of Emergency Services are valid for only seven (7) days. The City Council reviewed and ratified Resolution No. CC 2020-048 on March 17, 2020, ratifying the Director of Emergency Services' Proclamation of a Local Emergency Resulting from Coronavirus Disease 2019 (COVID-19), Resolution No. CC 2020-048 and authorizing the Director of Emergency Services to continue to take appropriate measures to protect the public health, safety, and welfare, and obtain emergency aid from other agencies.

The City Council adopted Resolution No. CC 2020-049 on April 7, 2020 and continued the state of emergency.

On June 2, 2020, the City Council adopted Resolution No. CC 2020-057 continuing the proclamation of a local emergency.

On August 4, 2020, the City Council adopted Resolution No. CC 2020-088 continuing the proclamation of a local emergency.

On October 6, 2020, the City Council adopted Resolution No. CC 2020-104 continuing the proclamation of a local emergency.

On November 17, 2020, the City Council adopted Resolution No. CC 2020-110 continuing the proclamation of a local emergency.

On January 12, 2021, the City Council adopted Resolution No. CC 2021-001 continuing the proclamation of a local emergency.

On March 2, 2021, the City Council adopted Resolution No. CC 2021-021 continuing the proclamation of a local emergency.

On May 6, 2021, the City Council adopted Resolution No. CC 2021-050 continuing the proclamation of a local emergency.

On July 13, 2021, the City Council adopted Resolution No. CC 2021-059 continuing the proclamation of a local emergency.

The local emergency will continue until terminated by the City Council. The City Council’s ratification of the local emergency is valid for sixty (60) days, unless extended by further City Council action.

FISCAL IMPACT

So long as the emergency declaration is in place, the City may submit expense claims to certain Federal and State agencies for reimbursement. Additionally, should additional funds be required, the City Council may appropriate funds from the City's emergency reserve for use.

STRATEGIC PLAN

Goal I: Maintain effective public safety and protection for life, property, and the environment.

B. Be prepared to protect life, property, and the environment in the event of catastrophic disasters and emergencies.

C. Use a variety of methods to communicate timely, useful, and trusted information about City programs, services, and policies.

Prepared by:	Kery German, Public Safety Supervisor
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher L. Beck, City Attorney

ATTACHMENTS

Resolution No. CC 2021-095

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021 - 095

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE CONTINUING THE PROCLAMATION OF A LOCAL EMERGENCY RESULTING FROM THE CORONAVIRUS DISEASE (COVID-2019)

WHEREAS, Coronavirus Disease (COVID-19), a new communicable disease, was first detected in Wuhan City, Hubei Province, China in December 2019. COVID-19 has since spread globally to over 122 countries, infecting more than 174 million individuals and tragically resulting in more than 3 million deaths worldwide. Symptoms of the virus include fever, cough, and shortness of breath, and infected individuals have experienced a range of outcomes, from mild sickness to severe illness and death.

WHEREAS*, the incident is being called the "COVID-19 outbreak."*

WHEREAS, On January 31, 2020, the United States Secretary of Health and Human Services, Alex M. Azar II, declared a Public Health Emergency to aid the United States in responding to COVID-19 and renewed this declaration on April 26, 2020.

WHEREAS, On March 4, 2020, the State of California declared a State of Emergency to aid in the prevention and mitigation of the effects of the COVID-19 outbreak. On March 19, the State Health Officer issued a stay-at-home order pursuant to Health and Safety Code 120125, 120140, 131080, 120130(c), 120135, 120145,120175 and 120150 which has continued with modifications.

WHEREAS, On March 4, 2020, the County of Los Angeles declared a State of Emergency to prevent the further spread of COVID-19 throughout the County of Los Angeles. On March 13, the County Health Officer issued a Stay-at-Home Order which is still in effect with modifications.

WHEREAS, On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, which means a global epidemic.

WHEREAS, On March 17, 2020, the City Council for the City of Palmdale ratified the City's Director of Emergency Services' proclamation of the existence of a local emergency within the City of Palmdale. The City Council adopted Resolution No. CC-2020-049 on April 7, 2020, further extending the state of emergency pursuant to California Government Code Section 8630 and Palmdale Municipal Code Section 2.28.060.

WHEREAS, On June 2, 2020, the City Council adopted Resolution No. CC 2020-057 continuing the proclamation of a local emergency.

WHEREAS, On August 4, 2020, the City Council adopted Resolution No. CC 2020-088 continuing the proclamation of a local emergency.

WHEREAS, On October 6, 2020, the City Council adopted Resolution No. CC 2020-104 continuing the proclamation of a local emergency.

WHEREAS, On November 17, 2020, the City Council adopted Resolution No. CC 2020-110 continuing the proclamation of a local emergency.

WHEREAS, On January 12, 2021, the City Council adopted Resolution No. CC 2021-001 continuing the proclamation of a local emergency.

WHEREAS, On March 2, 2021, the City Council adopted Resolution No. CC 2021-021 continuing the proclamation of a local emergency.

WHEREAS, On May 6, 2021, the City Council adopted Resolution No. CC 2021-050 continuing the proclamation of a local emergency.

WHEREAS, On July 13, 2021, the City Council adopted Resolution No. CC 2021-059 continuing the proclamation of a local emergency.

WHEREAS, As of August 13, 2021, there were a total of 1,352,791 cases of COVID-19 in the County of Los Angeles and 24,364 reported deaths.

WHEREAS, As a result of the COVID-19 outbreak, the City of Palmdale instituted proactive measures to mitigate risk and ensure the health and safety of persons in the City of Palmdale in accordance with the Los Angeles County Health Officer and State of California Health Officer orders.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. Pursuant to Government Code Section 8630(c), the City Council has reviewed the need for continuing the proclamation and hereby proclaims that a state of local emergency continues to exist within the City of Palmdale.

SECTION 2. Pursuant to the orders, issued under the California Health and Safety Code by the California State Public Health Officer and the Los Angeles County Health Officer, the Director of Emergency Services shall follow their guidance and directions until those orders expire or are lifted.

SECTION 3. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 7th day of September 2021.

Approved as to form:

_____
Christopher Beck
City Attorney

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae Smith, City Clerk

I, Shanae Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the _____ day of _____, 20___ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae Smith, City Clerk

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **DEPARTMENT OF NEIGHBORHOOD SERVICES – HOUSING DIVISION**

DISTRICT: **All**

SUBJECT: **PUBLIC HEARING TO: 1) HEAR PUBLIC COMMENTS ON A) THE DRAFT CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER) FOR FISCAL YEAR 2020-2021; B) OBTAIN CITIZEN INPUT ON COMMUNITY NEEDS FOR THE 2022-2023 ACTION PLAN; 2) REVIEW AND APPROVE THE 2020-2021 CAPER; AND 3) AUTHORIZE THE CITY MANAGER OR HIS DESIGNEE TO MAKE NECESSARY CHANGES AND SUBMIT THE CAPER REPORT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) BY SEPTEMBER 28, 2021 IN COMPLIANCE WITH HUD REGULATIONS**

ISSUE

Public Hearing to: 1) hear public comments on a) the Draft Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2020-2021; b) obtain citizen input on community needs for the 2022-2023 Action Plan; 2) review and approve the 2020-2021 CAPER; and 3) authorize the City Manager or his designee to make necessary changes and submit the CAPER report to the U.S. Department of Housing and Urban Development (HUD) by September 28, 2021 in compliance with HUD Regulations.

RECOMMENDATION

Staff recommends that the City Council:

1. Open a public hearing to:
   a. Hear public comments on the Draft CAPER for Fiscal Year 2020-2021;
   b. Obtain citizen input on community needs in preparation for the 2022-2023 Action Plan;
2. Review and approve the 2020-2021 CAPER; and
3. Authorize the City Manager or his designee to make necessary changes and submit the CAPER report to HUD by September 23, 2021 in compliance with Regulations.

BACKGROUND

As an entitlement and participating jurisdiction, the City of Palmdale receives an annual allocation of funds from HUD under its Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Programs. Additionally, the City received a special allocation of Community Development Block Grant COVID-19 (CDBG-CV) funds, as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted on March 27, 2020, to be used to exclusively on eligible activities that prepare for, prevent, and respond to the COVID-19 pandemic. As an entitlement and participating jurisdiction, the City is required to prepare and obtain HUD approval of a Consolidated Plan covering a period of five years. The 2020 Five-year Consolidated Plan was approved by Council and submitted to HUD in June 2020. The plan addresses a variety of HUD-required issues including the City's plan to address affordable housing and other needs of low- and moderate-income persons.

Prior to the beginning of each grant year, the City is required to submit an Annual Action Plan to HUD. This Plan discusses the actions to be taken during the grant year toward meeting the goals and objectives of the City's Consolidated Plan and outlines the expenditures for the allocated funds.

At the end of each grant year, the City is required to submit a CAPER, providing an assessment of the City's performance and a statement of its expenditures in meeting the goals and objectives stated in its Consolidated Plan and in its Annual Action Plan.

DISCUSSION

The Action Plan identifies the programs, projects, and services to be provided during the fiscal year to meet the goals and objectives of the Consolidated Plan. As required by HUD regulations, the CAPER includes the use of the 2020-2021 allocation of $1,589,640 CDBG funds and $586,296 HOME funds, plus prior year CDBG and HOME funds. The CAPER also reports the special allocation of $1,932,895 of CDBG-CV funds. The following are the allocated and estimated use of funds for activities within the 2020-2021 program year:

CDBG Funds	**Allocated**	**Expended**
Administration		
General CDBG Administration	$264,200.00	$119,379.45
CDBG Planning	10,000.00	2,368.48
Housing Rights Center (Fair Housing Services)	35,031.00	35,031.00
Administration – Total	**309,231.00**	**156,778.93**
Public Service		
South Antelope Valley Emergency Services - SAVES	238,446.00	237,976.24
Public Service Programs – Total	**238,446.00**	**237,976.24**

Affordable Housing Development		
Juniper Grove Apartments	250,000.00	225,000.00
Affordable Housing Development – Total	**250,000.00**	**225,000.00**
Economic Opportunity Program		
Business Assistance Program	220,082.00	0.00
Economic Opportunity Program – Total	**220,082.00**	**0.00**
Capital Improvements		
Yellen Sidewalk Gap Closure	375,000.00	340,014.71
Courson Infrastructure	100,000.00	63,588.95
ADA Compliance – Q-12	1,036,500.00	144,481.59
Section 108 Loan Repayment	372,047.00	372,046.91
Spot Blight Acquisition and Demolition	444,834.00	33,730.00
Capital Improvements - Total	**2,333,381.00**	**935,862.16**
CDBG Total	**$3,351,140.00**	**$1,573,617.33**

HOME Funds	**Allocated**	**Expended**
Administration		
General HOME Administration	$146,463.00	$127,888.93
Administration – Total	**146,463.00**	**127,888.93**
HOME Programs/Projects		
Juniper Grove Apartments	728,678.00	158,327.00
Tenant Based Rental Assistance Program (TBRA)	534,312.00	346,135.93
COVID Rental Assistance Program (TBRA-CV)	326,304.00	122,273.41
HOME Programs/Projects - Total	**1,589,294.00**	**626,736.34**
HOME Total	**$1,735,757.00**	**$754,625.27**

CDBG-CV Funds	**Allocated**	**Expended**
Administration		
General CDBG-CV Administration	$386,580.00	$127,345.77
Administration – Total	**386,580.00**	**127,345.77**
Public Service		
South Antelope Valley Emergency Services - SAVES	367,500.00	268,919.89
Mortgage Assistance Program	548,095.00	239,452.72
Rental Assistance Program	300,000.00	0.00
Public Service Programs – Total	**1,215,595.00**	**509,372.61**
Economic Assistance Programs		
Business Assistance Program	**330,720.00**	107,282.18
Economic Assistance Programs – Total	**330,720.00**	**107,282.18**
CDBG-CV Total	**$1,932,895.00**	**$743,000.56**

In preparation of the 2022-2023 Action Plan the City is seeking to obtain citizen input for community needs. Holding this public hearing is a prerequisite to receiving the annual CDBG and HOME allocation. The implementing regulations require that a public hearing be held to allow citizens to express their views concerning the use of said funds. Staff will schedule a second Public Hearing for May 3, 2022 to allow the public to review and comment on the Draft 2022-2023 Action Plan and the proposed use of funds.

The City complied with its Citizen Participation Plan and the CDBG regulations requiring that the CAPER be made available for public review and comment prior to submitting it to HUD. A public notice informing Citizens of the locations where the report was available for review and inviting oral or written comments either prior to or at the public hearing on September 7, 2021 was published in the Antelope Valley Press and the City's website on August 23, 2021. The notice also invited citizens interested in expressing their views concerning the use of CDBG and HOME funds to submit written comments or attend the public hearing on September 7, 2021.

Staff requests that the City Council hold the public hearings, approve the Draft 2020-2021 CAPER Report for CDBG, HOME, and CDBG-CV funds, and authorize the City Manager or his designee to make any necessary changes and submit the CAPER report to HUD by September 28, 2021.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

A. Manager resources, costs and liabilities to ensure the City's long-term fiscal health.

Prepared by:	Mike Miller, Director of Neighborhood Services
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Draft Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2020-2021

CITY OF PALMDALE

Draft CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER)

First Program Year

July 1, 2020–June 30, 2021

DEPARTMENT OF NEIGHBORHOOD SERVICES
September 7, 2021

CITY OF PALMDALE

DRAFT 2020/2021 CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT
JULY 1, 2020 THROUGH JUNE 30, 2021

STEVEN D. HOFBAUER
Mayor

LAURA BETTENCOURT
Mayor Pro Tem

AUSTIN BISHOP
Council Member

JUAN CARRILLO
Council Member

RICHARD J. LOA
Council Member

J.J. MURPHY
City Manager

MIKE MILLER
Director of Neighborhood Services

SOPHIA REYES
Housing Manager

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CR-05 - Goals and Outcomes

Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

This 2020-2021 Consolidated Annual Performance and Evaluation Report (CAPER) is the City of Palmdale's report to the U.S. Department of Housing and Urban Development (HUD) describing the use of federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds during the first program year of the 2020-2024 Consolidated Plan period, covering July 1, 2020 to June 30, 2021. This CAPER will also describe the use of the Community Development Block Grant Coronavirus (CDBG-CV) funds, as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March, 27, 2020 and programmed into the City's 2019-2020 Annual Action Plan, as amended.

The City receives CDBG and HOME funds from HUD on a formula basis each year and received a special allocation of CDBG-CV funds. In turn, the City implements projects and awards grants and loans to nonprofit, for-profit and public organizations for projects in furtherance of the adopted Consolidated Plan. The CDBG and HOME programs provide for a wide range of eligible activities for the benefit of low- and moderate-income Palmdale residents. The CDBG-CV funds provide for eligible activities that prepare for, respond to, and prevent COVID-19 pandemic.

For the 2020-2021 program year, the City received $1,589,640 of CDBG funds and $586,296 of HOME funds from HUD. Together, with prior year(s) funding available, a total of $2,414,272 was allocated to projects in the 2020-2021 Action Plan. Additionally, the City received a special allocation of CDBG (CDBG-CV) in the amount of $1,932,895 to be used exclusively on eligible activities that prepare for, respond to and prevent the COVID-19 pandemic. The CDBG-CV funds were programmed in the 2019-2020 Action Plan. This investment of CDBG, HOME. And CDBG-CV funds was a catalyst for positive change in the community. Together with other federal, state and local investments, HUD resources allowed the City and its partners to:

- Provide fair housing services to 341 residents;
- Provide homelessness prevention and assistance services to 178,625 residents;
- Provided tenant-based rental assistance to 29 senior households;
- Complete ADA improvements at Yellen Park benefiting 6,160 residents;
- Complete Infrastructure Improvements for Courson Pool benefiting 41,255 residents;
- Begin construction on Juniper Grove Affordable Apartments, which will provide for a total of 101 units;
- Provide for progress for ADA improvements at Q-12 that will benefit 41,255 when complete;
- Provide for progress for the Spot Blight Acquisition and Demolition activity;
- Respond to COVID-19 pandemic by providing 11 low- and moderate-income microenterprise businesses with grant funds;
- Respond to COVID-19 pandemic by providing 40 low- and moderate-income households

with Mortgage Assistance; and
- Respond to COVID-19 pandemic by providing emergency tenant-based rental assistance to 26 households.

Table 1 provides a summary of the five-year and one-year accomplishments for the period ending June 30, 2021, arranged by each of the Strategic Plan Goals included in the 2020-2024 Strategic Plan of the Consolidated Plan and the COVID-19 Response goal in the 2019-2020 Action Plan.

Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)

Table 1 - Accomplishments – Strategic Plan & Program Year to Date

Goal	Category	2020-2021 Amount Allocated	Indicator	Unit of Measure	5-Year Strategic Plan			2020-2021 Program Year 5		
					Expected	Actual	Percent Complete	Expected	Actual	Percent Complete
Affordable Housing Development	Affordable Housing	HOME: $351,866	Rental units constructed	Household Housing Unit	99	0	00.00%	0	0	0%
Affordable Housing Preservation	Affordable Housing	HOME: $0	Rental Units Rehabilitated	Household Housing Unit	5	0	0.00%	0	0	0.00%
Rental Assistance	Affordable Housing	HOME: $326,304	Tenant-based rental assistance / Rapid Rehousing	Households	80	55	68.75%	80	55	68.75%
Fair Housing Services	Affordable Housing	CDBG: $35,031	Other	Other	1,500	341	22.73%	300	341	113.67%
Homelessness Prevention and Assistance	Homeless	CDBG: $238,446	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	N/A	N/A	N/A	N/A	N/A	N/A Accomplishments recorded under CDBG-CV Goal
Public Facilities and Infrastructure Improvements	Non-Housing Community Development	CDBG: $821,881	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	200,000	47,415	23.71%	92,320	47,415	51.36%

Goal	Category	2020-2021 Amount Allocated	Indicator	Unit of Measure	5-Year Strategic Plan			2020-2021 Program Year 5		
					Expected	Actual	Percent Complete	Expected	Actual	Percent Complete
Economic Opportunity	Non-Housing Community Development	CDBG: $220,082	Expand economic opportunity for low-income residents and small business owners	Businesses Assisted	40	0	0.00%	40	0	0.00%
				Jobs Created/Retained	20	0	0.00%	20	0	0.00%
Planning	Planning and Administration	CDBG: $274,200 HOME: $146,463	Other	Other	2	1	50.00%	2	1	50.00%
COVID-19 Response	Non-Housing Community Development	CDBG-CV $1,932,895	COVID-19 Impact	Businesses Assisted	20	11	55.00%	20	11	55.00%
				Households Assisted	50	40	80.00%	50	40	80.00%
				Persons Assisted	357,250	178,625	50.00%	357,250	178,625	50.00%
				Planning and Admin.	1	1	100.00%	1	1	100.00%

Assess how the jurisdiction's use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.

During the program year, the City and its housing and community development partners made progress on several 2020-2021 activities as well as some multi-year activities that continued during the program year. All CDBG and HOME funded activities addressed specific high priority objectives identified in the 2020-2024 Consolidated Plan. All CDBG-CV funded activities prepared for, responded to, or prevented the COVID-19 pandemic.

The CDBG-funded South Antelope Valley Emergency Services activity provided much needed services through the CDBG entitlement funding and the expanded their services with CDBG-CV funding. In early March, 2020 the County Department of Public Health issued a State of Emergency and ordered all non-essential business to close due to the COVID-19 Pandemic. On March 16, 2020 SAVES adopted the COVID-19 National Emergency model to become an emergency-only food distribution center. SAVES re-designed from client-choice to a no-contact drive-thru. SAVES also coordinated with local churches and community group volunteers to deliver emergency food to shut-in senior residents. SAVES operated under this model for the entire 2020-2021 program year to comply with ongoing Public Health orders and to maintain the mission of SAVES to provide emergency services to Palmdale residents while keeping both staff and the public safe and healthy. As a result, SAVES served 178,625 persons within all residential tracts of the City, meeting the Low and Moderate Area National Objective. During the program year 45,157 food orders were distributed to households in need.

The majority of CDBG funds were allocated to public facilities and infrastructure improvement activities to benefit low- and moderate-income neighborhoods, provide disabled access, provide facilities for homelessness prevention services, or that directly support affordable housing. During the program year the activity for ADA Improvements at Yellen Park was completed benefiting 6,160 residents, as was the infrastructure activity for Courson Pool benefiting 41,255 residents. The project scope for the ADA Improvements at Q-12 was increased to include street improvements. Construction is anticipated to commence by the end 2021. The NEPA Environmental Assessment was completed for the 2019 Spot Blight Acquisition and Demolition activity and the acquisition process has commenced.

The 2017, 2018 and 2019 HOME-funded Tenant Based Rental Assistance (TBRA) provided assistance to 29 unduplicated extremely low-income senior households (age 62 or older) experiencing a severe housing cost burden (more than 50% of household income goes to rent). In response to the COVID-19 Pandemic, the 2020 HOME-funded TBRA utilized available waivers to provide rental assistance to 26 unduplicated households who were economically impacted by Coronavirus.

The City has been working tirelessly to prepare for, respond to, and prevent Coronavirus. During this program year the City utilized CDBG-CV funds to implement a Business Assistance Program

that provided 11 low- and moderate-income microenterprise businesses with grant funds and a Mortgage Assistance Program that provided financial support to 40 eligible households who were economically impacted.

The City has made significant progress toward the numeric accomplishment goals for projects during this first year of the five-year Consolidated Plan period, and to prepare for, respond to, and prevent COVID-19 pandemic. Each of the activities that were underway during the 2020-2021 program year are listed in Figure 1, including the amount of CDBG, HOME, or CDBG-CV funds allocated to the activity and the amount spent as of June 30, 2021. Figure 2 provides the numeric accomplishment goal and the amount accomplished as of June 30, 2021.

Figure 1 – Use of CDBG and HOME Funds

1. Affordable Housing Development				
2019 Juniper Grove Apartments	HOME	$376,812.00	$158,327.00	42.02%
2020 Juniper Grove Apartments	HOME	$351,866.00	$0.00	0.00%
2019 Juniper Grove Apartments	CDBG	$250,000.00	$225,000.00	90.00%
2017 Tenant- Based Rental Assistance	HOME	$160,000.00	$160,000.00	100.00%
2018 Tenant- Based Rental Assistance	HOME	$35,000.00	$35,000.00	100.00%
2019 Tenant- Based Rental Assistance	HOME	$339,312.00	$151,135.93	44.54%
2020 Tenant-Based Rental Assistance	HOME	$326,304.00	$122,273.41	37.47%
	Subtotal	$1,839,294.00	$851,736.34	46.31%
2. Fair Housing Services				
Fair Housing Services	CDBG	$35,031.00	$35,031.00	100.00%
3. Public Services Including Homelessness				
South Antelope Valley Emergency Services	CDBG	$238,446.00	$237,976.24	99.80%
4. Public Facilities and Infrastructure Improvements				
2019 Section 108 Debt Service	CDBG	$372,047.00	$372,046.91	100.00%
2018 Courson Connection Infrastructure	CDBG	$100,000.00	$63,588.95	63.59%
2018 ADA Compliance – Yellen	CDBG	$375,000.00	$340,014.71	90.67%
2018 Street Improvement Q-12	CDBG	$836,500.00	$144,481.59	17.27%
2020 Street Improvement Q-12	CDBG	$200,000.00	$0.00	0.00%
2019 Spot Blight Acquisition and Demolition	CDBG	$200,000.00	$33,730.00	16.87%
2020 Spot Blight Acquisition and Demolition	CDBG	$249,834.00	$0.00	0.00%
	Subtotal	**$2,333,381.00**	**$953,862.16**	40.88%
5. Economic Opportunity				
Business Assistance Program	CDBG	$220,082.00	$0.00	0.00%
6. Planning and Administration				
CDBG Program Administration	CDBG	$264,200.00	$119,379.45	45.19%
CDBG Planning	CDBG	$10,000.00	$2,368.48	23.68%
HOME Program Administration	HOME	$146,463.00	$127,888.93	87.32%
	Subtotal	**$420,663.00**	**$249,636.86**	59.34%
7. COVID Response				
South Antelope Valley Emergency Services	CDBG-CV	$367,500.00	$268,919.89	73.18%
Business Assistance Program	CDBG-CV	$330,720.00	$107,282.18	32.44%
Mortgage Assistance Program	CDBG-CV	$548,095.00	$239,452.72	43.69%
Rental Assistance Program	CDBG-CV	$300,000.00	$0.00	0.00%
CDBG-CV Administration	CDBG-CV	$386,580.00	$127,345.77	32.94%
	Subtotal	**$1,932,895.00**	**$743,000.56**	38.44%
Total for all Goals:		**$7,019,792.00**	**$3,071,243.16**	43.75%

Figure 2 – Program Year Accomplishments by Strategic Plan Goal

Strategic Plan Goal / Activity	Unit of Measure	Expected	Actual
1. Affordable Housing Development			
2020 Juniper Grove Apartments 2019 Juniper Grove Apartments	Household Unit	99	0
2020 Tenant-Based Rental Assistance	Household Unit	80	26
2019 Tenant-Based Rental Assistance 2018 Tenant-Based Rental Assistance 2017 Tenant-Based Rental Assistance	Household Unit	30	29
2. Fair Housing Services			
Fair Housing Services	People	300	341
3. Public Services Including Homelessness			
South Antelope Valley Emergency Services	People	See Goal 7	See Goal 7
4. Public Facilities and Infrastructure Improvements			
Section 108 Debt Service	N/A	N/A	N/A
2018 Courson Connection Infrastructure	People	41,255	41255
2018 ADA Compliance – Yellen Park	People	6,160	6160
2020 ADA Compliance – Q-12 2019 ADA Compliance – Q-12 2018 ADA Compliance – Q-12	People	41,255	0
2020 Spot Blight Acquisition & Demolition 2019 Spot Blight Acquisition & Demolition	People	3,650	0
5. Economic Opportunity			
Business Assistance Program	Businesses	40	0
6. Planning and Administration			
CDBG Program Administration	N/A	N/A	N/A
HOME Program Administration	N/A	N/A	N/A
7. COVID-19 Response			
South Antelope Valley Emergency Services	People	178,625	178,625
Business Assistance Program	Businesses	20	11
Mortgage Assistance Program	Households	50	40
Rental Assistance Program	Households	50	0
CDBG-CV Administration	N/A	N/A	N/A

CR-10 - Racial and Ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted). 91.520(a)

Table 2 – Table of assistance to racial and ethnic populations by source of funds

	CDBG	HOME
White	1,338	19
Black or African American	1,638	15
Asian	40	2
American Indian or American Native	6	5
Native Hawaiian or Other Pacific Islander	2	0
Other multi-racial	2,592	9
Total	5,616	50
Hispanic	2,498	20
Not Hispanic	3,118	30

Narrative

Table 2 provides an aggregate of race and ethnicity data for persons and households served during the program year based on accomplishment data from all CDBG, HOME, and CDBG-CV activities reported in HUD's Integrated Disbursement and Information System (IDIS).

Based on the information in Table 2, a diverse array of persons and households benefitted from CDBG, HOME, and CDBG-CV funded housing, public facilities, or public service projects during the program year. To note, the City has two TBRA activities: 1. An ongoing TBRA activity in the third year of the subrecipient agreement that assisted 29 unduplicated extremely low income, rent-burdened Senior households; and 2. A TBRA activity responding to COVID-19 pandemic that assisted 26 households who were economically impacted by the pandemic (PR-23 records 50 households, as reported in tables 2, 11, and 12).

CR-15 - Resources and Investments 91.520(a)

Identify the resources made available

Table 3 - Resources Made Available

Source of Funds	Resources Made Available in 2020-2021 Action Plan	Amount Expended During Program Year
CDBG	$1,589,640	$1,126,404
HOME	$824,633	$565,603
Other: CDBG-CV	$1,932,895	$743,000.56

Narrative

The federal, state, local and private resources available for the implementation of projects during the 2020-2021 program year are identified in Table 3. The CDBG resources include $1,589,640 of CDBG formula grant funds. The HOME resources include $586,296 of HOME formula grant funds and $238,337of unexpended HOME funds from prior years, for a total HOME investment of $824,633. The City received a special allocation of $1,932,895 of CDBG-CV funds. A grand total of $4,347,168 of CDBG, HOME, and CDBG-CV funds were allocated to projects in the Action Plan.

Identify the geographic distribution and location of investments

Table 4 – Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Low- and Moderate-Income Areas	13	13	Q-12 ($200,000)

Narrative

The 2020-2021 Action Plan allocated $200,000 to public facilities and Infrastructure activities, representing 13 per cent of the program year CDBG investments. Combined with prior program funds, over $1.9 million of CDBG funds were designated to Public Facilities and Infrastructure activities designed to benefit the Low-and Moderate-Income Areas, of which 77% benefited low- and moderate-income areas.

Leveraging

Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.

To address housing and community development needs in Palmdale, the City leverages its CDBG and HOME entitlement grants with a variety of funding resources in order to maximize the effectiveness of available funds. The primary funding sources for leveraging CDBG and HOME funds in Palmdale are Housing Successor Agency housing asset funds, redevelopment Successor Agency funds and the Redevelopment Property Tax Trust Fund (RPTTF) funds.

During the program year, the City finalized work with Meta Housing Corporation on the Juniper Grove Affordable Housing project. The Juniper Grove project located at the southeast corner of Division and East Ave R in Palmdale leverages HOME funds of $728,678 and CDBG funds of $250,000 with Low Income Housing Tax Credits through the California Tax Credit Allocation Committee yielding $22,310,650 of Tax Credit Equity. Additional financing of $33,211,811 was secured from other sources including multiple grants from the Los Angeles Community Development Authority. This project will provide for the new construction of 101 units of housing serving families with rents affordable to households earning 30-50 percent of area median income (AMI).

Additional CDBG leveraging opportunities were available for South Antelope Valley Emergency Services (SAVES) through the Emergency Food and Shelter Program Phase 37 (funding of $25,300 for Jan 2019– Oct 2021), Phase 38 (funding of $20,200 Jan 2020 – Oct 2021) and Phase CARES (funding of $20,200 Jan 2020 – Oct 2021). Additionally, over $15,000 of cash donations from the community were received, and in-kind donations of food from area businesses and the Palmdale School District were valued over $3 million.

HUD requires HOME Participating Jurisdictions (PJs) to match 25 percent of their HOME annual allocation. In accordance with 24 CFR 92.222, PJs satisfying the distress criteria established by the HOME Program regulations are provided a match reduction. Match reductions are granted due to fiscal distress, severe fiscal distress, and Presidential disaster declarations. For the 2020-2021 program year, the City of Palmdale received a 100 percent match reduction from HUD.

Table 5 – Fiscal Year Summary - HOME Match Report

Fiscal Year Summary – HOME Match	
1. Excess match from prior Federal fiscal year	$4,819,617
2. Match contributed during current Federal fiscal year	$0
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	$4,819,617
4. Match liability for current Federal fiscal year	$0
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	$4,819,617

Table 6 – Match Contribution for the Federal Fiscal Year

Match Contribution for the Federal Fiscal Year								
Project No. or Other ID	**Date of Contrib.**	**Cash (non-Federal sources)**	**Foregone Taxes, Fees, Charges**	**Appraised Land/Real Property**	**Required Infrastruc-ture**	**Site Prep., Const. Materials, Donated labor**	**Bond Financing**	**Total Match**
N/A	N/A	$0	$0	$0	$0	$0	$0	$0

Table 7 – Program Income

Program Income – Enter the program amounts for the reporting period				
Balance on hand at beginning of reporting period	**Amount received during reporting period**	**Total amount expended during reporting period**	**Amount expended for TBRA**	**Balance on hand at end of reporting period**
$31,040	$0	$31,040	$31,040	$0

HOME MBE/WBE report

Minority Business Enterprises and Women Business Enterprises – Indicate the number and dollar value of contracts for HOME projects completed during the reporting period

Table 8 – Minority Business and Women Business Enterprises

During the reporting period there were no HOME activities required to report on MBE/WBE.

	Total	Minority Business Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Contracts						
Number	0	0	0	0	0	0
Dollar Amount	$0	$0	$0	$0	$0	$0
Sub-Contracts						
Number	0	0	0	0	0	0
Dollar Amount	$0	$0	$0	$0	$0	$0

	Total	Women Business Enterprises	Male
Contracts			
Number	0	0	0
Dollar Amount	$0	$0	$0
Sub-Contracts			
Number	0	0	0
Dollar Amount	$0	$0	$0

Minority Owners of Rental Property – Indicate the number of HOME assisted rental property owners and the total amount of HOME funds in these rental properties assisted

Table 9 – Minority Owners of Rental Property

	Total	Minority Property Owners				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Dollar Amount	$0	$0	$0	$0	$0	$0

Relocation and Real Property Acquisition – Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition

Table 10 – Relocation and Real Property Acquisition

Parcels Acquired	0	$0
Businesses Displaced	0	$0
Nonprofit Organizations Displaced	0	$0
Households Temporarily Relocated, not Displaced	0	$0

Households Displaced	Total	Minority Property Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Cost	$0	$0	$0	$0	$0	$0

CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

Table 11 – Number of Households

	One-Year Goal	Actual
Number of homeless households to be provided affordable housing units	99	0
Number of non-homeless households to be provided affordable housing units	70	50
Number of special-needs households to be provided affordable housing units	0	0
Total	**169**	**50**

Table 12 – Number of Households Supported

	One-Year Goal	Actual
Number of households supported through rental assistance	70	50
Number of households supported through the production of new units	99	0
Number of households supported through the rehab of existing units	0	0
Number of households supported through the acquisition of existing units	0	0
Total	**169**	**50**

Discuss the difference between goals and outcomes and problems encountered in meeting these goals.

The Juniper Grove Affordable Housing Project financing closed in October, 2020. The City committed $728,678 of HOME funds and $250,000 of CDBG funds for site assemblance. The project provides for the production of 101 new affordable units, of which 5 units are HOME units, 50 units are designated for individuals experiencing homelessness, and 2 units are for managers. It is anticipated construction will be complete in program year 2022-2023. For Tenant Based Rental Assistance, the City supported 29 Senior households through ongoing rental assistance and an additional 26 households economically impacted by COVID-19 pandemic through a new TBRA program responding specifically to Coronavirus (PR-23 records 50 households, as reported

in tables 2, 11, and 12). Additionally, the City encouraged households to apply for the California State Covid Relief Rental Assistance Program.

Discuss how these outcomes will impact future annual action plans.

In future annual action plans, the City anticipates continuing to invest HOME funds to address housing affordability for renters and homeowners through the creation of new units, rehabilitation of existing substandard units, and the provision of Tenant Based Rental Assistance to the City's most vulnerable residents – extremely low-income senior citizens experiencing a severe housing cost burden.

The City is actively seeking a certified CHDO with capacity to develop housing to increase the likelihood of meeting the HOME program requirement that 15 percent of each allocation be committed to a CHDO project within 24 months. The active Tenant Based Rental Assistance Program will ensure that HOME funds are effectively committed on time to meet HUD's 24-month commitment deadline. As a result of these actions, the City will be able to strategically invest the remaining HOME funds in affordable housing development or rehabilitation projects at a point in time when these projects are shovel ready with all other financing commitments in place.

Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.

Table 13 – Number of Persons Served

Number of Persons Served	CDBG Actual	HOME Actual
Extremely Low-income	26	37
Low-income	27	13
Moderate-income	0	0
Total	**53**	**50**

Narrative Information

The 2020-2024 Consolidated Plan - Strategic Plan identified high priority affordable housing needs including preserving the supply of affordable housing and providing rental assistance to extremely-low income seniors. During the 2020-2021 program year, the City invested HOME funds to Valley Oasis to implement the Tenant-Based Rental Assistance (TBRA) program for extremely low-income seniors experiencing a housing cost burden. In response to COVID-19, the City also implemented a new TBRA program to provide emergency rental assistance to households economically impacted by Coronavirus. Furthermore, the City utilized CDBG-CV funds

to implement a Mortgage Assistance Program for households economically impacted by Coronavirus to maintain their housing.

Other strategic investments were made with HOME funds to support the building of affordable rental units for Juniper Grove Apartments and CDBG funds to support site assemblage of the Juniper Grove project. Furthermore, the City continues to assist Homes 4 Families through the development process for its Single Family CalVet Residential Enriched Neighborhood (REV) Veterans Housing complex to include up to 56 units of housing for veterans using local housing funds and other private sources.

Through the City's TBRA, Mortgage Assistance Program, and affordable housing programs, it attempts to meet the needs of worst-case housing needs (defined as low-income renters who experience severe cost burden, substandard housing, or involuntary displacement), as well as households economically impacted by the COVID-19 Pandemic. Additionally, the City refers individuals at-risk of homelessness to the homeless services and programs described in more detail in the next section of the CAPER.

CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)

Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

In Los Angeles County, the Los Angeles Homeless Services Authority (LAHSA) is the lead agency coordinating the Continuum of Care (CoC). LAHSA is a joint powers authority for the City and County of Los Angeles (with the exception of the Cities of Long Beach, Pasadena and Glendale). A ten-member Commission governs LAHSA. Each of the County's five Supervisors appoints one (1) commissioner while the Mayor and City Council of Los Angeles appoint another five (5) members. LAHSA plans, coordinates and manages resources for the County's homeless programs. In addition, LAHSA provides technical assistance, data and other planning resources to many of the incorporated cities within the County, including the City of Palmdale. LAHSA develops and oversees a comprehensive strategy to address homelessness.

Additionally, in February, 2016, the Los Angeles Board of Supervisors approved an unprecedented action plan of nearly two dozen interlocking strategies, focusing on six key areas to combat homelessness. The City of Palmdale has been one of over 100 community groups, cities and county leaders who continue to actively participate in the planning and implementation of these strategies to address homelessness. As part of the County strategy, the City of Palmdale participated in a process to create a city-specific plan to prevent and combat homelessness. In addition to participating in County-wide stakeholder meetings and as a member of the Continuum of Care (CoC), the City of Palmdale participates in a regional approach to address homelessness within the Antelope Valley Service Planning Area No. 1 (SPA 1). SPA 1 covers approximately 2,500 square miles of desert and forest, from the Kern County line on the north, to the San Bernardino County line on the east, the Ventura County line on the west and the Angeles Forest on the south. The homeless count conducted by LAHSA in January 2019 estimated that the number of homeless persons in SPA 1 increased three percent to 3,293. This count indicated that the number of homeless in Palmdale had increased by 39 percent to 318 people homeless persons in 2019. A more recent count conducted by LAHSA in January 2020 estimated that the number of homeless persons in SPA 1 increased forty-four percent to 4,755. This count indicated that the number of homeless in Palmdale had decreased by 9 percent to 289 people homeless persons in 2020. The homeless count was not conducted in 2021 due to the COVID-19 pandemic.

The City participates in the Antelope Valley Homeless Coalition, an inter-agency council with approximately 30 participants. Through this participation, the City is able to coordinate efforts and resources with local homeless service providers including Los Angeles County's Coordinated Entry System, outreach and engagement, 2-1-1, and the Homeless Access Center in Palmdale operated by Valley Oasis. Prior to COVID-19 the City partnered with community organizations to hold quarterly Homeless Connect days for people who are homeless or at-risk of homeless, as well as with PATH to conduct weekly outreach and engagement at the City Library and the LAHSA

Emergency Response Team to provide outreach to people who are literally homeless in the community. The City partners with LAHSA and other community organizations for Project Roomkey in response to COVID-19 Pandemic.

The South Antelope Valley Emergency Services program provides food and other resources to persons experiencing homelessness and individuals and families at risk of homelessness The City allocated the full 15 percent of its 2020-2021 CDBG funds, and supplemented this activity with CDBG-CV funds.

Addressing the emergency shelter and transitional housing needs of homeless persons

The ultimate solution to ending homelessness is permanent housing closely aligned with supportive services that ensure housing stability can be maintained. However, because the demand for affordable housing far outpaces the region's supply, the CoC continues to rely on its emergency and transitional housing system in order to address the immediate needs of Los Angeles County's homeless population. To expand the options available in the community, the County's Homeless Initiative has expanded LAHSA-funded crisis housing to 24-hour facilities and has begun providing Rapid Re-Housing and Homeless Prevention funds to the community.

To address homeless needs in Palmdale among the 18-24 year-old age segment, the City and Advancing Communities Together, Inc. established the Palmdale Dream Center, an 11-unit transitional housing center with congregate activities and services designed to promote continuing education and employment for residents to achieve self-sufficiency and permanent housing. The Coordinated Entry System for youth is Countywide and many of the County's strategies for addressing homelessness also have a component that prioritizes transitional age youth.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

An individual or family is considered to be at-risk of becoming homeless if it experiences extreme difficulty maintaining their housing and has no reasonable alternatives for obtaining subsequent housing. Circumstances that can cause homelessness include eviction, loss of income, insufficient income, disability, increase in the cost of housing, discharge from an institution, irreparable damage or deterioration to housing, and fleeing from family violence.

During 2020-2021, the City and Valley Oasis used HOME funds to implement the TBRA Program to provide assistance for extremely low-income elderly residents who are experiencing a severe

rent burden. In response to COVID-19 pandemic the City also implemented a Business Assistance Program to support low- and moderate-income microenterprise businesses, as well as a TBRA program to provide emergency rental assistance, and a Mortgage Assistance Program to provide emergency mortgage relief to support households experiencing economic impact as a result of the Coronavirus.

The City provided funds to South Antelope Valley Emergency Services (SAVES), which provides emergency shelter (motel vouchers) and food to eligible low-income persons, homeless persons, and emancipated youth. SAVES distributes food and clothing to individuals and households at risk of becoming homeless. SAVES provides referral services to partners for job placement, health, educational/training, and social service needs. Additionally, SAVES collaborates with local community partners to offer a continuum of services on-site by providing office space free of rent. During this program year, SAVES expanded services to provide support to the array of households experiencing economic impact from the COVID-19 pandemic. SAVES conducted drive-thru emergency services and coordinated with an array of community partners to create drive-thru resource fairs. Information provided to residents included outreach and referral to the Census, the SNAP application process, and information on housing services, including services from rental assistance to tenant rights legal assistance, as well as medical services and vaccination opportunities. SAVES utilizes volunteer workers and Los Angeles County Transitional Subsidized Employment (TSE) program participants providing the opportunity to build job skills and experience in a warehouse/food pantry setting and training in general office skills.

The City supports America's Job Center of California (AJCC) previously known as the South Valley WorkSource Center or One Stop Center centrally located in Palmdale. The Center provides comprehensive employment, training and educational services to employers and job seekers.

The Housing Rights Center uses CDBG funds to provide fair housing, tenant/landlord mediation and legal services for residents through attorney consultations, and preparation of legal documents for the residents to represent themselves in family law and landlord/tenant actions. Some of these services are provided to prevent undue evictions that could lead to homelessness.

The City is included in the Housing Authority of the County of Los Angeles' efforts to provide Section 8 rental assistance to extremely low- and very low-income households located within the City limits. The Section 8 program gives priority to households that are at risk of becoming homeless or currently residing in inadequate housing.

During 2020-2021, the Housing Authority of the City of Palmdale continued a contract for the Homeless Prevention and Rapid Rehousing Program utilizing Housing Asset Funds to provide short- and medium-term rental assistance and other appropriate activities for homeless prevention and rapid rehousing of persons who have become homeless. Implementation began in January, 2019 and has assisted thirty-one unduplicated households.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

In support of CoC efforts, the 2020-2024 Strategic Plan provides for the use of CDBG funds to support activities implemented by local nonprofit organizations that provide services to help prevent and eliminate homelessness, including families at risk of homelessness. The City will provide CDBG funds to South Antelope Valley Emergency Services (SAVES) and HOME funds to Valley Oasis for the Tenant Based Rental Assistance Program. HOME funds are also used to promote affordable housing development and preservation efforts. Additionally, the Homeless Prevention Rapid Rehousing Program funded by Housing Asset Funds will continue to provide assistance to rehouse households experiencing homelessness, as well as prevent individuals and families from becoming homeless. In response to COVID-19 pandemic, the City has utilized HOME funds to implement a TBRA program, and CDBG-CV funds to implement a Business Assistance Program and a Mortgage Assistance Program, as well as supplement the SAVES program. The City is also encouraging residents to apply for other funding available in response to the Coronavirus, including the State of California's COVID Relief Rental Assistance Program.

CR-30 - Public Housing 91.220(h); 91.320(j)

Actions taken to address the needs of public housing

The City of Palmdale Housing Authority was formed in 1994 under State of California Housing Authority Law to actively improve existing neighborhoods and develop affordable housing opportunities using local, state and federal resources. The Palmdale Housing Authority does not administer Section 8 and does not own HUD Public Housing; however, the City is within the service area of the Los Angeles County Development Authority (LACDA) for the purposes of Section 8 and Public Housing. During the 2020-2021 program year, LACDA continued to serve the needs of residents through Section 8 vouchers and public housing.

In recognition that the U.S. Census Bureau projects that the elderly in California will have an overall increase of 112 percent from 1990 to 2020, HACoLA has made changes to address the need for the growing senior population. In August of 2013, HUD approved HACoLA's application to designate 13 public housing senior developments as housing for elderly families only (62 years or older).

Actions taken to encourage public housing residents to become more involved in management and participate in homeownership

LACDA actively encourages residents to be involved in the organization through resident councils and active participation in housing authority decisions via surveys and other forms of engagement. LACDA also maintains quarterly newsletters for Section 8 tenants, public housing residents, and Section 8 property owners.

LACDA encourages residents to explore homeownership opportunities. LACDA currently administers the Family Self-Sufficiency (FSS) program for public conventional housing and Housing Choice Voucher program residents. The FSS program provides critical tools and supportive services to foster a resident's transition from financial and housing assistance to economic and housing self-sufficiency, most importantly homeownership.

To support this effort, LACDA utilizes marketing materials to outreach and further promote the program's requirements and benefits to all public housing residents. For families that are eligible to participate, a Contract of Participation (COP) is prepared to govern the terms and conditions of their participation and an Individual Training Service Plan (ITSP) is created that outlines the following: supportive services to be provided, activities to be completed by the participant, and agreed upon completion dates for the services and activities. The COP is valid for five years and may be extended to allow the family to meet their ITSP goals.

Once the COP is established and the family experiences an increase in tenant rent as a result of earned income, an escrow account in their name is established and increased earned income is deposited into this account. Escrow accounts are disbursed to the family once the family has

graduated successfully from the program. Families are encouraged to utilize these funds towards educational and homeownership endeavors.

Additionally, LACDA provides residents with information on their homeownership programs.

Actions taken to provide assistance to troubled PHAs

N/A, LACDA is designated as a High Performing Public Housing Agency.

CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)

Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)

The two primary barriers to affordable housing identified in the 2020-2024 Consolidated Plan include housing affordability and the lack of monetary resources for affordable housing. As discussed in the Consolidated Plan's Strategic Plan section, a significant portion of the monetary resources that were used for affordable housing in the past included tax increment financing through the former redevelopment agency that was eliminated as a result of changes in State policy.

To address housing affordability and the lack of monetary resources for affordable housing, the Strategic Plan called for the investment of a significant portion of CDBG and HOME funds for the development of 101 new affordable rental housing units, 56 homeownership housing units, and the rehabilitation and preservation of 5 existing affordable housing units over the five-year period of the plan. The current CDBG and HOME investments in progress or completed during this program year that will either directly impact housing affordability or make an indirect impact through support of new housing projects include:

- $339,312 of 2019 HOME funds for the ongoing Tenant Based Rental Assistance Program to make rental housing units affordable to extremely-low income severely cost-burdened seniors;
- $326,304 of 2020 HOME funds for a new Tenant Based Rental Assistance Program to provide emergency rental assistance to households economically impacted by the COVID-19 Pandemic; and
- $728,678 of 2019 and 2020 HOME funds for Juniper Grove Affordable Apartments multi-family new construction project; and $250,000 of 2019 CDBG funds to assist with site assemblance. Once complete, Juniper Grove will provide 99 affordable units and 2 manager units.

Although the City no longer has access to Redevelopment Housing Set-Aside funds, the City continues to successfully leverage its CDBG and HOME funds to attract private and other available public resources to create affordable housing with suitable neighborhood amenities for low- and moderate-income residents. The City worked with Meta Housing Corporation to secure Low Income Housing Tax Credits through the California Tax Credit Allocation Committee that will yield $22,310,650 of Tax Credit Equity for the Juniper Grove Apartments project which includes 99 new affordable rental units for the current five-year Consolidated Plan period.

Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)

The primary obstacles to meeting the underserved needs of low- and moderate-income people include lack of funding from federal, state and other local sources, the high cost of housing that is not affordable to low-income people and the lack of availability of home improvement financing in the private lending industry. To address these obstacles, the City invested CDBG and HOME funds through the 2020-2021 Action Plan in projects that will support the development of new rental housing units, provide Tenant Based Rental Assistance to extremely low-income and cost-burdened seniors and households economically impacted by Coronavirus, and projects that provide public services to low- and moderate-income people to prevent homelessness, and provide mortgage relief to households economically impacted by Coronavirus. To address underserved needs, 99 percent of the City's 2020-2021 expenditure of CDBG and HOME funds (excluding Section 108 Debt Service and Administration) was for projects that benefit low- and moderate-income people.

Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)

The Residential Lead Based Paint Hazard Reduction Act of 1992 (Title X) emphasizes prevention of childhood lead poisoning through housing-based approaches. To reduce lead-based paint hazards, the rehabilitation of housing units built prior to January 1, 1978 includes a lead-based paint testing and risk assessment. Where lead-based paint is identified, the City ensures that developers and contractors incorporate safe work practices or abate the lead-based paint as part of the scope of work to effectively reduce lead-based paint hazards to children in accordance with 24 CFR Part 35.

Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)

The implementation of CDBG and HOME activities meeting the goals established in the 2020-2024 Consolidated Plan - Strategic Plan and the 2020-2021 Action Plan addressed the needs of poverty-level families and made strategic investments to reduce the number of poverty-level families in the future by:

- Supporting activities that expand the supply of housing that is affordable to low- and moderate-income households, such as the Juniper Grove Affordable Housing Project;
- Supporting activities that ensure equal access to housing opportunities such as Fair Housing Services provided by the Housing Rights Center;
- Supporting a continuum of housing and public service programs to prevent and eliminate homelessness through the South Antelope Valley Emergency Services program (including the supplemental activity in response to COVID-19 Pandemic), two TBRA programs (one operated by Valley Oasis and providing assistance to senior households and one providing emergency rental assistance to households economically impacted by COVID-19 pandemic); as well as a mortgage assistance program providing mortgage relief in response to the Coronavirus;

- Supporting activities that improve public facilities and infrastructure including the investment of over $1.9 million of CDBG funds in projects completed or underway during this program year; and
- Expand economic opportunity for low- and moderate-income residents and small business owners by providing a Business Assistance Program to microenterprise businesses negatively impacted by COVID-19 pandemic.

In addition to these efforts, mainstream state and federal resources also contributed to reducing the number of individuals and families in poverty. Federal programs such as the Earned Income Tax Credit and Head Start provided Palmdale residents with pathways out of poverty as they pursued employment and educational opportunities.

Actions taken to develop institutional structure. 91.220(k); 91.320(j)

The institutional delivery system in Palmdale is high-functioning and collaborative—particularly the relationship between local government and the nonprofit sector comprised of a network of capable non-profit organizations that are delivering a full range of services to residents. Strong City departments anchor the administration of HUD grant programs and the housing, community and economic development activities that are implemented by the City.

In order to support and enhance the existing institutional structure, the City of Palmdale collaborated with affordable housing developers and nonprofit agencies receiving CDBG and HOME funds through the 2020-2021 Action Plan to ensure that the needs of low- and moderate-income residents were met as envisioned within the 2020-2024 Consolidated Plan - Strategic Plan.

Efforts to enhance the institutional delivery system included continued implementation of the Tenant Based Rental Assistance Program in partnership with Valley Oasis that uses HOME funds and continued work with Advancing Communities Together. These critical partnerships significantly enhance the City's ability to implement the 2020-2024 Consolidated Plan - Strategic Plan.

Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)

To enhance coordination between public and private housing and social service agencies, the City continued consulting with and inviting the participation of a wide variety of agencies and organizations involved in the delivery of housing and supportive services to low- and moderate-income residents in Palmdale- particularly the low- and moderate-income areas. Representatives of the Department of Neighborhood Services participated in Antelope Valley Coalition meetings and South Antelope Valley Emergency Services coordinated its efforts with Valley Oasis and the Los Angeles Homeless Services Authority, the Continuum of Care Lead Agency. Additionally, the Director of Neighborhood Services and other department staff regularly participated in

Neighborhood Advisory Committee (NAC) meetings during the program year to coordinate the efforts of local nonprofits and religious organizations that are working in neighborhoods to address poverty through direct community engagement.

Identify actions taken to overcome the effects of any impediments identified in the jurisdiction's analysis of impediments to fair housing choice. 91.520(a)

The 2020 Analysis of Impediments to Fair Housing Choice (AI) adopted by the Palmdale City Council on June 2, 2020 included three impediments to fair housing choice in the 2020-2024 Fair Housing Plan. During the 2020-2021 program year, the City of Palmdale Department of Administrative Services and the Housing Rights Center affirmatively furthered fair housing choice through the implementation of recommendations contained within the Fair Housing Plan.

Impediment No. 1: Discrimination against Persons With Disabilities

The AI revealed that physical and mental disability fair housing discrimination complaints are the most common basis for fair housing discrimination complaints in Palmdale. To address the lack of understanding and sensitivity to the fair housing needs of physically and mentally disabled people, the City contracted with Housing Rights Center to provide virtual workshops in Palmdale and throughout the region that were geared toward disabled housing issues including reasonable accommodation and emphasizing that landlords may not refuse to rent on the basis of disability or any arbitrary factor. These workshops specifically addressed the housing needs and rights of persons with disabilities by expanding the base of knowledge concerning specific types of housing discrimination against the mentally and physically disabled.

Impediment No. 2: Lack of Awareness of Fair Housing Laws

The AI confirmed that there continues to be a lack of knowledge of fair housing rights and responsibilities among Palmdale residents and housing providers. Data supplied by the Housing Rights Center indicated that the number of fair housing discrimination complaints in Palmdale remained steady for the fiscal years ending June 30, 2014 and for the period from 2015-2019 with an average of 29 complaints per year. As a result, the Fair Housing Plan within the AI recommended enhanced outreach efforts to real estate professionals with fair housing questions or concerns in Palmdale and the region, as well as continuation of existing City efforts to increase participation in fair housing education workshops for prospective homebuyers, renters, and providers of housing such as multifamily management companies, independent landlords and real estate agents or brokers.

During the 2020-2021 program year, the City contracted with Housing Rights Center to provide virtual workshops in Palmdale and throughout the region and worked with Housing Rights Center to expand community participation including outreach efforts regarding fair housing workshops to renters and property managers/owners to make them aware that these workshops are available at no charge. Outreach events included an online workshop for landlords and tenants,

as well as daily assistance for tenants and landlords impacted by COVID-19 pandemic. The Housing Rights Center displayed literature at the Public Library and other high traffic areas of the City, including the Department of Neighborhood Services building and the office for the Community Programs Divisions, as well as posting an array of items on the City's website for ease of access during the pandemic. Fair Housing public service announcements were also played throughout the year several times a month on the City's public access channel and frequent postings on the Housing Rights Center Facebook and Twitter pages.

Impediment No. 3: Race/Ethnic Relations

Race/ethnic relations may contribute to bias or stereotypes that have an impact on Fair Housing Choice. Fair housing complaint data from 2006-2009 indicated that race/ethnicity was the second-leading cause of housing discrimination in the City. Between 2008-2012 there were between six and 17 hate crimes per year reported to the Federal Bureau of Investigation (FBI) between 2016-2020 the FBI reported a total of 14 hate crimes during that period. Of those 14, 12 of those hate crimes were on the basis of race, ethnicity, or ancestry and two were on the basis of religion.

The AI recommended that the City, in partnership with community nonprofits, fair housing organizations, other government agencies and special districts, provide public information programs disseminating information on fair housing laws, inclusion and diversity.

Outreach and education efforts include developing and distributing written materials and public service announcements that describe the applicable laws that protect against housing discrimination and ways to prevent housing injustices. These materials are provided for distribution at fair housing workshops for residents, apartment owners, and property managers, at fair housing information booths at local community events, available at City offices, provided to local agencies, and included in information provided as part of the Partners Against Crime (PAC) crime free multi-family housing certification process. Activities were postponed during this program year due to COVID-19 Pandemic.

For the past 22 years, the City of Palmdale has been a supporter of the Antelope Valley International Heritage Festival, which was renamed to the Antelope Valley International Multicultural Festival. The festival helps foster mutual understanding among the diverse cultural, racial, and religious groups in the Antelope Valley. The 2019 Festival was held on Saturday, September 15, 2019 at Poncitlan Square in Palmdale. The 2020 Festival was cancelled due to COVID-19 Pandemic.

City staff has conducted other outreach efforts in the community to be supportive of organizations and programs fostering tolerance or race relations. The City is also in its fourteenth year conducting its Partners Academy, an eight-week course that educates residents on all aspects of city operations from public safety, finance, economic development, and community relations. Residents have the opportunity over the course of two nights to speak to the Mayor

and City Manager on any topic of interest or concern, which would include any concerns about race relations or conflict in the community. To date 245 residents have completed the program. The 2020 program was postponed due to COVID-19 Pandemic.

The Los Angeles County Sheriff's Department is leading several efforts to bridge Sheriff and community relations. The S.H.A.R.E. Tolerance program has been created to educate members of the community, particularly our youth, regarding the dangers of hate and intolerance. It was conceived and developed by deputy sheriffs who care about the problem and wanted to do something effective about it. Utilizing a custom-built mobile theater, uniformed deputies show a 35-minute documentary film about hate crimes to groups of up to 24 people at a time. Afterwards, the deputies facilitate a 60-to-90-minute discussion about the film, the issues it presents, and the challenges of combating hate and intolerance. This program was implemented in the Antelope Valley and regularly makes presentations at area high schools. This program was postponed due to COVID-19 Pandemic.

Additionally, in March 2012 the Palmdale Station Captain created a Community Advisory Committee to foster stronger relationships between the community and the Sheriff's Department. The committee is made up of members of the community who represent various racial and ethnic demographics, faith-based organizations, and community organizations and continued to serve as a sounding board to the Captain on issues of concern to the community. This program was postponed due to COVID-19 Pandemic.

CR-40 - Monitoring 91.220 and 91.230

Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

To ensure that CDBG, HOME, and CDBG-CV funds were used efficiently and in compliance with applicable regulations, the City provided technical assistance to all subrecipients at the beginning of the program year. On-site monitoring was postponed due to the COVID-19 pandemic. The City has been working with the compliance staff for each subrecipient to conduct internal monitoring and provide virtual technical assistance.

Technical Assistance

To enhance compliance with federal program regulations, the Department of Administrative Services made technical assistance available to prospective applicants for any CDBG or HOME Notice of Funding Availability (NOFA) upon request to review the Strategic Plan goals, program requirements, and available resources with potential applicants. Technical assistance was provided to six prospective applicants. Additionally, technical assistance was provided during the implementation of CDBG, HOME, and CDBG-CV funded projects to ensure that appropriate resources are provided in furtherance of compliance with the program regulations.

Activity Monitoring

All activities were monitored, beginning with a detailed review upon receipt of the application to determine eligibility, conformance with a National Objective, and conformance with a Strategic Plan goal. This review also examined the proposed use of funds, eligibility of the service area, eligibility of the intended beneficiaries, and likelihood of compliance with other federal requirements such as the National Environmental Policy Act, the System for Award Management (SAM) debarment list, prevailing wage, Minority and Women Business Enterprise, Section 3 and federal acquisition and relocation regulations, as applicable.

Subrecipients submitted an audit and other documentation to establish their capacity, and any findings noted in the audit are reviewed. Subsequent to entering into a written agreement, staff and consultants performed periodic desk monitoring including ongoing review of required performance reports and documentation to substantiate CDBG, HOME, and CDBG-CV expenditures. For the CDBG public service activity implemented by South Antelope Valley Emergency Services, an on-site monitoring was postponed due to the COVID-19 Pandemic. The 2018-2019 monitoring visit had no findings.

For Juniper Grove Affordable Housing project monitoring of Davis-Bacon, Minority and Women's Business Enterprise (MBE/WBE) and Section 3 requirements will be conducted through an MOU with the Los Angeles County Development Authority, and monitored by LDM Associates, Inc. LDM

Associates, Inc. will also resume monitoring of CDBG Capital Projects to determine the adequacy of implementation by the Department of Public Works and its consultants. For HOME funded activities, annual monitoring of tenant files is in process to ensure that for renter occupied units, household income, rents and utility allowances are in compliance with applicable limits pursuant to the affordability covenant.

Citizen Participation Plan 91.105(d); 91.115(d)

Describe the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.

In accordance with the City's adopted Citizen Participation Plan, a public notice was published in the Antelope Valley Press in English and in Spanish on August 23, 2021 notifying the public of the availability of the Consolidated Annual Performance and Evaluation Report for a 15-day public review and comment period. A copy of the public notices is included in Appendix A.

The draft CAPER was available on the City website and at the following locations:

City Hall: Administration Building
38300 Sierra Hwy
Palmdale, California 93550

Department of Administrative Services, Community Programs Division
823 E. Ave Q-9, Suite A
Palmdale, California 93550

Palmdale Public Library
700 East Palmdale Blvd.
Palmdale, California 93550

A public hearing was conducted before the City Council on Tuesday, September 7, 2021 to solicit comments from residents and interested parties. In compliance with Public Health Orders limiting public gatherings for public health reasons the public hearing was conducted both in-person and virtually, in compliance with the Flexibilities and Waivers Granted by the CARES Act and Mega Waiver and Guidance posted on June 22, 2020. A summary of any written or oral comments received during the public hearing is included in Appendix B.

CR-45 - CDBG 91.520(c)

Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.

On March 4, 2020, the Los Angeles County Board of Supervisors and the Department of Public Health declared a local and public health emergency in response to the increased spread of coronavirus across the country. On March 11, 2020, the City of Palmdale started a phased mitigation approach to delay the spread of the virus, including postponing or canceling all non-essential activities. On March 17, 2020, the City of Palmdale (City) declared a State of Emergency in the City of Palmdale in response to the increasing threat of Coronavirus (COVID-19) throughout Los Angeles County, the state and the country. On At the time of this writing, the emergency orders remain in Place in Palmdale. A majority of non-essential activities continue to be postponed or heavily impacted due to COVID-19 pandemic.

The City approved a substantial amendment to the 2019 Action Plan on June 2, 2020 for the first tranche of CDBG-CV resources ($935,276) and on February 2, 2021 for the second tranche of CDBG-CV resources (997,619). The City began planning for CDBG-CV funded activities at the end of the FY2020-2021 program year, and launched the programs at the beginning of FY2020-2021 program year to prepare for, respond to, and prevent Coronavirus.

Combined, the CDBG and CDBG-CV funds are making a significant impact on strategies to address the high priority needs identified in the community. As shown in Figure 1 in section CR-05 of this document, CDBG and CDBG-CV funds are contributing to all the Strategic Plan goals including Fair Housing Services, Homelessness Prevention and Assistance, Public Facilities and Infrastructure Improvements, Economic Opportunity, Affordable Housing, COVID-19 Response, and Planning and Administration.

Fair Housing Services

The Fair Housing Services activity provided $35,031 to Housing Rights Center for the provision of fair housing outreach, education and enforcement activities, including landlord-tenant matters. During the program year, this activity was below its service goal of 300 people, serving 241 people. In response to the COVID-19 pandemic, Housing Rights Center switched their entire operation to a virtual platform. This format has made fair housing services more accessible.

Homelessness Prevention and Assistance

To support a continuum of services in the Antelope Valley to prevent and eliminate homelessness including but not limited to emergency services, homeless prevention programs, case management and transitional housing, the City's South Antelope Valley Emergency Services program served 178,625 persons within the residential low-

moderate areas within the City of Palmdale. In March, 2020 the County Department of Public Health issued a State of Emergency and ordered all non-essential business to close due to the COVID-19 Pandemic. On March 16, 2020 SAVES adopted the Covid-19 National Emergency model to become an emergency-only food distribution center. SAVES re-designed from client-choice to a no-contact drive-thru. SAVES also coordinated with local churches and community group volunteers to deliver emergency food to shut-in senior residents. During this period, SAVES worked hard to provide food services on an emergency basis to 1) comply with Public Health orders of that period of time; and 2) expand the mission of SAVES to provide emergency services to Palmdale residents impacted by COVID-19 while keeping both staff and the public safe and healthy.

Public Facilities and Infrastructure

To improve City of Palmdale public facilities and infrastructure to benefit low- and moderate-income people or those presumed under HUD regulations to be low- and moderate-income such as elderly people and disabled adults as well as residents of low- and moderate-income housing, the City invested a large portion of its CDBG resources to address this Strategic Plan goal. Two out of the four public facilities and infrastructure activities with measurable accomplishment goals (excludes Section 108 Debt Service) are multi-year projects that remained in progress as of June 30, 2021. Given the nature of the improvements being undertaken, many of these projects require implementation over multiple program years.

Economic Opportunity

In response to COVID-19 Pandemic, the City prioritized economic opportunity activities. During this program year two rounds of funding for the Business Assistance Program was made available to the community. The program provides microenterprise businesses with up to $10,000 in grant funds for reimbursement of eligible expenditures. The program is funded with both entitlement CDBG and CDBG-CV funds. During the program year 11 microenterprise businesses were assisted.

Affordable Housing

To support the goal of affordable housing the City is using CDBG funds to assist with site assemblance on the Juniper Grove Affordable Apartment project.

In response to COVID-19 Pandemic, the City provided mortgage assistance program to economically impacted low- and moderate-income households. The program provides up to $6,000 for up to 6 consecutive months of mortgage assistance. During this program year 40 eligible households were assisted. The City has also programmed CDBG funds for an emergency rental assistance and anticipates implementing the program in the 2021-2022 program year. During this program year, households were assisted through the

emergency TBRA rental assistance program or encouraged to apply for the California State COVID Rent Relief Program.

COVID-19 Response

The City has worked tirelessly to prepare for, respond to, and prevent Coronavirus. The CDBG-CV funds have made a significant impact in these efforts. As detailed above, CDBGG-CV funds have been used to support microenterprise businesses, households economically impacted by COVID-19, and to support the expanded homelessness and prevention services available at SAVES.

The 2020-2021 CAPER shows a number of activities in progress, even in the midst of the COVID-19 pandemic. The Q-12 ADA Sidewalk project was delayed due to impact from COVID-19. It is anticipated that the project will be complete near the end of program year 2021-2022. The Spot Blight Acquisition and Demolition activity completed the NEPA Environmental process and received HUD's authority to use grant funds. Progress to acquire the property and remove blight is underway. Should any challenges arise in the implementation of these or other CDBG-funded activities, the City will pro-actively identify additional opportunities to invest CDBG funds to meet Strategic Plan goals.

CR-50 - HOME 91.520(d)

Include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations

Maintaining HOME-assisted affordable housing is a high priority. During the program year, the City started the process to inspect the tenant files for HOME-assisted properties. Due to the COVID-19 Pandemic monitoring compliance with the housing codes and other applicable regulations was postponed until the end of the Emergency Order, which is still in place at the time of this report. The City is working to have all tenant files and inspections completed within 120 days of the end of the COVID-19 Pandemic Waiver.

- Whispering Palms – 76 units – Inspection postponed due to COVID-19 Pandemic
- Summer Terrace – 80 units – Inspection postponed due to COVID-19 Pandemic
- Palo Verde Terrace –78 units - Inspection postponed due to COVID-19 Pandemic
- Wright Brothers Court – 156 units – Inspection postponed due to COVID-19 Pandemic Palmdale Dream Center – 11 units – Inspection postponed due to COVID-19 Pandemic
- Q-2 Duplex – 2 units – Inspection postponed due to COVID-19 Pandemic
- 10th Place – 4 units - Inspection postponed due to COVID-19 Pandemic
- Courson Arts Colony East – 5 units - Inspection postponed due to COVID-19 Pandemic

Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 92.351(b)

Each of the HOME-assisted properties with five or more units maintains an Affirmative Fair Housing Marketing Plan. During annual monitoring, the annual Affirmative Fair Housing Marketing Report is typically reviewed to ensure compliance with HUD requirements to affirmatively further fair housing choice. Due to the COVID-19 pandemic, the full monitoring review was postponed. Each of the HOME-assisted properties monitored in the prior program year were in compliance.

Refer to IDIS reports to describe the amount and use of program income for projects, including the number of projects and owner and tenant characteristics

According to the PR-09 report for the CDBG and HOME program, the City of Palmdale did not receive program income during the 2020 program year.

Describe other actions taken to foster and maintain affordable housing. 91.220(k)

In the implementation of the 2020-2021 Action Plan, the City invested HOME funds to preserve and maintain affordable housing by partnering with development partners and nonprofit service providers to support the development of new rental housing units and to provide rental assistance. CDBG funds were invested in infrastructure and other public facilities improvements

projects necessary to provide suitable infrastructure and neighborhood amenities to support the creation of decent affordable housing.

CITY OF PALMDALE

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APPENDIX A
Public Notices

CITY OF PALMDALE
NOTICE OF PUBLIC REVIEW AND PUBLIC HEARING
DRAFT CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER)
FOR FISCAL YEAR 2020-2021
AND
PUBLIC HEARING TO OBTAIN CITIZEN INPUT ON COMMUNITY NEEDS FOR THE 2022-2023 ACTION PLAN

Pursuant to the United States Department of Housing and Urban Development (HUD) regulations, the City of Palmdale has prepared the draft Consolidated Annual Performance Evaluation Report (CAPER) for the 2020-2021 Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME). The CAPER provides an assessment of the City's performance in meeting Fiscal Year (FY) 2020-2021 housing and community development goals as outlined in the previously adopted Fiscal Year 2020-2021 One Year Action Plan (as amended). Additionally, the CAPER discusses changes the City anticipates making in the upcoming year as a result of the assessment of FY 2020-2021 annual performance.
In compliance with the City's approved Citizen Participation Plan and the Consolidated Plan implementing regulation 24 CFR 91.105, this notice is given to invite public review and comment of the City of Palmdale's Draft 2020-2021 CAPER. This document can be reviewed at the following locations:

- City of Palmdale Department of Administrative Services, Community Programs Division, 823 East Avenue Q-9, Suite A, (661) 267-5400. 7:30 a.m. to 6:00 p.m. (Monday-Thursday)
- City of Palmdale Public Library, 700 East Palmdale Blvd. (661) 267-5600
  10:00 a.m. to 8:00 p.m. (Monday-Thursday); 10:00 a.m. to 5:00 p.m. (Friday-Saturday); 1:00 p.m. to 5:00 p.m. (Sunday) Library hours subject to COVID-19 requirements.
- City of Palmdale Administration Building, 38300 Sierra Highway (661) 267-5100
  7:30 a.m. to 6:00 p.m. (Monday-Thursday)
- www.cityofpalmdale.org

The CAPER draft will be available for public review from August 23, 2021 to September 7, 2021. Individuals wishing to express their views concerning the above-referenced documents may provide written comments to the City on or before 5:00 p.m. on September 7, 2021 to the City of Palmdale, Economic and Community Development Department, 83250 Sierra Highway, Palmdale, CA 93550.

Notice is hereby given that the City Council will hold a public hearing to receive comments on the CAPER, to receive citizen input on community needs for consideration in the 2022-2023 Action Plan, and to receive input on the use of future CDBG and HOME funds in future Action Plans.

The City Council will hold both public hearings on September 7, 2021, at 7:00 p.m. at City Council Chambers, 38300 Sierra Highway, Palmdale, California. For more information, please call Sarah Mailes of the Economic and Community Development Department at (661) 267-5368.

In accordance with the current guidance from the California Department of Public Health and the County of Los Angeles Department of Public Health, the Council Chamber is open for in-person public comment and seating. Masks are required to be worn by all persons in attendance. It is recommended that all citizens practice social distancing to the extent possible while in attendance.

Comments may be submitted in advance of the meeting utilizing the City's eComment tool located at https://cityofpalmdale.org/310/City-Council-Meetings. Click on "eComment" next to the meeting Agenda once available. **The eComment period for this item will end two hours prior to the start of the City Council meeting.**

--Or--

Verbal comments may be submitted via Zoom meeting technology. Live public comment will be available via telephone. The call-in number and Meeting ID will be provided in the published September 7, 2021 meeting agenda during the Public Hearing.

It is the objective of the City to comply with Section 504 of the Rehabilitation Act of 1973, as amended, the Americans with Disabilities Act (ADA) of 1990 and the ADA Amendment Act of 2008, the Fair Housing Act, the Architectural Barriers Act, and the City's adopted Limited English Proficiency Plan (LEP) in all respects. If you require public documents in an accessible format, the City will make reasonable efforts to accommodate your request. If you require a reasonable accommodation to attend or participate in a hearing or meeting, including auxiliary aids or translation services, please contact the City Clerk's Office at least 48 hours prior to the meeting at (661) 267-5151.

Shanae Smith
City Clerk
August 23, 2021

AYUNTAMIENTO DE LA CIUDAD DE PALMDALE
AVISO DE REVISIÓN Y AUDIENCIA PÚBLICAS
BORRADOR DEL REPORTE DE LA EVALUACIÓN DEL RENDIMIENTO ANUAL CONSOLIDADO (CAPER) PARA EL AÑO FISCAL 2020-2021
Y
AUDIENCIA PÚBLICA PARA OBTENER APORTACIONES POR PARTE DE LOS CIUDADANOS SOBRE LAS NECESIDADES COMUNITARIAS PARA EL PLAN DE DESEMPEÑO 2022-2023

En conformidad con los reglamentos del Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos (HUD), el Ayuntamiento de la Ciudad de Palmdale ha preparado el borrador del Reporte de la Evaluación del Rendimiento y Desempeño Anual Consolidado (CAPER, por sus siglas en inglés) del Programa de Subsidios Globales para el Desarrollo Comunitario (CDBG, por sus siglas en inglés) y del Programa de Asociación para Inversiones en Vivienda HOME del Año Fiscal 2020-2021. El CAPER proporciona una evaluación del desempeño y rendimiento del Ayuntamiento de las metas establecidas para la vivienda y desarrollo comunitario durante el Año Fiscal 2020-2021 tal y como se delineó en el Plan de Desempeño Anual 2020-2021 previamente adoptado y tal como se haya enmendado. Este reporte a su vez expone cambios que el Ayuntamiento anticipa llevar a cabo durante los subsecuentes años debido al resultado de la evaluación del rendimiento anual del Año Fiscal 2020-2021.

Conforme al Plan de Participación Ciudadana aprobado y con la regla de implementación del Plan Consolidado 24 CFR 91.105, por medio de este aviso se invita al público a la revisión pública y comentarios del Borrador del CAPER 2020-2021 del Ayuntamiento de la Ciudad de Palmdale. Dicho documento puede ser revisado en los siguientes lugares:

- Departamento de Servicios Administrativos, 823 East Avenue Q-9, Suite A,
  7:30 A.M. a 6:00 P.M. (Lunes-Jueves) (661) 267-5368

- Biblioteca Pública de la Ciudad de Palmdale, 700 East Palmdale Blvd. (661) 267-5600
  10:00 A.M. a 8:00 P.M. (Lunes-Jueves); 10:00 A.M. a 5:00 P.M. (Viernes-Sábado);
  1:00 P.M. a 5:00 P.M. (Domingo) El horario de la Biblioteca esta sujeto a los requisitos de COVID-19.

- Ayuntamiento de la Ciudad de Palmdale, Edificio Administración, 38300 Sierra Highway (661) 267-5100
  7:30 A.M. a 6:00 P.M. (Lunes-Jueves)

- www.cityofpalmdale.org

El borrador del CAPER estará disponible para revisión pública del 23 de agusto de 2021 al 7de septiembre de 2021. Los individuos que deseen expresar sus puntos de vista sobre los documentos mencionados anteriormente pueden enviar comentarios por escrito al Ayuntamiento de la ciudad antes de las 5:00 P.M. el 7 de septiembre de 2021 al Ayuntamiento la Ciudad de Palmdale, Departamento de Desarrollo Económico y Comunitario 38250 Sierra Highway, Palmdale, CA 93550.

Por medio de la presente, se da aviso de que el Concejo Municipal del Ayuntamiento celebrará una audiencia pública para recibir comentarios sobre el CAPER, recibir aportaciones por parte de los ciudadanos sobre las necesidades de la comunidad para su consideración en el Plan de

Desempeño 2022-2023 y para recibir aportaciones sobre el uso de los fondos de CDBG y HOME en futuros Planes de Desempeño.

El Concejo Municipal del Ayuntamiento celebrará ambas audiencias públicas el 7 de septiembre de 2021 a las 7:00 P.M. en la Cámara del Concejo Municipal del Ayuntamiento, 38300 Sierra Highway, Palmdale, California. Para obtener mayor información, comuníquese con Sarah Mailes del Departamento de Desarrollo Económico y Comunitario, al (661) 267-5368.

De acuerdo con las guías actual del Departamento de Salud Pública de California y el Departamento de Salud Pública del Condado de Los Ángeles, la Cámara de Comercio está abierta para comentarios y asientos del público en persona. Se requiere que todas las personas presentes usen cubrebocas. Se recomienda que todos los ciudadanos practiquen el distanciamiento social en la medida de lo posible mientras asisten.

Los comentarios se pueden enviar antes de la reunión utilizando la aplicación de comentarios electrónicos de la Ciudad ubicada en https://cityofpalmdale.org/310/City-Council-Meetings. Haga clic en "eComment" junto a la agenda de la reunión una vez que esté disponible. El período de eComent para este artículo finalizará dos horas antes del inicio de la reunión del comité de la ciudad.

--O--

Los comentarios verbales se pueden enviar a través de la aplicación de reuniones Zoom. Los comentarios públicos en vivo estarán disponibles por teléfono. El número para llamar y la identificación de la reunión se proporcionarán en la agenda de la reunión publicada el 7 de septiembre del 2021 durante la reunión del comité de la ciudad.

Rebecca J. Smith
Secretario Municipal
Agosto 23, 2021

CITY OF PALMDALE

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APPENDIX B
Summary of Citizen Participation Comments

Summary of Public Comments

Palmdale City Council Meeting
Public Hearing
September 7, 2021

Comments

Comments will be recorded after the Public Hearing scheduled on September 7, 2021.

CITY OF PALMDALE

DRAFT 2020/2021
CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT
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APPENDIX C
IDIS Reports

PART I: SUMMARY OF CDBG RESOURCES	
01 UNEXPENDED CDBG FUNDS AT END OF PREVIOUS PROGRAM YEAR	1,914,259.05
02 ENTITLEMENT GRANT	1,589,640.00
03 SURPLUS URBAN RENEWAL	0.00
04 SECTION 108 GUARANTEED LOAN FUNDS	0.00
05 CURRENT YEAR PROGRAM INCOME	0.00
05a CURRENT YEAR SECTION 108 PROGRAM INCOME (FOR SI TYPE)	0.00
06 FUNDS RETURNED TO THE LINE-OF-CREDIT	0.00
06a FUNDS RETURNED TO THE LOCAL CDBG ACCOUNT	0.00
07 ADJUSTMENT TO COMPUTE TOTAL AVAILABLE	0.00
08 TOTAL AVAILABLE (SUM, LINES 01-07)	3,503,899.05
PART II: SUMMARY OF CDBG EXPENDITURES	
09 DISBURSEMENTS OTHER THAN SECTION 108 REPAYMENTS AND PLANNING/ADMINISTRATION	597,578.39
10 ADJUSTMENT TO COMPUTE TOTAL AMOUNT SUBJECT TO LOW/MOD BENEFIT	0.00
11 AMOUNT SUBJECT TO LOW/MOD BENEFIT (LINE 09 + LINE 10)	597,578.39
12 DISBURSED IN IDIS FOR PLANNING/ADMINISTRATION	156,778.93
13 DISBURSED IN IDIS FOR SECTION 108 REPAYMENTS	372,046.91
14 ADJUSTMENT TO COMPUTE TOTAL EXPENDITURES	0.00
15 TOTAL EXPENDITURES (SUM, LINES 11-14)	1,126,404.23
16 UNEXPENDED BALANCE (LINE 08 - LINE 15)	2,377,494.82
PART III: LOWMOD BENEFIT THIS REPORTING PERIOD	
17 EXPENDED FOR LOW/MOD HOUSING IN SPECIAL AREAS	0.00
18 EXPENDED FOR LOW/MOD MULTI-UNIT HOUSING	0.00
19 DISBURSED FOR OTHER LOW/MOD ACTIVITIES	563,848.39
20 ADJUSTMENT TO COMPUTE TOTAL LOW/MOD CREDIT	0.00
21 TOTAL LOW/MOD CREDIT (SUM, LINES 17-20)	563,848.39
22 PERCENT LOW/MOD CREDIT (LINE 21/LINE 11)	94.36%
LOW/MOD BENEFIT FOR MULTI-YEAR CERTIFICATIONS	
23 PROGRAM YEARS(PY) COVERED IN CERTIFICATION	PY: 2019 PY: 2020 PY: 2021
24 CUMULATIVE NET EXPENDITURES SUBJECT TO LOW/MOD BENEFIT CALCULATION	597,578.39
25 CUMULATIVE EXPENDITURES BENEFITING LOW/MOD PERSONS	563,848.39
26 PERCENT BENEFIT TO LOW/MOD PERSONS (LINE 25/LINE 24)	94.36%
PART IV: PUBLIC SERVICE (PS) CAP CALCULATIONS	
27 DISBURSED IN IDIS FOR PUBLIC SERVICES	237,976.24
28 PS UNLIQUIDATED OBLIGATIONS AT END OF CURRENT PROGRAM YEAR	0.00
29 PS UNLIQUIDATED OBLIGATIONS AT END OF PREVIOUS PROGRAM YEAR	0.00
30 ADJUSTMENT TO COMPUTE TOTAL PS OBLIGATIONS	0.00
31 TOTAL PS OBLIGATIONS (LINE 27 + LINE 28 - LINE 29 + LINE 30)	237,976.24
32 ENTITLEMENT GRANT	1,589,640.00
33 PRIOR YEAR PROGRAM INCOME	0.00
34 ADJUSTMENT TO COMPUTE TOTAL SUBJECT TO PS CAP	0.00
35 TOTAL SUBJECT TO PS CAP (SUM, LINES 32-34)	1,589,640.00
36 PERCENT FUNDS OBLIGATED FOR PS ACTIVITIES (LINE 31/LINE 35)	14.97%
PART V: PLANNING AND ADMINISTRATION (PA) CAP	
37 DISBURSED IN IDIS FOR PLANNING/ADMINISTRATION	156,778.93
38 PA UNLIQUIDATED OBLIGATIONS AT END OF CURRENT PROGRAM YEAR	0.00
39 PA UNLIQUIDATED OBLIGATIONS AT END OF PREVIOUS PROGRAM YEAR	0.00
40 ADJUSTMENT TO COMPUTE TOTAL PA OBLIGATIONS	0.00
41 TOTAL PA OBLIGATIONS (LINE 37 + LINE 38 - LINE 39 +LINE 40)	156,778.93
42 ENTITLEMENT GRANT	1,589,640.00
43 CURRENT YEAR PROGRAM INCOME	0.00
44 ADJUSTMENT TO COMPUTE TOTAL SUBJECT TO PA CAP	0.00
45 TOTAL SUBJECT TO PA CAP (SUM, LINES 42-44)	1,589,640.00
46 PERCENT FUNDS OBLIGATED FOR PA ACTIVITIES (LINE 41/LINE 45)	9.86%

LINE 17 DETAIL: ACTIVITIES TO CONSIDER IN DETERMINING THE AMOUNT TO ENTER ON LINE 17

Report returned no data.

LINE 18 DETAIL: ACTIVITIES TO CONSIDER IN DETERMINING THE AMOUNT TO ENTER ON LINE 18

Report returned no data.

LINE 19 DETAIL: ACTIVITIES INCLUDED IN THE COMPUTATION OF LINE 19

Plan Year	IDIS Project	IDIS Activity	Voucher Number	Activity Name	Matrix Code	National Objective	Drawn Amount
2019	8	269	6344905	Juniper Grove Apartments - CDBG	1	LMH	$225,000.00
					1	**Matrix Code**	**$225,000.00**
2014	1	227	6423905	Courson Connection Infrastructure	03F	LMA	$23,798.18
2014	1	227	6435108	Courson Connection Infrastructure	03F	LMA	$8,948.66
2014	1	227	FURTURE	Courson Connection Infrastructure	03F	LMA	($26,148.77)
					03F	**Matrix Code**	**$6,598.07**
2018	5	258	6435108	ADA Compliance- Yellen	03L	LMA	$20,240.86
2018	5	258	6467144	ADA Compliance- Yellen	03L	LMA	$15,372.00
2018	5	260	6435108	ADA Compliance- Q-12	03L	LMA	$40,159.35
2018	5	260	6467144	ADA Compliance- Q-12	03L	LMA	$18,501.87
					03L	**Matrix Code**	**$94,274.08**
2020	4	273	6467144	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$148,661.81
2020	4	273	6489151	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$39,906.79
2020	4	273	6513415	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$12,796.10
2020	4	273	FUTURE	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$36,611.54
					03T	**Matrix Code**	**$237,976.24**
Total							**$563,848.39**

LINE 27 DETAIL: ACTIVITIES INCLUDED IN THE COMPUTATION OF LINE 27

Plan Year	IDIS Project	IDIS Activity	Voucher Number	Activity prevent, prepare for, and respond to Coronavirus	Activity Name	Matrix Code	National Objective	Drawn Amount
2020	4	273	6467444	Yes	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$148,661.81
2020	4	273	6489151	Yes	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$39,906.79
2020	4	273	6513415	Yes	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$12,796.10
2020	4	273	FUTURE	Yes	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$36,611.54
						05W	**Matrix Code**	**$237,976.24**
Total				**No**	**Activity to prevent, prepare for, and respond to Coronavirus**			**$237,976.24**
				Yes	**Activity to prevent, prepare for, and respond to Coronavirus**			
								$237,976.24

LINE 37 DETAIL: ACTIVITIES INCLUDED IN THE COMPUTATION OF LINE 37

Plan Year	IDIS Project	IDIS Activity	Voucher Number	Activity Name	Matrix Code	National Objective	Drawn Amount
2020	8	271	6423905	CDBG Planning and Administration	21A		$312.84
20202	8	271	6435108	CDBG Planning and Administration	21A		$49,715.96
2020	8	271	6467444	CDBG Planning and Administration	21A		$19,498.72
2020	8	271	6489151	CDBG Planning and Administration	21A		$18,703.14
2020	8	271	FUTURE	CDBG Planning and Administration	21A		$31,148.79
					21A	**Matrix Code**	**$119,379.45**
2020	8	290	FUTURE	CDBG Planning	20		$2,368.48
					21D	**Matrix Code**	**$2,368.48**
2020	2	272	6467444	Fair Housing Services	21D		$8,757.75
2020	3	272	6489151	Fair Housing Services	21D		$5,838.50
2020	3	272	FUTURE	Fair Housing Services	21D		$20,434.75
					21D	**Matrix Code**	**$35,031.00**
Total							**$156,778.93**

PART I: SUMMARY OF CDBG-CV RESOURCES	
01 CDBG-CV GRANT	1,932,895.00
02 FUNDS RETURNED TO THE LINE-OF-CREDIT	0.00
03 FUNDS RETURNED TO THE LOCAL CDBG ACCOUNT	0.00
04 TOTAL AVAILABLE (SUM, LINES 01-03)	1,932,895.00
PART II: SUMMARY OF CDBG-CV EXPENDITURES	
05 DISBURSEMENTS OTHER THAN SECTION 108 REPAYMENTS AND PLANNING/ADMINISTRATION	615,654.79
06 DISBURSED IN IDIS FOR PLANNING/ADMINISTRATION	127,345.77
07 DISBURSED IN IDIS FOR SECTION 108 REPAYMENTS	0.00
08 TOTAL EXPENDITURES (SUM, LINES 05 - 07)	743,000.56
09 UNEXPENDED BALANCE (LINE 04 - LINE8)	1,189,894.44
PART III: LOWMOD BENEFIT FOR THE CDBG-CV GRANT	
10 EXPENDED FOR LOW/MOD HOUSING IN SPECIAL AREAS	0.00
11 EXPENDED FOR LOW/MOD MULTI-UNIT HOUSING	0.00
12 DISBURSED FOR OTHER LOW/MOD ACTIVITIES	615,654.79
13 TOTAL LOW/MOD CREDIT (SUM, LINES 10 - 12)	615,654.79
14 AMOUNT SUBJECT TO LOW/MOD BENEFIT (LINE 05)	615,654.79
15 PERCENT LOW/MOD CREDIT (LINE 13/LINE 14)	100.00%
PART IV: PUBLIC SERVICE (PS) CALCULATIONS	
16 DISBURSED IN IDIS FOR PUBLIC SERVICES	508,372.61
17 CDBG-CV GRANT	1,932,895.00
18 PERCENT OF FUNDS DISBURSED FOR PS ACTIVITIES (LINE 16/LINE 17)	26.30%
PART V: PLANNING AND ADMINISTRATION (PA) CAP	
19 DISBURSED IN IDIS FOR PLANNING/ADMINISTRATION	127,345.77
20 CDBG-CV GRANT	1,932,895.00
21 PERCENT OF FUNDS DISBURSED FOR PA ACTIVITIES (LINE 19/LINE 20)	6.59%

LINE 10 DETAIL: ACTIVITIES TO CONSIDER IN DETERMINING THE AMOUNT TO ENTER ON LINE 10

Report returned no data.

LINE 11 DETAIL: ACTIVITIES TO CONSIDER IN DETERMINING THE AMOUNT TO ENTER ON LINE 11

Report returned no data.

LINE 12 DETAIL: ACTIVITIES INCLUDED IN THE COMPUTATION OF LINE 12

Plan Year	IDIS Project	IDIS Activity	Voucher Number	Activity Name	Matrix Code	National Objective	Drawn Amount
2020	9	289	6513418	Mortgage Assistance Program	05Z	LMC	$219,576.90
	9	289	FUTURE DRAW	Mortgage Assistance Program	05Z	LMC	$19,875.82
2020	4	273	FUTURE DRAW	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$268,919.89
	10	275	6513418	Barela Hair	18C	LMCMC	$10,000.00
		276	6513418	BJ Martial Arts Inc. dba AV Taekwondo	18C	LMCMC	$10,000.00
		277	6513418	Inno Taekwondo Academy Inc. dba Dragon Han Martial Arts	18C	LMCMC	$10,000.00
		278	6513418	Palmdale Postal	18C	LMCMC	$8,808.39
		279	6513418	Figueroa's Mexican Grill	18C	LMC	$10,000.00
		280	6513418	Chique Salon, Inc.	18C	LMCMC	$10,000.00
		281	6513418	Extreme Barbershop	18C	LMCMC	$9,750.03
		282	6513418	Everything Hair Boutique	18C	LMCMC	$9,070.65
		283	6513418	Bo-D Tuxedo Rental and Sales	18C	LMCMC	$9,998.98
		284	6513418	HK Development Group DBA Berrystar Frozen Yogurt	18C	LMCMC	$9,654.13
		285	6513418	S&S Eyebrow Threading	18C	LMCMC	$10,000.00
Total							**$615,654.79**

LINE 16 DETAIL: ACTIVITIES INCLUDED IN THE COMPUTATION OF LINE 16

Plan Year	IDIS Project	IDIS Activity	Voucher Number	Activity Name	Matrix Code	National Objective	Drawn Amount
2020	9	289	6513418	Mortgage Assistance Program	05Z	LMC	$219,576.90
	9	289	FUTURE DRAW	Mortgage Assistance Program	05Z	LMC	$19,875.82
						Matrix Code (	**$239,452.72**
2020	4	273	FUTURE DRAW	South Antelope Valley Emergency Services (SAVES)	05W	LMA	$268,919.89
						Matrix Code (	**$268,919.89**
Total							**$508,372.61**

LINE 19 DETAIL: ACTIVITIES INCLUDED IN THE COMPUTATION OF LINE 19

Plan Year	IDIS Project	IDIS Activity	Voucher Number	Activity Name	Matrix Code	National Objective	Drawn Amount
2020	12	288	6513418	COVID Administration and planning	21A		$106,310.76
2020	12	288	FUTURE DRAW	COVID Administration and planning	21A		$21,035.01
Total							**$127,345.77**
							$743,000.56



CDBG / HOME Section 3 Plan

Revised: July 2021

OVERVIEW

Each year the U.S. Department of Housing and Urban Development (HUD) invests billions of federal tax dollars into local communities for projects and activities that aid in creating healthy, strong, and sustainable communities. This investment not only provides for development and construction, but also can generate new employment, training and contracting opportunities for local low- and very low-income residents through contracts with local businesses that employ them.

Section 3 of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u) is a legal and practical tool that fosters local economic development, neighborhood economic improvement, and individual self-sufficiency for low- and very low-income persons. To comply with Section 3 requirements the City must ensure that employment and other economic and business opportunities generated in connection with HUD financial assistance, to the greatest extent feasible, is directed to public housing residents and other low-income persons, particularly recipients of government housing assistance (called Section 3 Workers), and business concerns that provide training and economic opportunities to low- and very-low income persons (called Section 3 Businesses).

It is the policy of the City of Palmdale (City) to implement the Section 3 requirements to the greatest extent feasible on HUD-assisted housing and community development funded activities that are subject to the Section 3 requirements. This is principally achieved through the contracting opportunities generated through the implementation of housing construction, housing rehabilitation and other public construction projects in the City. Contractors shall cooperate with the City and its representatives regarding compliance with Section 3 regulations and shall cause its employees and subcontractors to cooperate with the City in complying with Section 3.

A. Applicability

For Housing and Community Development funded activities (Section 3 Projects), Section 3 requirements apply to the following:

- Housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

The requirements apply to an entire Section 3 Project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

Examples of HUD Housing and Community Development funding include Community Development Block Grants (CDBG), the HOME Investment Partnerships Program (HOME),

Housing Opportunities for Persons with AIDS (HOPWA), Section 811 Supportive Housing for the Disabled, Section 202 Supportive Housing for the Elderly, Emegency Soultion Grants (ESG), the Neighborhood Stabilization Program (NSP), the Brownfield Economic Development Initiative (BEDI), Lead Hazard Control and Healthy Homes Programs, Disaster Recovery Programs, and the Choice Neighborhood Program.

B. Definitions

In accordance with 24 CFR Part 75, the following terms are defined to facilitate understanding of the terminology used to describe how the City will meet its obligation to implement Section 3 to the greatest extent feasible in connection with HUD-assisted projects.

Contractor: Any entity entering into a contract with (1) a recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or (2) a subrecipient for work in connection with a Section 3 Project.

Housing and Community Development Assistance: Any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of Community Development Block Grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

HUD: The U.S. Department of Housing and Urban Development.

Low-income Person: as defined in Section 3(b)(2) of the Housing Act of 1937 Act (42 U.S.C. 1437a(b)(2)), this term means a person whose income does not exceed 80 percent of the median for the area.

Metropolitan Area: A metropolitan statistical area (MSA), as established by the Office of Management and Budget.

Nonmetropolitan County: Any county outside of a metropolitan area.

New Hires: Full-time employees for permanent, temporary or seasonal employment opportunities.

Public Housing Resident: Any individual who resides in public housing as a signatory on a public housing lease, or as a member of the family of the individual(s) who is the signatory on the public housing lease.

Recipient: Any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, public housing authority, or other public agency, public or private nonprofit organization.

Section 3 Business: A business concern meeting at least one of the following criteria, documented within the last six-month period:

1. It is at least 51 percent owned and controlled by low- or very low-income persons;
2. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers; or
3. It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees. These requirements shall not be construed to require the contracting or subcontracting of a Section 3 business concern; Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 Clause: The basic contract provisions set forth in 24 CFR 75.17 and 24 CFR 75.27 that must be included in Section 3 Covered contracts. The City may, at its discretion, enhance or strengthen the Section 3 Clause to achieve maximum feasible compliance with Section 3.

Section 3 Covered Assistance: Section 3 requirements apply to all programs receiving public housing financial assistance regardless of the amount of assistance received from HUD. Section 3 also applies to the entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance.

Section 3 Project: means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

Section 3 Worker: Any worker who currently fits or when hired within the past five years fits at least one of the following categories, as documented:

1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
2. The worker is employed by a Section 3 business concern.
3. The worker is a YouthBuild participant.

The status of a Section 3 Worker shall not be negatively affected by a prior arrest or conviction. Nothing herein shall be construed to require the employment of someone who meets this definition of a Section 3 Worker; Section 3 Workers are not exempt from meeting the qualifications of the position to be filled.

Targeted Section 3 Worker: For Housing and Community Development financial assistance, a Targeted Section 3 Worker is defined as:

1. A worker employed by a Section 3 business concern; or
2. A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
    i. Living within the Service Area or the Neighborhood of the Project, as defined herein; or
    ii. A YouthBuild participant.

Service Area or the Neighborhood of the Project: An area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Subcontractor: any entity (other than an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 Covered Assistance oor a Section 3 Project, or arising in connection with Section 3 Covered Assiatnce or a Section 3 Project.

Subrecipient: A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Very Low-income Person: as defined in Section 3(b)(2) of the Housing Act of 1937 Act (42 U.S.C. 1437a(b)(2)), this term means a person whose income does not exceed 50 percent of the median for the area.

YouthBuild Programs: Programs that receive assistance through the U.S. Department of Labor under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226), and that provide at-risk youth with training and educational opportunities in construction and other industries.

C. Implementation

The City seeks, to the greatest extent feasible, to meet the Section 3 regulatory requirements by awarding Section 3 contracts to contractors (includes subrecipients) and subcontractors participating on Section 3 Covered Assistance and Section 3 Projects, in an effort to create employment and business opportunities for low- and very low-income persons. City staff is assigned to monitor and implement the requirements of Section 3 in accordance with these Section 3 Guidelines.

The implementation of these Section 3 Guidelines should result in a reasonable level of success in the recruitment, employment, and utilization of Section 3 Workers by contractors working on Section 3 Projects and Section 3 Covered Assistance. The City will examine and

consider a contractor's or potential for success in providing employment and business opportunities to Section 3 residents prior to acting on any proposed contract award.

1. Section 3 Contracting Policy

    a. Housing and Community Development Assisted Section 3 Projects

    The City will implement Section 3 on all Housing and Community Development assisted Section 3 Projects, including but not limited to housing rehabilitation, housing construction, and other public construction projects assisted with HUD Housing and Community Development funds of $200,000 or more. Section 3 covered procurements shall be implemented in accordance with this Section 3 Plan.

    To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, the City shall ensure contracts for work awarded in connection with Section 3 Projects are provided to business concerns that provide economic opportunities to Section 3 Workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

    Where feasible, priority for the contracting opportunities described above should be given to:

    (i) Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing within the service area or the neighborhood of the project, and

    (ii) Participants in YouthBuild programs.

2. Section 3 Employment & Training

    a. Housing and Community Development Assisted Section 3 Projects

    It is the City policy that to the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, that recipients of Housing and Community Development funding shall ensure that employment and training opportunities arising in connection with Section 3 Projects are provided to Section 3 Workers within the metropolitan area (or nonmetropolitan county) in which the project is located. Where feasible, priority for opportunities and training should be given to:

    (i) Section 3 Workers residing within the service area or the neighborhood of the project, and

    (ii) Participants in YouthBuild programs.

Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the employment, training, and contracting requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

It is the responsibility of the City and its contractors to implement and document their good faith efforts to attain Section 3 compliance with HUD established Section 3 Worker and Targeted Section 3 Worker labor benchmarks. Any contractor that does not meet the Section 3 labor benchmarks must submit documentation to the City with its Section 3 Labor Summary Report that demonstrate the qualitative measures undertaken to attempt to meet the Section 3 labor benchmarks.

3. Contract Provisions

The Section 3 Contract Clause specifies the requirements for contractors performing work under Section 3 Projects. The Section 3 Clause must be included in all contracts and subcontracts for Section 3 covered projects and activities. The following contract provision requirements apply to each of the respective funding sources:

a. Housing and Community Development Section 3 Projects

(i) Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project.

(ii) Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the employment, training, and contracting requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

4. Section 3 Procurement

The requirements of Section 3 are passed down from HUD to the City, and from the City to contractors (including subrecipients) and subcontractors participating on Section 3 Projects or Section 3 Covered Assistance. A contractor is any entity that contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 project. Such entities contracted to perform work may include:

- The State;
- A unit of local government;
- A public housing authority;
- A public body;
- A public or private non-profit agency;
- A private agency mortgagor;
- A sponsor;
- A builder or building contractor;
- A property manager;
- A community development organization; and
- Resident management or a resident council.

Under the federal procurement regulations applicable to the City at 2 CFR 200.318 et seq., most Section 3 covered procurements will be formal procurements involving a

Notice Inviting Bids that will be advertised in media of general circulation. The following statement shall be inserted in the bid advertisement:

This is a HUD Section 3 Project or Section 3 Covered Assistance. Contractors/ Subcontractors must comply with the employment, training and contracting opportunity requirements of Section 3 of the Housing and Community Development Act of 1968.

Within the bid document, staff will insert the "Section 3 Bid Package" which is comprised of the following documents:

- Section 3 Clause (Exhibit 1);
- Section 3 Pre-Bid Meeting Checklist (Exhibit 2);
- Section 3 Business Certification Form (Exhibit 3);
- Sample Qualitative Outreach Efforts for Contractors (Exhibit 4);
- Statement of Section 3 Qualifications (Exhibit 5);
- Section 3 Worker/Targeted Worker Certification Form by County of Residence (Exhibit 6); and
- Section 3 Contractor's Labor Report Summary (Exhibit 7).

At least one (1) week prior to the bid opening, staff will conduct a Section 3 Pre-Bid Meeting to explain the Section 3 requirements to potential bidders. Using the Section 3 Bid Package forms and the Section 3 Pre-Bid Meeting Checklist found in Appendix B, staff will present relevant Section 3 information to potential bidders and answer their questions about documentation, outreach, and employment goals.

Contractors who are not Section 3 Business Concerns based on 51% ownership by current public housing residents or residents who currently live in Section 8-assisted housing, or 51% owned and controlled by low- or very low-income persons, and who anticipate bidding on City projects in the future are advised to incorporate the Section 3 Worker Certifications and Section 3 Targeted Worker Certifications into their new-hire packet so that they can become a Section 3 Business Concern at a point in time when over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers. Companies that are not Section 3 Busness Concerns at the time of the bid will be required to engage in and document certain outreach efforts that will assist them in meeting the HUD established Section 3 Worker and Targeted Section 3 Worker labor benchmarks (Statement of Section 3 Qualifications).

5. Section 3 Worker Hiring

The definition of a Section 3 Worker specifies that one of the eligibility qualification for such designation is that these individuals earn 80 percent or less of the Area Median Income for their county of residence. The Section 3 Worker Certification form must be updated by the City each year subsequent to HUD's annual release of new income limits.

6. Targeted Section 3 Worker Hiring

Where Housing and Community Development funding is provided, the definition for a Targeted Section 3 Worker specifies that one of the eligibility qualification for such designation is that an individual currently or when hired, as documented within the past five years lives within the service area or the neighborhood of the project.

The service area or neighborhood of the project is defined to mean an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

For each Housing and Community Development funded Section 3 Project, the City shall deteremine the applicable service area and include the results of that determination within the bid package for use in determining employee designations as Targeted Section 3 Workers, business designations as Section 3 Business Concerns, and for measuring accomplishments in meeting the HUD Labor Hour Benchmarks for Targeted Section 3 Workers.

7. Section 3 Labor Hour Benchmarks

The City, Contractors, and other Recipients will be considered to have complied with the HUD Safe Harbor requirements of 24 CFR 75.13 for Section 3 Covered Assistance and 24 CFR 75.23 for Section 3 Projects if in the absence of evidence to the contrary, if they:

a. Certify that they have followed the prioritization of effort contained in Section 1 – Section 3 Contracting Policy and Section 2 – Section 3 Employment and Training above; and

b. Meet or exceed the applicable Section 3 labor hour benchmarks as described below.

For Housing and Community Development Section 3 Projects

(i) The number of labor hours worked by Section 3 Workers divided by the total number of labor hours worked by all workers on a Section 3 Project in the recipient's program year. As of July 1, 2021, the benchmark is 25 percent.

(ii) The number of labor hours worked by Targeted Section 3 Workers as defined in 24 CFR 75.21(a), divided by the total number of labor hours worked by all workers on a Section 3 Project in the recipient's program year. As of July 1, 2021, the benchmark is 5 percent.

HUD will periodically revise the Section 3 benchmarks. When future revisions are published in the *Federal Register*, all relevant Section 3 forms and documentation shall be amended to reflect the updated benchmark values and effective date.

8. Section 3 Compliance Activities - Qualitative Measures

The City, Recipients and Subrecipients, and Contractors and Subcontractors have an obligation to provide employment and training opportunities generated by the Housing and Community Development assistance to Section 3 Workers. In addition, the

contracting requirements of the above Section 1 – Section 3 Contracting Policy must be met. HUD has provided a number of qualitative efforts that can be undertaken to assist all parties in enhancing Section 3 labor hour performance and in meeting the HUD labor hour benchmarks, which include but are not limited to the following:

a. Engage in outreach efforts to generate job applicants who are Targeted Section 3 Workers.

b. Provide training or apprenticeship opportunities.

c. Provide technical assistance to help Section 3 Workers compete for jobs (e.g., resume assistance, coaching).

d. Provide or connect Section 3 Workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.

e. Hold one or more job fairs.

f. Provide or refer Section 3 Workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).

g. Provide assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.

h. Assist Section 3 Workers in obtaining financial literacy training and/or coaching.

i. Engage in outreach efforts to identify and secure bids from Section 3 business concerns.

j. Provide technical assistance to help Section 3 business concerns understand and bid on contracts.

k. Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns.

l. Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

m. Promote the use of business registries designed to create opportunities for disadvantaged and small businesses.

n. Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

The City, Recipients and Subrecipients, Contractors and Subcontractors, and all other parties subject to the Section 3 requirements are required to fully document all qualitative efforts undertaken. In the event that either one or both of the HUD labor hour

benchmarks for Section 3 Workers and Targeted Section 3 Workers are not met, then documentation supporting the measures implemented to enhance Section 3 performance must be submitted to City.

Examples of documentation supporting the implementation of qualitative efforts might include: copies of direct mail solicitations, copies of internet and email outreach efforts, formal advertisements, flyer or brouchers for meetings, sign-in lists for job fairs and other public meetings, agendas or meeting notes from meeting with contractors or businesses, or correspondence with Section 3 Business Concerns.

9. Section 3 Reporting

It is the City's responsibility to report Section 3 accomplishments to HUD. The City is required to maintain documentation of actions taken to comply with the employment and training requirements of Section 3, the results of actions taken and impediments encountered. The City should maintain records of solicitation of bid proposals, selection material, and contract documents in accordance with Federal and State Law. This documentation should demonstrate all of the City's efforts to achieve Section 3 labor hour benchmark compliance.

Section 3 report submissions are determined by the source of funding as reflected in the table below:

Funding Source	Report Submissions
Office of Community Planing and Development Programs	Grantees who receive funding such as Block Grnat Assistance, HOME Funds, Housing Trust Funds, Continum of Care, etc. will enter Section 3 information within the applicable closeout screens in IDIS, DRGR, or e-SNAPs as well as their annual reporting on the CAPER or APR.
Office of Lead Hazard Control and Health Homes Programs	Grantees receiving OLHCHH funding will report on their Section 3 activities within the Healthy Homes Grant Management System (HHGMS).
Office of Housing Programs	Grantees that participate in the Rental Assistance Demonstration Program will continue to report Section 3 activities within the RAD Resource Desk as prescribed by the latest RAD Notice
Office of Public and Indian Housing Programs	Public Housing Authorities will report in the Section 3 Reporting System (S3RS) portal

For Housing and Community Development Financial Assistance, Section 3 Projects are reported on in the applicant grant monitoring system such as IDIS or DRGR,etc.,while benchmarks are reported on annually through the CAPER or APR unless otherwise provided by the grant. Where required, qualitative efforts on all projects completed within the program year are reported in a manner consistent with the program funding.

10. Section 3 Business Concern List

Effective with the adoption of this Section 3 Plan, the City will maintain a list of qualified Section 3 Business Concerns wishing to contract for federally-assisted housing rehabilitation, housing construction, and other public construction projects. The City will also utilize the HUD Section 3 Business Registry:

https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness**,**

or any other centralized Section 3 Business lists or databases offered by HUD that include contractors in the metropolitan area.

11. Section 3 Complaint Procedures

Complaints alleging failure to comply with the provisions of 24 CFR Part 75 may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

12. Records

The City shall maintain documentation and ensure that its subrecipients, contractors, or subcontractors that employ workers maintains documentation to ensure that workers meet the definition of a Section 3 Worker or Targeted Section 3 Worker, at the time of hire or the first reporting period, in accordance with the following requirements:

a. For a worker to qualify as a Section 3 Worker, one of the following must be maintained:

   (i) A worker's self-certification that their income is below the income limit from the prior calendar year;

   (ii) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;

   (iii) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

   (iv) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or

   (v) An employer's certification that the worker is employed by a Section 3 business concern.

b. For a worker to qualify as a Targeted Section 3 Worker, under eligible Housing and Community Development financial assistance:

   (i) An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;

(ii) An employer's certification that the worker is employed by a Section 3 business concern; or

(iii) A worker's self-certification that the worker is a YouthBuild participant.

In addition, the City shall maintain documentation and ensure that its subrecipients, contractors, or subcontractors that employ workers maintains documentation detailing total labor hours worked, and Section 3 Worker and Target Section 3 Worker labor hours. Documention of all qualitative efforts undertaken to enhance Section 3 performance must also be maintained by the City.

The foregoing compliance documentation shall be maintained for the time period required for record retention consistent with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR 200.334 which provides for retaining records for a minimum period of three years. HUD shall have access to all records, reports, and other documentation that demonstrates compliance with the Section 3 requirements.

EXHIBITS

1. Section 3 Clause
2. Section 3 Pre-Bid Meeting Checklist
3. Section 3 Business Certification Form
4. Sample Qualitative Outreach Efforts for Contractors
5. Statement of Section 3 Qualifications
6. Section 3 Worker/Targeted Worker Certification Form by County of Residence
7. Section 3 Contractor’s Labor Report Summary

TASKS	Responsible Staff
1. Review and perform oversight of Section 3 contracting requirements.	Project manager for the Department implementing the Section 3 Project.
2. Review and perform oversight of Section 3 employment and training requirements.	Project manager for the Department implementing the Section 3 Project.
3. Review, implement, and perform oversight of Section 3 procurement requirements.	Project manager for the Department implementing the Section 3 Project.
4. Review of service area requirements for each Section 3 activity and integration into bid and other Section 3 documentation.	Project manager for the Department implementing the Section 3 Project.
5. Review Section 3 Business Concern documentation and determine eligibility.	Project manager for the Department implementing the Section 3 Project.
6. Review the Statement of Section 3 Qualifications to determine the capacity of the bidder to meet Section 3 obligations.	Project manager for the Department implementing the Section 3 Project.
7. Review Section 3 Worker and Targeted Section 3 Worker documentation and determine eligibility.	Project manager for the Department implementing the Section 3 Project.
8. Implement qualitative measures and perform reviews of qualitative measures implemented by contractors and other parties.	Project manager for the Department implementing the Section 3 Project.
9. Receive and process Section 3 accomplishment data and perform Section 3 reporting functions.	Grant Administrator - Department of Neighborhood Services.
10. Receive and process Section 3 complaints.	Grant Administrator - Department of Neighborhood Services.
11. Enter Section 3 accomplishment data in the HUD Integrated Disbursement and Information System prior to marking the activity “complete”	Grant Administrator - Department of Neighborhood Services.
12. Retention of Section 3 Project records	Project manager for the Department implementing the Section 3 Project.
Records to be Maintained:	City Contractor Applications / Bids DUNS and SAM registrations City licensing information, registration, and vendor requirements State contractor license verifications Notice of contract award - Departmental approvals All Section 3 Exhibits / documents received as part of a Section 3 Project
Retention Period:	5 years from submission of the Consolidated Annual Performance and Evaluation Report in which the Section 3 Project is reported as complete.

Section 3 Plan

Exhibit 1

EXHIBIT 1

Section 3 Clause
Federal Contract Provision
24 CFR Part 75

a. This is a Section 3 covered project. Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as detailed in 24 CFR 75(a)(2)(i). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

b. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by the U.S. Department of Housing and Urban Development (HUD) assistance or HUD assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

c. The parties to this contract will comply with HUD's regulations as set forth in 24 CFR Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.

d. The Section 3 requirements apply to all contractors and subcontractors performing work in connection with a Section 3 covered project. Contractor means any entity entering into a contract with (a) a recipient to perform work in connection with work in connection with a Section 3 project; or (b) a subrecipient for work in connection with a Section 3 project. Subcontractor means any entity that has a contract with a Contractor to undertake a portion of the contractor's obligation to perform work in connection with a Section 3 project.

e. The contractor agrees to include this Section 3 Clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 Clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of regulations under 24 CFR Part 75.

f. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected, but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, where not filled to circumvent the contractor's obligations under 24 CFR Part 75.

g. Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

h. Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25

U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the Section3 requirements of 24 CFR Part 75.

Section 3 Plan

Exhibit 2

EXHIBIT 2

Section 3 Pre-Bid Meeting Checklist

Project Name	Project Number

Date	Time	Location

This presentation will familiarize you with the federal requirements applicable to this contract because it is funded in whole or in part with federal Community Development Assistance administered by the U.S. Department of Housing and Urban Development (HUD). Please be sure to ask me any questions you may have about these requirements before you leave today's meeting.

SECTION 3 EMPLOYMENT, CONTRACTING, AND TRAINING OPPORTUNITY PROGRAM

☐ Section 3 of the Housing and Community Development Act of 1968 requires that the City implement an employment, contracting and training opportunity program in connection with its HUD-funded housing construction, housing rehabilitation, or other public construction contracts. The goal of Section 3 is to provide employment and training opportunities to individuals that qualify as "Section 3 Residents."

☐ This is a Section 3 covered project. Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000. The threshold is $100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as detailed in 24 CFR 75(a)(2)(i). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

☐ The Section 3 requirements apply to all contractors and subcontractors performing work in connection with a Section 3 covered project. Contractor means any entity entering into a contract with (a) a recipient to perform work in connection with work in connection with a Section 3 project; or (b) a subrecipient for work in connection with a Section 3 project. Subcontractor means any entity that has a contract with a Contractor to undertake a portion of the contractor's obligation to perform work in connection with a Section 3 project.

☐ A Section 3 Worker is a worker who currently fits or when hired within the past five years (as documented) fits at least one of the following *categories*:

a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
b. The worker is employed by a Section 3 business concern.
c. The worker is a YouthBuild participant.

☐ For Housing and Community Development Financial Assistance – A Targeted Section 3 Worker is:

a. A worker employed by a Section 3 business concern; or
b. A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:

(i) Living within the service area or the neighborhood of the project, which is defined as an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered

on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census; or

(ii) A YouthBuild participant.

☐ A Section 3 Business is a business concern meeting at least one of the following criteria, documented within the last six-month period:

a. is at least 51 percent owned and controlled by low- or very low-income persons;
b. over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
c. is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

☐ The City is required by HUD to implement Section 3 to the greatest extent feasible, which means that the City and it subrecipients, contractors and subcontractors must undertake all reasonable measures to meet the established HUD Labor Hour Benchmarks for Section 3 Workers and Targeted Section 3 Workers. The current HUD Section 3 minimum labor hour benchmarks are as follows:

Labor Hour Standard	Ratio Formula	Minimum %
Section 3 Workers	Section 3 Workers ÷ Total Labor Hours	25%
Targeted Section 3 Workers	Targeted Section 3 Workers ÷ Total Labor Hours	5%

Note that the Section 3 Labor Hours Worked reflected above should also include the Total Labor Hours worked for Targeted Section 3 Workers.

☐ Upon completion of the contract, the successful bidder will be required to provide the Contractor's Section 3 Labor Report Summary, a document summarizing labor hour accomplishments and detailing all efforts made to create contracting, employment and training opportunities for low-income residents in connection with this project. This form is also included in the bid document; however, it is to be submitted on July 1st or with your final Certified Payroll Report, whichever occurs first.

CONTRACTOR ELIGIBILITY

☐ All contractors' license status will be verified by the City with the Contractors State License Board.

☐ The City will verify the debarment status of all contractors through the U.S. General Services Administration's System for Award Management (SAM).

☐ The City will verify that all contractors have appropriate insurance in conformance with contract requirements.

FEDERAL PREVAILING WAGE: ☐ APPLICABLE ☐ NOT APPLICABLE TO THIS PROJECT

☐ This is a federally assisted construction contract. The Federal Labor Standards Provisions, including prevailing wage requirements of the Davis-Bacon and Related Acts will be enforced. In the event of a conflict between Federal and State wages rates, the higher of the two will prevail.

☐ The Federal Labor Standards Provisions, "HUD-4010 form," included in the Bid Document as a part of the prime contract, details the federal prevailing wage requirements applicable to this contract.

- ☐ The applicable Federal wage decision will lock-in 10-calendar days prior to the physical bid opening date.
- ☐ The hourly rate to be paid to each worker, as listed in the wage decision, may be higher than wages paid for private work.
- ☐ The hourly Fringe Benefit rate listed in the wage decision must be added to and paid as part of the workers hourly rate, or paid into an approved plan, as documented on the "Fringe Benefit Statement" form.
- ☐ The wage decision and notices must be posted at the job site in a place that is accessible to all employees.
- ☐ The "Public Works Payroll Report" form (WH-347 form or similar format) must be submitted on a weekly-basis.
- ☐ A "Statement of Compliance" form (WH-348 form or similar format) must be attached to each payroll report.
- ☐ All work classifications used in the "Weekly Certified Payroll Report" (CPR) must be listed in the wage decision.
- ☐ Classifications and rates used, but not listed in the wage decision must be approved in advance by HUD.
- ☐ "OTHER" deductions must be "Authorized" by the employee. A copy of this documentation must be attached to the first CPR where an "OTHER" deduction appears for an employee.

EQUAL EMPLOYMENT OPPORTUNITY

- ☐ Contractor(s) [$10,000 or more] must implement the requirements outlined in the "EEO Clause" of your contract.
- ☐ Notification will be made by the City to the DOL Office of Federal Contract Compliance Programs of all contracts and subcontracts of $10,000 or more.

The City will actively monitor this project for compliance with the aforementioned requirements.

Name/Signature of Presenter _____ Date _____

Section 3 Compliance Instructions for Bidders

During the procurement and contracting process for this project:

1. Review the Section 3 Clause
2. Review the Section 3 Pre-Bid Meeting Checklist
3. Complete the Section 3 Business Certification Form and return it with your bid
4. During the project, consider and implement Qualitative Outreach Efforts for Contractors as appropriate
5. Complete the Statement of Section 3 Qualifications and return it with your bid
6. Facilitate completion of the Section 3 Worker / Targeted Worker Certification Form(s) for each employee to be counted as either a Section 3 Worker or a Section 3 Targeted Worker on this project and return these forms with your bid

If selected for the prime contract, incorporate Section 3 into subcontracts and require submission of items 2-6 below from each subcontractor or sub-tier contractor:

1. Section 3 Clause
2. Section 3 Pre-Bid Meeting Checklist
3. Section 3 Business Certification Form
4. Qualitative Outreach Efforts for Contractors
5. Section 3 Worker / Targeted Worker Certification Form(s)
6. Section 3 Contractor's Labor Report Summary (to be submitted with the final payroll report)

During the project:

1. Continue implementing Section 3 as part of your hiring practices
2. Maintain records of hours worked by type of worker (Section 3 Worker, Section 3 Targeted Worker, other workers) to facilitate reporting

After the project is complete:

1. Collect a Section 3 Contractor's Labor Report Summary from all participating subcontractors and sub-tier contractors.
2. Prepare the prime contractor's Section 3 Contractor's Labor Report Summary form
3. Submit all Section 3 Contractor's Labor Report Summary forms to the City



Section 3 Plan

Exhibit 3

EXHIBIT 3

Section 3 Business Certification Form

Federal Compliance Form – To be submitted with Bid to be Responsive to Section 3

Project Name	Project Number	Bid/Contract Amount

Business Name

Business Address

Telephone Number	Contractor's License Number	Federal Employer Identification Number	DUNS Number

1. The above named business is a Section 3 Business Concern based on the following qualifications:

   ☐ **51 percent owned and controlled by low- or very low-income persons**

   Number of Low- or Very Low-income Owners _____ ÷ Number of Owners _____ = _____ %

   (Attach Resident Certifications for all Section 3 owners claimed and a list of all other non-income eligible owners)

   ☐ **Over 75 percent of the labor hours performed for the business over the prior three-month period were performed by Section 3 workers**

   a. Total Number of Labor Hours for the prior three-month period _____

   b. Number of Labor Hours for the prior three-month period performed by Section 3 Workers _____

   c. b ÷ a = _____ %

   (Attach Summary Labor Report Form for the prior three-month period)

   ☐ **At least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing**

   Number of Section 3 Resident Owners _____ ÷ Number of Owners _____ = _____ %

   (Attach Resident Certifications for all Section 3 owners claimed)

2. The above named business is not a Section 3 Business Concern, but commits to meeting the Section 3 goal on this project by:

   ☐ **Making a Written Commitment**

   Our company declares its intention to incorporate Section 3 into our normal hiring practices beginning with all openings effective on or after the date of contract award, with the goal of becoming a Section 3 Business Concern; and comply with the employment and training, and contracting prioritization efforts of 24 CFR 75.19.

   On this project, our company and its subcontractors will collectively meet the following Section 3 minimum labor hour benchmarks:

Labor Hour Standard	Ratio Formula	Minimum %
Section 3 Workers	Section 3 Workers ÷ Total Labor Hours	25%
Targeted Section 3 Workers	Targeted Section 3 Workers ÷ Total Labor Hours	5%

We have attached the Statement of Section 3 Qualifications, and Business Certifications for all subcontracts claimed; and agree to conduct and document outreach efforts to hire Section 3 Workers and Targeted Section 3 Workers, and collect Section 3 Worker and Section 3 Targeted Worker Certifications, and document their labor hours as well as total labor hours throughout the duration of the project.

The undersigned declares that the above information is complete and correct.

Printed Owner/Principal Name	Owner/Principal Signature	Date



Section 3 Plan

Exhibit 4

Sample Qualitative Outreach Efforts for Contractors
Seeking to Hire Section 3 Workers and Targeted Section 3 Workers

A Section 3 responsive bidder who commits to hire Section 3 Residents by directing employment and training opportunities toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, may use any combination of outreach efforts to meet the Section 3 commitment made when a Statement of Section 3 Qualifications is submitted.

REMEMBER: All employees of a business/firm that work on a Section 3 Project count toward meeting your Section 3 goals—Section 3 New Hires do not have to be construction workers, they just have to work on the Section 3 Project.

The following represent sample measures that can be undertaken to expand your Section3 Worker and Targeted Section 3 Worker hiring;

- Engage in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provide training or apprenticeship opportunities.
- Provide technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- Provide or connect Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Hold one or more job fairs.
- Provide or refer Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care).
- Provide assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assist Section 3 workers in obtaining financial literacy training and/or coaching.
- Engage in outreach efforts to identify and secure bids from Section 3 business concerns.
- Provide technical assistance to help Section 3 business concerns understand and bid on contracts.
- Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- Promote the use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

Remember to document all of your efforts for retention within your project files and for submission to the City.

Section 3 Plan

Exhibit 5

EXHIBIT 5

Statement of Section 3 Qualifications

Contractor name and address		Project number:	Dollar amount of contract:
		Contact person and title:	
		Contact person email address:	
Phone: (include area code)	Contractor's license number and class:	Federal EIN:	Date report submitted:
Date(s) covered:		Do you currently qualify as a Section 3 Business Concern? ☐ Yes ☐ No	

Part I: Past Performance under Section 3 Projects

Has your firm previously performed work on Section 3 projects? ☐ Yes ☐ No

If yes, please complete the attached spreadsheet detailing your Section 3 accomplishments for the last year

Part II: Efforts to Meet Section 3 Worker and Targeted Work Labor Hour Obligations

Please specify the commitments that you have made to meet your Section 3 Worker and Targeted Work Labor Hour Obligations

☐ We have a sufficient number of verifiable Section 3 Workers and Targeted Section 3 Workers currently employed, which based on the labor hour projections for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers.

☐ We have contractual commitments with Section 3 Business Concerns, which when combined with labor hour projections for our staff and those of the Section 3 Business Concerns for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers.

☐ We will engage in outreach efforts to identify and secure bids from Section 3 Business Concerns, which when combined with labor hour projections for our staff and those of the Section 3 Business Concerns for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers.

☐ We commit to performing the following targeted outreach activities to expand the number of Section 3 Workers and Targeted Section 3 Workers to a level which based on the labor hour projections for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers (list all outreach activities to be performed):

☐ We commit to performing the following measures designed to ensure that the labor hours performed by Section 3 Workers and Targeted Section 3 Workers for this project, will meet or exceed both of the HUD Minimum Labor Hour Thresholds of 25% for Section Workers and 5% for Targeted Section 3 Workers (provide a detailed description of the measures to be implemented):

Part III: Labor Utilization Projections for Section 3 Workers and Targeted Section 3 Workers

Please complete the following information for the project for which this bid proposal is being submitted:

Current Staffing	
Total Number of Personnel that will be working on this Project	
Number of currently employed Section 3 Workers that will be working on this Project	
Number of currently employed Targeted Section 3 Workers that will be working on this Project	

Projected Labor Utilization Includes Current and New Hires, Subcontractors, and Work performed by Section 3 Business Concerns	
a. Total Projected Labor Hours for all Project Personnel	
b. Total Projected Labor Hours for Section 3 Workers	
c. Total Projected Labor Hours for Targeted Section 3 Workers	
Projected Labor Hours by Section 3 Workers as a percentage of Total Labor Hours **(b ÷ a)**	%
Projected Labor Hours by Targeted Section 3 Workers as a percentage of Total Labor Hours **(c ÷ a)**	%

Part IV: Efforts performed to generate economic opportunities and assist in meeting Section 3 Labor Hour Requirements

Please indicate which of the following measure have been completed prior to the submission of this bid:
☐ Trained and/or Employed _____ Section 3 Workers and _____ Targeted Section 3 Workers (attach Section 3 Worker Certifications and Targeted Section 3 Worker Certifications)
☐ Awarded subcontracts to _____ Section 3 Business Concern(s). (attach Section 3 Business Concern Certifications)
☐ Attempted to recruit Section 3 Workers through: ☐ Advertising through local media, television, radio, newspaper (attach copy of advertisement) ☐ Signs prominently displayed at the project site ☐ Contacts with Community Organizations (attach correspondence) ☐ Contacted management to notify residents of job availability and posted or distributed flyers at public housing authority (Attach list)
☐ Participated in a HUD program or other program which promotes the training or employment of low-income individuals (attach supporting documentation)
☐ Participated in a HUD program or other program which promotes the award of contracts to Section 3 Business Concerns
☐ Contacted agencies administering HUD Youth-Build programs. (Attach correspondence documentation)
☐ Maintained a file of eligible qualified low-income Residents and qualified Section 3 Business Concerns for future employment
☐ OTHER: (Describe and attach supporting documentation)

Title 18, Section 1001 of the U.S. Code provides that it is a felony for any person to knowingly and willingly make false or fraudulent statements to any department of the United States Government. I, the undersigned, hereby certify that all statements contained herein and in its respective attachments are true and correct to the best of my knowledge and belief.

Under the penalty of perjury, I certify that the above information is true and correct.

_____	_____
Printed Name	Title
_____	_____
Signature	Date

Section 3 Accomplishments (Please include all Section 3 Projects in which you participated during the last 12 months)				
Project Name	**Construction Dates**	**Funding Entity**	**Funding Entity Contact Information (Name, Phone and email)**	**Were All Section 3 Obligations Met for this Project?**
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No
				☐ Yes ☐ No

Section 3 Plan

Exhibit 6

SECTION 3 WORKER and TARGETED SECTION 3 WORKER CERTIFICATION

COMMUNITY DEVELOPMENT FINANCIAL ASSISTANCE

Employee Residing in Los Angeles County

Submit with Bid if Box 1 is checked on Section 3 Business Certification or for New Hires

Employee Name _____ Date Hired (Month/Date/Year) _____

Employee Address _____

I hereby certify that I am a Section 3 Worker based on currently meeting, or meeting when hired within the past five years at least one of the following qualification(s) - check all that apply:

1. ☐ I am a low-income resident of the metropolitan area and:

For new hires:

☐ My current annual income is $66,250 or less	2021 Income Limit

For employees hired within the last five (5) years, please specify if you met the applicable income requirement for the year in which you were hired (based on previous year income):

Year Hired	Applicable Income Limit	Income Standard
2020	☐ My annual income for 2019 was $58,450 or less	2019 Income Limit
2019	☐ My annual income for 2018 was $54,250 or less	2018 Income Limit
2018	☐ My annual income for 2017 was $50,500 or less	2017 Income Limit
2017	☐ My annual income for 2016 was $48,650 or less	2016 Income Limit
2016	☐ My annual income for 2015 was $46,500 or less	2015 Income Limit

2. ☐ I am a YouthBuild participant

Under the provisions of Title 18, Section 1001 of the U.S. Code, it is a felony for any person to knowingly and willingly make false or fraudulent statements to any department of the United States Government. I, the undersigned, hereby certify that all statements contained herein, are true and correct to the best of my knowledge and belief. I understand the information I provide in this certification is subject to verification, and I agree to provide necessary documentation if requested.

Under the penalty of perjury, I certify that the above information is true and correct.

Employee Signature _____ Date _____

EMPLOYER CERTIFICATION

Employee Name: _____

Company Name: _____

Our company: ☐ is a Section 3 Business Concern, or ☐ is not a Section 3 Business Concern

The above-named employee was hired on: _____

The above-named employee's job title is: _____

If the company is not a Section 3 Business Concern and the specified employee does not meet any of the above criteria for designation as a Section 3 Worker, please complete the following:

SECTION 3 WORKER:

☐ The worker's income from our company is below the income limit when based on a projection of the worker's wage rate annualized on a full-time basis, or

☐ The worker's income from our company exceeds the income limit when based on a projection of the worker's wage rate annualized on a full-time basis.

TARGETED SECTION 3 WORKER:

☐ The above specified employee lives within one mile of the location of the Section 3 project for which this certification is being submitted (or if fewer than 5,000 people live within one mile of the project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.)

Under the provisions of Title 18, Section 1001 of the U.S. Code, it is a felony for any person to knowingly and willingly make false or fraudulent statements to any department of the United States Government. I, the undersigned, hereby certify that all statements contained herein, are true and correct to the best of my knowledge and belief. I understand the information I provide in this certification is subject to verification, and I agree to provide necessary documentation if requested.

Employer Certification:

_____	_____
Printed Name	Title
_____	_____
Signature	Date

FOR OFFICE USE ONLY

To be determined eligible as a Section 3 Worker, the worker must currently fit or when hired within the past five years fit at least one of the following categories, as documented:

a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
b. The worker is employed by a Section 3 business concern.
c. The worker is a YouthBuild participant.

To be determined eligible as a Targeted Section 3 Worker, the worker must meet one the following criteria:

a. Be employed by a Section 3 business concern; or
b. Currently fits or when hired fit at least one of the following categories, as documented within the past five years:
   (i) Living within the service area or the neighborhood of the project [within one mile of the location of the Section 3 project for which this certification is being submitted (or if fewer than 5,000 people live within one mile of the project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.)]; or
   (ii) A YouthBuild participant.

Based on the information contained herein, the worker identified in this certification qualifies as:

☐ a Section 3 Worker

☐ a Targeted Section 3 Worker

☐ Does not qualify as either a Section 3 Worker or a Targeted Section 3 Worker

Section 3 Plan

Exhibit 7

EXHIBIT 7

Community Development Financial Assistance
Summary Labor Report

Project Name

The labor hours reported in this table must include the total number of labor hours worked with Housing and Community Development financial assistance for the above specified project, including labor hours worked by any contractors and subcontractors.

Labor hours for Section 3 Workers and Targeted Section 3 Workers that are classified as professional services are to be reported within their respective columns; however the total professional services labor hours are not to be included in the "All Workers Total Labor Hours Worked" Column.

Labor Hours Report for the Project funded with Community Development Financial Assistance			
Contractors and Subcontractors **List the names of all contractors and subcontractors performing work on the above specified project. (attach additional pages, if required)**	**All Workers Total Labor Hours Worked**	**Section 3 Workers Total Labor Hours Worked***	**Targeted Section 3 Workers Total Labor Hours Worked**
Totals			

*** Please note that the Section 3 Labor Hours Worked reflected above should also include the Total Labor Hours worked for Targeted Section 3 Workers. This also applies to the Labor Hours Calculation table below for determining compliance with HUD Benchmarks minimums.**

Section 3 Labor Hour Calculations

Based on your entries above, please calculate the following labor hour standards for your Housing and Community Development project:

Labor Hour Calculations			
Labor Hour Standard	**Ratio Formula**	**%**	**2021 HUD Benchmark Minimums**
Section 3 Workers	Section 3 Worker's Labor Hours ÷ Total Labor Hours		25%
Targeted Section 3 Workers	Targeted Section 3 Worker's Labor Hours ÷ Total Labor Hours		5%

Prioritization of Employment and Training, and Contracting

Employment and training

☐ I certify that to the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, that we have ensured that employment and training opportunities arising in connection with this Section 3 project are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located.

☐ I certify that where feasible, priority for opportunities and training described in the above paragraph were given to:

a. Section 3 workers residing within the service area or the neighborhood of the project, and
b. Participants in YouthBuild programs.

Contracting

☐ I certify that to the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, that we have ensured that contracts for work awarded in connection with this Section 3 project were provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

☐ I certify that where feasible, priority for contracting opportunities described in the above paragraph were given to:

a. Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and
b. YouthBuild programs.

If both of your labor hour percentage calculations for Section 3 Workers and Targeted Section 3 Workers are below the respective 2021 HUD Section 3 Benchmarks and you have met all of the prioritization of employment and training, and contracting requirements, please sign the certification below for the information entered above, and complete Section 2 of this form below.

If both of your labor calculation percentages for Section 3 Workers and Targeted Section 3 Workers meet or exceed the 2021 HUD Benchmark minimums, then please sign the certification below:

Under the penalty of perjury, I certify that the above information is true and correct.

Printed Name	Title
Signature	Date

SECTION 2

Please indicate which of the following qualitative Section 3 compliance activities that you or your subcontractors performed have:

- ☐ Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers
- ☐ Provided training or apprenticeship opportunities
- ☐ Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)
- ☐ Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services
- ☐ Held one or more job fairs
- ☐ Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care)
- ☐ Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training
- ☐ Assisted Section 3 workers to obtain financial literacy training and/or coaching
- ☐ Engaged in outreach efforts to identify and secure bids from Section 3 business concerns
- ☐ Provided technical assistance to help Section 3 business concerns understand and bid on contracts
- ☐ Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns
- ☐ Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- ☐ Promoted use of business registries designed to create opportunities for disadvantaged and small businesses
- ☐ Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act
- ☐ Other (please specify): _____

  _____
- ☐ Other (please specify): _____

  _____

PLEASE attach documentation that supports the performance of the above specified measures by contractors and subcontractors, and sign the certification below:

Under the penalty of perjury, I certify that the above information is true and correct.

Printed Name	Title
Signature	Date

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT – PLANNING DIVISION**

DISTRICT: **4**

SUBJECT: **ADOPT RESOLUTION NO. CC 2021-093; A REQUEST TO APPROVE DENSITY BONUS AGREEMENT 20-001 (A-7437) ASSOCIATED WITH THE CONSTRUCTION OF AN AFFORDABLE MULTIPLE-FAMILY RESIDENTIAL DEVELOPMENT LOCATED ON THE NORTHEAST CORNER OF 30TH STREET EAST AND EAST AVENUE R (APN: 3020-005-031)**

ISSUE

Adopt Resolution No. CC 2021-093 approving Density Bonus Agreement (DBA) 20-001 (A-7437).

RECOMMENDATION

The Planning Commission recommends that the City Council:

1. Adopt Resolution No. CC 2021-093 approving the agreement for DBA 20-001 (A-7437); and,
2. Authorize the City Manager or his designee to execute Agreement No. A-7437, with Highridge Costa Development, including minimal or non-substantive changes.

BACKGROUND

On August 12, 2021, the Planning Commission adopted Resolution No. PC-2021-022 approving Site Plan Review (SPR) 21-012, adopting the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program prepared for the project and recommending that the City Council approve DBA 20-001 (A-7437). SPR 21-012 includes the construction a 57-unit affordable housing project for permanent supportive housing. The development consists of seven, two-story buildings containing a total of 56 studio apartments and one two-bedroom manager's unit. The complex will be available to homeless individuals, Veterans Affairs (VA) certified homeless veterans, and non-VA certified homeless veterans.

DISCUSSION

The proposed project is a request for approval of a DBA that includes three concessions from the development standards as allowed by State Density Bonus Law (California Government Code Section 65915).

The project site has a General Plan land use designation of MR (Medium Residential, 6.1 to 10 dwelling units per acre) and is within the R-2 (Medium Residential) zone. The project site is five acres and therefore the minimum density for the site is 30 units and the maximum density is 50 units. Density Bonus Law requires that, when 100% of all units (excluding managers units) are for lower income households, the City must grant an 80% density bonus over the base density, which would allow an additional 40 units for this development. Although the maximum density for the project site is 90 units, the project proposes to construct a total of 57 units. Therefore, the project's proposed density of 11.4 units per acre is allowed pursuant to Density Bonus Law. Of the 56 affordable units, 15% of the units (nine units) are required to be reserved for very low-income households. Additionally, the owner has requested cost-saving concessions in accordance with Government Code Section 65915, *et seq*. and PMC Section 17.25.110, as follows:

a. Removal of the requirement to provide private open space in the form of individual balconies for each unit.

b. A 10% reduction in the requirement for common open space. The project is required to provide 71,440 square feet of open space and will provide 47,528 square feet of common open space.

c. A reduction in the requirement for common laundry facility appliances from a ratio of one washer and dryer for every five units to a ratio of one washer and dryer for every 15 units.

The Housing Division has determined that granting the concessions listed above will result in actual and identifiable cost reductions to provide for affordable housing. In addition, the proposed project will contribute to the City's Regional Housing Needs Assessment (RHNA) allocation.

FISCAL IMPACT

The applicant submitted the required application fees for processing of the application and the development will be subject to the payment of development impact fees. Long-term fiscal impacts will include the cost of providing public services to the development.

STRATEGIC PLAN

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

A. Provide inclusive access to a variety of supportive services that build a resilient and healthy community.

Prepared by:	Luis Garibay, Interim Director of Economic and Community Development
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENT

1. Resolution No. CC 2021-093
2. Density Bonus Agreement 20-001 (A-7437)

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-093

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 20-001 (A-7437); PERTAINING TO THE CONSTRUCTION OF AN AFFORDABLE MULTIPLE-FAMILY RESIDENTIAL DEVELOPMENT LOCATED ON THE NORTHEAST CORNER OF EAST AVENUE R AND 30TH STREET EAST (APN: 3020-005-031)

WHEREAS, Highridge Costa Development Company, has filed an application requesting approval of Density Bonus Agreement (DBA) 20-001 (A-7437) described herein (hereinafter referred to as "Application");

WHEREAS*,* the Application applies to a proposed 57 unit multiple-family affordable housing development on a five acre site, referred to on the County Assessor's roles as APN 3020-005-031, legally described on EXHIBIT I hereto and shown on the map attached hereto as EXHIBIT II;

WHEREAS*,* on August 12, 2021, the Planning Commission of the City of Palmdale reviewed the proposed project and recommended approval of the agreement by the City Council, and approved Site Plan review 20-012; and,

WHEREAS, on September 7, 2021, the City Council of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date. Evidence, both written and oral, was duly presented and considered by the City Council at the aforesaid public hearing, including but not limited to, the staff report dated September 7, 2021.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all of the facts set forth in the Recitals, Part A of this Resolution, are true and correct.

SECTION 2. Based upon substantial evidence presented to the City Council during the September 7, 2021, public hearing, including public testimony and written and oral staff reports, the City Council specifically finds as follows:

(a) The proposed density bonus agreement is consistent with the maps and policies of the General Plan and any applicable specific plan.

The proposed project involves the construction of a 57-unit affordable multiple-family residential development. The project is consistent with applicable goals, policies and objectives of the General Plan because it is

consistent with the General Plan Housing Element Goal H1, *Promote the construction of new housing affordable to all income groups.* The project is required to reserve a minimum of 15 percent of the units for very low-income households. The project is also consistent with the Palmdale Municipal Code (PMC) as modified through the DBA, and applicable development standards, because it meets or exceeds all development standards including setbacks height, off-street parking, amenities, common and private open space, etc. The project site has a General Plan land use designation of MR (Medium Residential) which allows 6.1 – 10 dwelling units per acre. Per State Density Bonus Law, the applicant is proposing an 11% increase in density to allow for 11.4 dwelling units per acre in exchange for providing affordable dwelling units (excluding the managers unit) for lower income households. The proposed increase in density is allowed, and therefore, consistent with the General Plan. Furthermore, Density Bonus Law allows for the granting of concessions to the development standards in order to achieve cost-savings in the production of affordable housing. With the granting of concessions related to private open space, common open space, and washer/dryer ratio, the project will comply with the development standards for multiple-family housing in the R-2 zone.

(b) The proposed density bonus agreement complies with the requirements of California Government Code Section 65915 et. seq.

The project is in compliance with State Density Bonus Law and PMC Section 17.25.110. The proposed DBA is allowed based on the of affordable units proposed and the three requested concessions, including removal of private open space, a reduction in common open space and a reduction in the ratio for common laundry facility appliances, are reasonable as justified in the project's pro forma and will result in actual and identifiable cost reductions to provide for affordable housing. In addition, Density Bonus Law specified that a city cannot impose a minimum parking requirement for permanent supportive housing. However, 32 parking spaces are provided on-site, 16 of which will be covered.

(c) All waivers and/or concessions granted in conjunction with the proposed density bonus are necessary in order to make the project's affordable units economically feasible.

The Housing Division has analyzed the pro forma prepared for the project and has concluded that the granting of the proposed concessions will result

in actual and identifiable cost reductions to provide for affordable housing. State Density Bonus Law allows for the granting of concessions as a cost reduction measure to balance the difference between providing affordable housing versus providing market rate housing.

(d) The granting of the proposed density bonus will result in provision of housing for lower income households and/or persons with special needs, as identified in the Housing Element.

The project is required to reserve at least 15% of the total number of units available to very lower income households but will provide 100% of units (excluding the manager's unit) for lower income households as described within the DBA (A-7437).

(e) The granting of the proposed density bonus will not have an adverse impact on adjacent properties or on the general public.

Although the permitted density of the project will increase from 6.1-10 units per acre, to 11.4 units per acre, the design of the affordable housing development will still conform to development standards related to maximum building height and minimum building setbacks, and therefore, the project will appear no larger than it might without the density bonus. The development consists of seven two-story buildings, which ensure consistency with the massing and height of the residential uses in the immediate area.

SECTION 3. Based on the findings and conclusions set forth in the above Sections, and based on all other evidence in the record, the City Council hereby approves DBA 20-001 (A-7437).

SECTION 4. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 7th day of September 2021.

Approved as to form:

Christopher L. Beck
City Attorney

Steven D. Hofbauer, Mayor

ATTEST:

Shanae Smith, City Clerk

I, Shanae Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September 2021, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____

Shanae Smith, City Clerk

EXHIBIT I

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 2, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 5074, FILED IN BOOK 60, PAGE 56 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM 1/16TH OF ALL COAL, OIL, GAS AND OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, AS RESERVED BY STATE OF CALIFORNIA, IN PATENT TO JAMES L. MC ADAM, RECORDED IN BOOK 3873, PAGE 254, OFFICIAL RECORDS.

APN: 3020-005-031

EXHIBIT II

AERIAL



OFFICIAL BUSINESS)
Document entitled to free)
Recording per Government)
Code Section 27383)
)
RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
City of Palmdale)
38300 Sierra Highway, Suite C)
Palmdale, CA 93550)
Attn: City Clerk)

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

APN: **3020-005-031**

DENSITY BONUS HOUSING AGREEMENT
Avenue R Apartments
Agreement No. A-7437

THIS DENSITY BONUS HOUSING AGREEMENT ("Agreement") dated as of [_____], 2021, is entered into by and between the City of Palmdale, a municipal corporation of the State of California ("City"), and Highridge Costa Housing Partners, LLC, a Delaware limited liability corporation and/or its assigns ("Owner"), as follows:

RECITALS

A. Owner is the owner of a fee interest in certain real property located in the City of Palmdale, County of Los Angeles, State of California, identified as APN 3020-005-031, located at Avenue R and 30th Street East and legally described in Exhibit "A" attached hereto and incorporated by reference ("Property").

B. Owner will construct a 57-unit affordable housing development, with two story residential buildings and included amenities ("Residential Development"). The project provides for 56 studio apartments and a 2-bedroom manager's unit. The project will provide 32 parking spaces onsite.

C. The Residential Development will provide 56 units of permanent supportive housing and one market-rate manager's unit. At least fifteen percent (15%) of the units will be

available to and occupied by households whose incomes do not exceed the maximum income of "very low-income" households in Los Angeles County as determined by the California Department of Housing and Community Development.

D. Under Government Code Section 65915, *et seq.* and Palmdale Municipal Code, Section 17.25.110, the City must, upon the request of an applicant, grant a density bonus and/or certain incentives/concessions or waivers/modifications for any development applicant that seeks and agrees to construct a minimum number of housing units that are affordable to low or very low-income households ("Density Bonus Law").

E. The subject site has a General Plan Land Use Designation of MR (6.1 to 10 dwelling units per acre) and is zoned R-2 (6.1 to 10 dwelling units per acre). Density Bonus Law requires that, when an applicant includes at least 20% low-income units or at least 11% very low-income units, the City must grant a 35% density bonus over the base density, which would allow an additional 19 units for the Residential Development. Therefore, because the Residential Development will provide more than 11% very low income units, Density Bonus Law requires the City to permit the Residential Development to allow up to 73 dwelling units. Although a maximum of 73 units is allowed on the Property, Owner proposes to construct a total of 57 units for the Residential Development. Additionally, in accordance with Government Code Section 65915, *et seq.* and Palmdale Municipal Code Section 17.25.110, because at least 15% of the units in the Residential Development will be affordable to very low income households, the Owner is entitled to receive three incentives or concessions. In order to provide for affordable housing cost of the very low-income units, Owner has requested cost-saving concessions as follows:

a. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.110, to allow no private open space.

b. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.110, to allow a 10% reduction in the requirement for common open space. The project is required to provide 71,440 square feet of open space and will provide 47,528 square feet of common open space.

c. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.110, to allow a reduction in the requirement for common laundry facility appliances from a ratio of 1 washer and dryer for every 5 units to a ratio of 1 washer and dryer for every 15 units.

F. City and Owner enter into this Agreement pursuant to and in accordance with Government Code Section 65915, *et seq.*, and Section 17.25.110 of the Palmdale Municipal Code, in order to provide housing for lower income households.

G. The City finds that granting the concessions listed under Section E, above, will result in actual and identifiable cost reductions to provide for affordable housing cost, will not have an adverse impact upon public health and safety, the physical environment, or any property that is listed in the California Register of Historical Resources, and is consistent with state and federal law. The City also finds that the Residential Development is consistent with the General Plan.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein, the parties agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct, and incorporated herein.

2. Definitions. For purposes of this Agreement, the terms listed below shall have the meanings thereafter specified:

a. "Adjusted for Household Size Appropriate for the Unit" means a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit and four persons in the case of a three-bedroom unit, all in accordance with California Health and Safety Code Section 50052.5(h).

b. "Affordable Rent" means a rent that, when added to the Utility Allowance, does not exceed thirty (30) percent of fifty (50) percent of the Los Angeles County median income as determined annually by the California Department of Housing and Community Development, Adjusted for Household Size Appropriate for the Unit, all in accordance with California Health and Safety Code Section 50053(b)(2).

c. "Affordable Units" means a dwelling unit that will be offered for rent exclusively to an Income Eligible Household at an Affordable Rent pursuant to this Agreement.

d. "Director" means City's Department of Neighborhood Services Director, or his or her designee.

e. "Income Eligible Household" means a Very Low Income Household which is eligible to rent a particular Affordable Unit.

f. "Very Low Income Household" shall have the meaning ascribed to it under California Health and Safety Code Section 50105. The upper income limit for Very Low Income Households shall be the income limits for such households published annually by the California Department of Housing and Community Development with adjustments for household size.

g. "Management Plan" means a plan prepared by the Owner and approved by the Director describing in detail the management of the Affordable Units, including marketing of the Affordable Units, tenant selection criteria and process, waiting list management, application of Utility Allowances in setting Affordable Rents, and similar details of the operation, annual monitoring inspections and file review, and a schedule of initial rents.

h. "Occupancy Date" means the earlier to occur of (i) issuance of a Certificate of Occupancy by the City or (ii) issuance of a Temporary Certificate of Occupancy by the City.

i. "Owner" means the person or entity defined as such in the introductory paragraph of this Agreement, and includes all successors and assigns of that person or entity.

j. "Property" shall have the meaning defined in Recital "A," as more particularly described in Exhibit "A" attached hereto and incorporated herein.

k. "Residential Development" shall have the meaning given in Recital "B".

l. "Utility Allowance" means an amount designated annually by the County Development Authority as a reasonable estimate of the cost of utilities for the Affordable Unit, for purposes of calculating the applicable Affordable Rent provided that such estimate is made as a part of the City's designation of utility allowances for all affordable housing projects in the City of Palmdale.

3. Approvals. The Residential Development shall be developed in accordance with all applicable provisions of the Palmdale Municipal Code.

4. Affordable Units. Owner hereby covenants and agrees that at least fifteen percent (15%) of the units in the Residential Development (at least 9 units) shall be rented exclusively to Very Low Income Households, at an Affordable Rent, provided that, in accordance with California Health and Safety Code Section 50098, the restrictions on rents under this Agreement shall apply to the charges paid by tenants, but not to any project-based voucher assistance under Section 8 of the Housing Act of 1937. Notwithstanding anything to the contrary in this Agreement, the Affordable Units to be occupied by Very Low Income Households may be selected on a floating basis throughout the term of this Agreement.

5. Affordable Rents. Affordable Rents for Affordable Units, including Utility Allowances, shall be based on the Los Angeles County Area Median Income published in Title 25, California Code of Regulations, Section 6932 by the California Department of Housing and Community Development, as may be amended from time to time. Affordable Rents may not be increased more frequently than annually to reflect increases in Area Median Income.

6. Term of Affordability Covenants. The covenants to restrict the rental of the Affordable Units in accordance with this Agreement shall remain in effect for a term commencing on the Occupancy Date and continuing for fifty-five (55) years ("Term"). Prior to recording of this Agreement, Owner must deliver to the City a Lenders Consent and Subordination Agreement ("Lender Consent"), in the form appended to this Agreement, from each lender that will hold a security interest in the Property. Such Lender Consents shall be recorded as a substantive part of this Agreement.

7. Management Plan. The Owner shall submit the Management Plan for the Director's consideration and approval at least one hundred eighty (180) days prior to the date that the Owner applies for a certificate of occupancy for the Residential Development. Such approval shall not be unreasonably withheld. In addition to other components, the Management Plan shall contain the following:

a. Selection of Tenants.

i. Whenever an Affordable Unit becomes available, the Director shall be notified promptly in writing.

ii. Owner shall conduct affirmative marketing of the Affordable Units, as they become available from time to time, including wide circulation of information and public notice of the availability of Affordable Units for rent during the marketing period required by the Management Plan.

iii. Owner shall determine eligibility of Very Low Income Households that may lease the Affordable Units in accordance with the Management Plan.

8. Changes in Tenant Income. A tenant who initially qualified as a Very Low Income Household, but whose income subsequently exceeds the initially qualifying income limit for a Very Low Income Household shall continue to qualify as a Very Low Income Household provided that (A) any vacant residential unit in the Project of comparable or smaller size is rented to a qualifying Very Low Income Household and (B) such over-income tenant shall not be required to pay rent that exceeds an amount that is the least of the amount that would be payable by the tenant under (i) low income housing tax credit regulations, (ii) State or local law or (iii) thirty percent (30%) of the household's adjusted gross income.

9. Utilization of Affordable Rental Units. All Affordable Units required by this Agreement shall be leased or rented and fully utilized in accordance with this Agreement; notwithstanding any other provision of law to the contrary, no Affordable Unit shall be withdrawn from the market or otherwise held vacant except during maintenance or rehabilitation of the Affordable Unit.

10. No Sublease. A tenant occupying an Affordable Unit may not sublet the unit without the written permission of both Owner and City. The City shall not grant permission to lease, rent, or sublet the Affordable Unit if it finds that the prospective tenant or occupant is not an Income Eligible Household. Any individual who subleases an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to City all monetary amounts so obtained.

11. Lease Agreement. A fully executed copy of the lease agreement for each Affordable Unit, which shall comply with the provisions of this Agreement, shall be delivered to the City's Department of Neighborhood Services, Housing Division within ten (10) days after the date of its execution.

12. Maintenance of Units. Owner shall: (a) maintain and operate all units on the Property so as to provide decent, safe and sanitary housing consistent with federal housing quality standards and the Palmdale Municipal Code; (b) make any required repairs or provide any required cleanup; and (c) provide the Affordable Units with the same levels of services and maintenance as are provided to any of the other dwelling units on the Property.

13. Annual Report. Owner shall maintain complete and accurate records pertaining to the Affordable Units, and shall prepare and provide the Director with a written annual report commencing one year after the issuance of permanent certificates of occupancy for all of the dwelling units on the Property and continuing every year for fifty-five (55) years, regarding the rental status of the units. The report shall include information regarding the name, address and income of each resident of the Affordable Units, identify the number of bedrooms of the unit and

the monthly rent paid by the tenant. Concurrently with the submittal of each annual report to the City, Owner shall pay a monitoring fee to the City in the amount of One Thousand One Hundred Dollars ($1100) with a maximum increase of 2% per year to defray the City's cost of monitoring Owner's compliance with this Agreement. Owner's failure to make such payment will be a default under this Agreement.

14. Federal and State Laws. Notwithstanding the above provisions, nothing contained herein shall require Owner or City to do anything contrary to or refrain from doing anything required by Federal and State laws and regulations promulgated thereunder applicable to the construction, management, maintenance, and rental of Affordable Units in the City of Palmdale.

15. Prohibition Against Discrimination. Owner shall not discriminate against any tenant or potential tenant on the basis of sex, color, race, ethnicity, religion, ancestry, national origin, age, pregnancy, marital status, family composition, sexual orientation, or the potential or actual occupancy of minor children. Owner further agrees to take affirmative action to ensure that no such person is discriminated against for any of the above mentioned reasons.

16. Indemnification. Owner shall defend, indemnify and hold harmless the City of Palmdale and its officers, agents, employees, representatives and volunteers from and against any loss, liability, claim or judgment relating solely to this Agreement, including those Claims that arise out of either: (a) a breach of this Agreement by Owner; (b) related in any manner to the Owner's administration of this Agreement; or (c) arising out of the City's interest in the Affordable Units. This indemnification shall not apply to Claims arising out of the negligence or willful misconduct of the City, its officers, agents, employees, representatives or volunteers.

17. City's Right to Inspect Units and Documents. The City may inspect the Affordable Units (subject to the tenant's privacy rights and lease provisions) and any documents or records relating thereto, during any reasonable business hours and upon reasonable prior written notice to Owner to determine Owner's compliance with this Agreement.

18. Successors and Assigns. This Agreement and its covenants and conditions shall run with the land and be binding upon and inure to the benefit of City and Owner, and their respective successors, owners by deed, deed-in-lieu of foreclosure, foreclosure or otherwise, and assigns. City reserves the right to designate another public agency within the City of Palmdale to perform City's obligations or to exercise City's rights under this Agreement.

19. Notices. All notices required herein shall be sent by certified mail, return receipt requested or express delivery service with a delivery receipt and shall be deemed to be effective on the date received or the date delivery was refused as indicated on the return receipt, as follows:

To Owner:	Highridge Costa Housing Partners, LLC 330 W. Victoria Street Gardena, CA 90248 Attention: President
With a copy to:	Cox, Castle & Nicholson, LLP 50 California Street, Ste. 3200 San Francisco, CA 94111 Attention: Christian D. Dubois
With a copy to:	
To City:	City of Palmdale 38250 Sierra Highway Palmdale, California 93550-4798 Attn: Director of Neighborhood Services
with copies to:	City of Palmdale 38300 Sierra Highway Palmdale, California 93550-4798 Attn: City Attorney

The parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this Section.

20. Governing Law. The laws of the State of California shall govern this Agreement. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate municipal court in that County, or in Federal District Court in the Central District of California.

21. Default. Failure or delay by either party to perform any term or provision of this Agreement, which is not cured within thirty (30) days after receipt of notice from the other party (or such longer period as is reasonably necessary for such cure, provided that the defaulting party is diligently pursuing such cure), constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with due diligence. The injured party shall give written notice of default to the party in default specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not initiate proceedings against the party in default until the expiration of the above-described cure period. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it

change the time of default. City agrees to accept cures tendered by the Investor Limited Partner of Owner within the cure periods provided in this Agreement.

22. Remedies.

a. Any individual who rents (including subleasing) an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to City all monetary amounts so obtained in violation of this Agreement.

b. City may institute any appropriate legal actions or proceedings necessary to ensure compliance with this Agreement, including but not limited to actions for injunctive relief or damages.

c. It is agreed and understood that the covenants to maintain the Affordable Units as set forth herein are a requirement of the Palmdale Municipal Code and as a condition to receiving zoning and parking concessions/incentives under the Palmdale Municipal Code, Owner agrees that a breach of the covenants to maintain the Affordable Units as affordable housing for the Term specified herein constitutes a violation of the Palmdale Municipal Code, subject to enforcement by all legally available means.

23. Attorney's Fees. In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees and costs in an amount determined by the court.

24. Non-Waiver. Failure to exercise any right either Party may have or be entitled to, in the event of default hereunder shall not constitute a waiver of such right or any other right in the event of a subsequent default.

25. Further Assurances and Recordation. The parties shall cause this Agreement to be recorded in the Official Records of the County of Los Angeles. Owner shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form and do such further acts as may be necessary, desirable or proper as City shall from time to time find necessary or appropriate to effectuate its purpose in entering into this Agreement.

26. Entire Agreement. This Agreement, including any Lender's Consent and Subordination Agreements, and all attached Exhibits, constitutes the entire agreement between the parties. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Each party to

this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statement or promise not contained in this Agreement shall not be valid or binding. This Agreement may be amended only by written instrument signed by both City and Owner.

27. Third Party Beneficiaries. There are no third party beneficiaries of or to this Agreement.

28. Amendment of This Agreement.

a. Generally. This Agreement may be amended from time to time in whole or in part by mutual consent of the original parties or their successors in interest, in accordance with this Agreement, the Palmdale Municipal Code and the State Density Bonus Law.

b. Administrative Amendments. Notwithstanding subdivision (a) of this Section, any administrative amendment to this Agreement, whether requested by Owner or City, which does not relate to the Term; the number, percentage or type of Affordable Units; any of the income or rental restrictions under this Agreement; or the number or type of any incentives or concessions given by the City, may be determined by the Director to be an Administrative Amendment if such amendment does not impose upon Owner any obligation that is onerous in a material manner and if so, the Director shall approve the Administrative Amendment without notice or hearing, and this Agreement and its pertinent exhibits shall be automatically amended without further action by the parties. A memorandum of the amendment shall be executed and recorded to reflect such Administrative Amendment.

29. Counterparts. This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

[*signatures follow*]

IN WITNESS WHEREOF, City and Owner have signed this Agreement as of the date set forth above.

CITY
THE CITY OF PALMDALE, CALIFORNIA,
a municipal corporation

By: _____
J.J. Murphy, ICMA-CM
City Manager

Dated: _____

ATTEST:

By: _____
Shanae S. Smith
City Clerk

APPROVED AS TO FORM:

By: _____
Christopher L. Beck
City Attorney

KANE, BALLMER & BERKMAN

By: _____
Susan Apy
City Special Counsel

OWNER

By: Highridge Costa Housing Partners, LLC, a Delaware limited liability company,
its Managing General Partner

By: _____
Michael Costa
President

Dated: 8/11/21

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles }

On August 11, 2021 (Date) before me, Leslie Weiss, Notary Public (Here Insert Name and Title of the Officer)

personally appeared Michael Anthony Costa (Name(s) of Signer(s))

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

LESLIE WEISS
Notary Public - California
Los Angeles County
Commission # 2235308
My Comm. Expires Mar 22, 2022

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Leslie Weiss (Signature of Notary Public)

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Density Bonus Agreement, Avenue R

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian of Conservator	☐ Trustee ☐ Guardian of Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

©2017 National Notary Association

FORM OF
LENDER'S CONSENT AND SUBORDINATION AGREEMENT

NOTICE: THIS LENDER'S CONSENT AND SUBORDINATION RESULTS IN YOUR SECURITY INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF A LOWER PRIORITY THAN THIS DENSITY BONUS HOUSING AGREEMENT

The undersigned ("Lender"), as owner and holder of security interests ("Security Interests") evidenced by that certain [Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing] made by Borrower as trustor in favor of _____ as beneficiary, dated as of _____ and recorded on _____ as Instrument No._____ in the Official Records of the County of Los Angeles, State of California, hereby acknowledges its consent to the terms and provisions of this Density Bonus Housing Agreement. The undersigned further agrees that its Security Interests are and shall unconditionally be and remain at all times junior, subordinate and subject to the terms, covenants, conditions and restrictions of this Density Bonus Housing Agreement, provided that in consideration of Lender's covenants and agreements contained in this Agreement, City and its designated agencies hereby agree for the benefit of Lender that concurrently with any notice from City to the Owner that a default or breach exists under the terms of the Density Bonus Housing Agreement, City shall send a copy of such notice to Lender and Lender shall have the right, but not the obligation to cure any defaults within thirty (30) days after the expiration of any cure period set forth in the notice from City to Borrower regarding such Owner default. The provisions of this Section are intended to supplement, and not to limit, waive, modify or replace, those provisions of law pertaining to notice and cure rights of junior lenders including, without limitations, those set forth in California Civil Code Sections 2924b and 2924c. Lender intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Security Interests in favor of the Density Bonus Housing Agreement.

AGREED AND ACKNOWLEDGED:

Dated as of: _____ "LENDER"

_____
Name:
Title:

[*jurats must be included*]

EXHIBIT A

Legal Description of Property

Real property in the City of Palmdale, County of Los Angeles, State of California, described as follows:

PARCEL 2, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON
PARCEL MAP NO. 5074, FILED IN BOOK 60, PAGE 56 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM 1/16TH OF ALL COAL, OIL, GAS AND OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, AS RESERVED BY STATE OF CALIFORNIA, IN PATENT TO JAMES L. MC ADAM, RECORDED IN BOOK 3873, PAGE 254, OFFICIAL RECORDS.

APN: 3020-005-031

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT – PLANNING DIVISION**

DISTRICT: **1**

SUBJECT: **RESOLUTION NO. CC 2021-086, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 21-001 (A-7438) PERTAINING TO THE CONSTRUCTION OF A 151 UNIT AFFORDABLE HOUSING DEVELOPMENT LOCATED AT THE SOUTHEAST CORNER OF 25TH STREET EAST AND EAST AVENUE Q-12 (APN: 3018-027-036)**

ISSUE

Adopt Resolution No. CC 2021-086 approving Density Bonus Agreement (DBA) 21-001 (A-7438).

RECOMMENDATION

The Planning Commission recommends that the City Council:

1. Adopt Resolution No. CC 2021-086 approving the form of the agreement for Density Bonus Agreement (DBA) 21-001 (A-7438); and,
2. Authorize the City Manager or his designee to execute Agreement No. A-7438, with Palmdale Terrace Apartments, LLC including minimal or non-substantive changes.

BACKGROUND

On August 12, 2021, the Planning Commission adopted Resolution No. PC-2021-021 approving Site Plan Review (SPR) 21-002, adopting the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program prepared for the project and recommending that the City Council approve DBA 21-001 (A-7438). SPR 21-002 includes the construction of two, three-story multi-family residential buildings with 151 combined dwelling units, consisting of 149 income restricted affordable units and two market rate manager's units. The request for approval of DBA 21-001 will allow for an increase in the total number of dwelling units as allowed under State Density Bonus Law in conjunction with incentives/concessions.

DISCUSSION

The proposed project is a request for approval of a density bonus agreement designed to ameliorate the added cost of providing a 100% affordable development. The Owner has requested cost-saving concessions in accordance with Government Code Section 65915, *et seq*. and PMC Section 17.25.110, as follows:

a. Increase travel distance from some dwelling units to the parking area from the required maximum of 150 feet to 265 feet.

b. Reduce balcony sizes from the required 200 square feet and seven feet in depth to a minimum of 90 square feet and six feet in depth.

c. A reduction in the requirement for common laundry facility appliances from a ratio of one washer and one dryer for every five units to a ratio of one washer and one dryer for every 10 units.

The Housing Division has determined that granting the concessions listed above will result in actual and identifiable cost reductions to provide for affordable housing. In addition, the proposed project will contribute to the City's Regional Housing Needs Assessment (RHNA) allocation.

FISCAL IMPACT

The applicant submitted the required application fees for processing of the application and the development will be subject to the payment of development impact fees. Long-term fiscal impacts will include the cost of providing public services to the development.

STRATEGIC PLAN

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

E. Provide inclusive access to a variety of supportive services that build a resilient and healthy community.

Prepared by:	Luis Garibay, Interim Director of Economic and Community Development
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-086
2. Density Bonus Agreement 21-001 (A-7438)

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-086

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 21-001 (A-7438) PERTAINING TO THE CONSTRUCTION OF A 151 UNIT AFFORDABLE HOUSING DEVELOPMENT LOCATED AT THE SOUTHEAST CORNER OF 25TH STREET EAST AND EAST AVENUE Q-12 (APN: 3018-027-036)

WHEREAS, Palmdale Terrace Apartments, LLC, has filed an application requesting approval of a Density Bonus Agreement (DBA) 21-001 (A-7438) described herein (hereinafter referred to as "Application");

WHEREAS*,* the Application applies to a proposed 151 unit multiple-family affordable housing development on an 8.43 acre site, referred to on the County Assessor's roles as APN 3018-027-036, legally described on EXHIBIT I hereto and shown on the map attached hereto as EXHIBIT II;

WHEREAS*,* on August 12, 2021, the Planning Commission of the City of Palmdale reviewed and approved Site Plan Review 21-002, adopted Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program and recommended approval of DBA 21-001 (A-7438) by the City Council; and,

WHEREAS, on September 7, 2021, the City Council of the City of Palmdale conducted a duly noticed public hearing on the Application and concluded said hearing on that date. Evidence, both written and oral, was duly presented and considered by the City Council at the aforesaid public hearing, including but not limited to, the staff report dated September 7, 2021.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all of the facts set forth in the Recitals, Part A of this Resolution, are true and correct.

SECTION 2. Based upon substantial evidence presented to the City Council during the September 7, 2021, public hearing, including public testimony and written and oral staff reports, the City Council specifically finds as follows:

(a) The proposed DBA 21-001 (A-7438) is consistent with the maps and policies of the General Plan and any applicable specific plan.

The project site is within the MR (Medium Residential 6.1-10 dwelling units per acre) General Plan land use designation and the R-2 (Medium Residential) zone. The project is consistent with applicable goals, policies, and objectives of the General Plan and Development Standards of the PMC as modified through the DBA as follows; Land Use Element Goal L3: *Provide a high quality of life for all existing and future residents, meeting the needs of a variety of lifestyles.* The project consists of an affordable housing development that provides multiple amenities for residents in a well-designed building on a richly landscaped site. The unit mix will include 73 one-, 40 two- and 38 three-bedroom units. Amenities include a children's play area, garden courtyard, fenced dog park and active recreation area including a half basketball court; and Housing Element Goal H1: *Promote the construction of new housing affordable to all income groups.* 100% of the units (excluding the two manager's units) shall be rented exclusively to low-income households. Additionally, the proposed project will contribute to the City's Regional Housing Needs Assessment (RHNA) allocation. Furthermore, the project meets or exceeds the requirements for; setbacks, building height, off-street parking, and common open space.

Per State Density Bonus Law, the applicant is proposing an 80% increase in density to allow for 18 dwelling units per acre in exchange for providing 151 affordable dwelling units (excluding two market rate managers units) for lower income households. The proposed increase in density is allowed, and therefore, consistent with the General Plan. Furthermore, Density Bonus Law allows for the granting of concessions to the development standards in order to achieve cost-savings in the production of affordable housing. With the granting of concessions related to balcony size, distance to parking, and washer/dryer ratio, the project will comply with the development standards for multiple-family housing in the R-2 zone.

(b) The proposed density bonus agreement complies with the requirements of California Government Code Section 65915 et. seq.

The project site has a General Plan land use designation of MR (Medium Residential, 6.1 to 10 dwelling units per acre) and is within the R-2 (Medium Residential) zone. The project site is

8.43 acres and therefore the minimum density for the site is 52 units and the maximum density is 85 units. Density Bonus Law requires that, when 100% of all units (excluding managers units) are for lower income households, the City must grant an 80% density bonus over the base density, which would allow an additional 67 units for this development. Although the maximum density for the project site is 152 units, the project proposes to construct a total of 151 units of which two are market rate managers units. Therefore, the project's proposed density of 18 units per acre is allowed pursuant to Density Bonus Law. Of the 149 affordable units, 30% of the units (45 units) are required to be reserved for low-income households. Additionally, the owner has requested cost-saving concessions in accordance with Government Code Section 65915, et seq. and PMC Section 17.25.110, pertaining to an increase in travel distance from some dwelling units to the parking area, a reduction in balcony sizes and a reduction in the ratio of required laundry facilities. The Housing Division has determined that granting the concessions listed above will result in actual and identifiable cost reductions to provide for affordable housing.

(c) All waivers and/or concessions granted in conjunction with the proposed density bonus are necessary in order to make the project's affordable units economically feasible.

The Housing Division has analyzed the pro forma prepared for the project and has concluded that the granting of the proposed concessions will result in actual and identifiable cost reductions to provide for affordable housing cost. State Density Bonus Law allows for the granting of concessions as a cost reduction measure to balance the difference between providing affordable housing versus providing market rate housing.

(d) The granting of the proposed density bonus will result in provision of housing for lower income households and/or persons with special needs, as identified in the Housing Element.

The project will make 100 percent of the total number of units (excluding the managers units) available to lower income households as further described within DBA 21-001 (A-7438). Section 65915 of the California Government Code requires local governments to grant an 80% density bonus to housing projects in

which all of the units (other than manager's units) are restricted to very low-, low- and moderate-income residents, with a maximum of 20% restricted to moderate income units. The granting of the DBA will result in provision of housing for lower income households and a breach of the subject DBA constitutes a violation of the PMC, subject to enforcement by all legally available means.

(e) The granting of the proposed density bonus will not have an adverse impact on adjacent properties or on the general public.

Although the density of the project will increase, the design of the affordable housing development will conform to development standards related to maximum building height and minimum building setbacks, and therefore, the project will appear no larger than it might without the density bonus. The project will also provide attractive design and aesthetic qualities that will blend well with the surroundings. Furthermore, with mitigation measures applied, for example, the requirement to use electric air compressors and similar power tools rather than diesel equipment, where feasible, will ensure that the granting of the proposed DBA will not have an adverse impact on adjacent properties or on the general public. Additionally, the provision of on-site amenities such as offices for service providers, half basketball court, children's play area, garden courtyard and fenced dog park will ensure that the project will not cause an adverse impact on the community.

SECTION 3. Based on the findings and conclusions set forth in the above Sections, and based on all other evidence in the record, the City Council hereby approves DBA 21-001 (A-7438).

SECTION 4. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 7th day of September 2021.

Approved as to form:

Christopher L. Beck
City Attorney

Steven D. Hofbauer, Mayor

ATTEST:

Shanae Smith, City Clerk

I, Shanae Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 7th day of September 2021, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____

Shanae Smith, City Clerk

EXHIBIT I
LEGAL DESCRIPTION

PARCEL 1:

THE SOUTHERLY 73.93 FEET OF THE NORTHERLY 369.66 FEET OF THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER SECTION 30, TOWNSHIP 6 NORTH, RANGE 11 WEST, SAN BERNARD MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SAID SOUTHEAST QUARTER OF SECTION 30, DISTANT THEREON 665.40 FEET NORTH OF THE SOUTH QUARTER CORNER OF SAID SECTION 30; THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SAID SOUTHEAST QUARTER 665.40 FEET; THENCE EAST 1143.40 FEET, MORE OR LESS, TO THE WESTERLY LINE OF THAT 80 FOOT ROAD, AS SHOWN UPON MAP OF PALMDALE COLONY COMPANY RECORDED IN BOOK 52 PAGE 71 OF MISCELLANEOUS RECORDS OF SAID COUNTY; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 662 FEET; THENCE WESTERLY IN A DIRECT LINE 1140 FEET, MORE OR LESS, TO POINT OF BEGINNING.

PARCEL 2:

THE SOUTHERLY 221.80 FEET OF THAT PORTION OF THE SOUTHWEST QUARTER OF SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 6 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF L0S ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SAID SOUTHEAST QUARTER OF SECTION 30, DISTANT THEREON 665.40 FEET NORTH OF THE SOUTH QUARTER CORNER OF SAID SECTION 30; THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SAID SOUTHEAST QUARTER 665.40 FEET: THENCE EAST 1143.40 FEET, MORE OR LESS, TO THE WESTERLY LINE OF THAT 80 FOOT ROAD, AS SHOWN UPON MAP OF PALMDALE COLONY CO. AS PER MAP RECORDED IN BOOK 52 PAGE 71 OF MISCELLANEOUS RECORDS OF SAID COUNTY; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 662 FEET, THENCE WESTERLY IN A DIRECT LINE 1140 FEET, MORE OR LESS, TO POINT OF BEGINNING.

PARCEL 3:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30,

TOWNSHIP 6 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SAID SOUTHEAST QUARTER OF SECTION 30, DISTANT THEREON 665.40 FEET NORTH OF THE SOUTH QUARTER CORNER OF SAID SECTION 30; THENCE NORTHERLY AMONG SAID WESTERLY LINE OF SAID SOUTHEAST QUARTER 665.40 FEET; THENCE EAST 1143.40 FEET, MORE OR LESS TO THE WESTERLY LINE OF SAID THAT 8O FOOT ROAD, AS SHOWN UPON MAP OF PALMDALE COLONY COMPANY RECORDED IN BOOK 52 PAGE 71 OF MISCELLANEOUS RECORDS OF SAID COUNTY; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 662 FEET; THENCE WESTERLY IN A DIRECT LINE 1140 FEET, MORE OR LESS, TO POINT OF BEGINNING. EXCEPT THE NORTHERLY 369.66 FEET THEREOF AND ALSO EXCEPT THEREFROM THE SOUTHERLY 221.80 FEET.

APN: 3018-027-036

EXHIBIT II

AERIAL MAP



OFFICIAL BUSINESS)
Document entitled to free)
Recording per Government)
Code Section 27383)
)
RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
City of Palmdale)
38300 Sierra Highway, Suite C)
Palmdale, CA 93550)
Attn: City Clerk)

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

APN: **3018-027-036**

DENSITY BONUS HOUSING AGREEMENT
Palmdale Terrace
Agreement No. A-7438

THIS DENSITY BONUS HOUSING AGREEMENT ("Agreement") dated as of [_____], 2021, is entered into by and between the City of Palmdale, a municipal corporation of the State of California ("City"), and Palmdale Terrace Apartments L.P., a California limited partnership and/or its assigns ("Owner"), as follows:

RECITALS

A. Owner is the owner of a fee interest in certain real property located in the City of Palmdale, County of Los Angeles, State of California, identified as APN 3018-027-036, located at the corner of Avenue Q-12 and 25th Street East and legally described in Exhibit "A" attached hereto and incorporated by reference ("Property").

B. Owner will construct a 151-unit affordable housing development, with three 3-story residential buildings and included amenities ("Residential Development"). The project provides for 149 units of varying types, one-, two-, and three-bedroom flats, and two market rate two-bedroom manager units. The project provides 234 parking spaces onsite.

C. The Residential Development will provide 149 units for low-income individuals and families whose incomes do not exceed the maximum income of lower income households in

Los Angeles County as determined by the California Department of Housing and Community Development. At least twenty percent (20%) of the units will be available to and occupied by lower income households at rent that does not exceed thirty percent (30%) of sixty percent (60%) of the Los Angeles County median income. The remaining units may instead meet Low Income Housing Tax Credit rent standards.

D. Under Government Code Section 65915, *et seq*. and Palmdale Municipal Code, Section 17.25.110, the City must, upon the request of an applicant, grant a density bonus and/or certain incentives/concessions or waivers/modifications for any development applicant that seeks and agrees to construct a minimum number of housing units that are affordable to low or very low-income households ("Density Bonus Law").

E. The subject site has a General Plan Land Use Designation of MR (Medium Residential 6.1-10 dwelling units per acre) and is zoned R-2 (Medium Residential). Density Bonus Law requires that, when 100% of the units in the project, exclusive of manager units, is for lower income households and at least 20% of the units is rented at rent that does not exceed thirty percent (30%) of sixty percent (60%) of the Los Angeles County median income with the balance rented at Low Income Housing Tax Credit rents, Government Code 65915(b)(1)(G) requires the City to grant an 80% density bonus over the base density, which would allow an additional 8 units per acre in the Residential Development. Therefore, Density Bonus Law requires the City to permit the Residential Development's proposed density of 18 dwelling units per acre. Additionally, in accordance with Government Code Section 65915, *et seq*. and Palmdale Municipal Code Section 17.25.110, because the Residential Development meets the criteria of Government Code 65915(b)(1(G), the Owner is entitled to receive four incentives or concessions. In order to provide for affordable housing cost of the low-income units, Owner has requested cost-saving concessions in accordance with Government Code Section 65915, *et seq*. and Palmdale Municipal Code Section 17.25.110, as follows:

a. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.110, to allow for a travel distance to parking greater than 150 feet for an approximate amount of 265 feet. Section 17.87.050 of the Palmdale Municipal Code requires that parking spaces for multi-family residential developments be located within 150 feet walking distance of the dwelling unit (front or rear door) for which the parking space is provided.

b. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.110, to allow dwelling unit patios and balconies to be a minimum of 90 square feet and balconies depth of 6'-0." Section 17.42.090 requires balconies to

be 7 feet in depth. Section 17.42.090 of the Palmdale Municipal Code requires dwelling unit patios and balconies to be 200 square feet.

c. An incentive or concession pursuant to Palmdale Municipal Code Section 17.25.110, to allow a reduction in the requirement for common laundry facility appliances from a ratio of 1 washer and dryer for every 5 units to a ratio of 1 washer and dryer for every 10 units.

F. City and Owner enter into this Agreement pursuant to and in accordance with Government Code Section 65915, *et seq*., and Section 17.25.110 of the Palmdale Municipal Code, in order to provide housing for lower income households.

G. The City finds that granting the concessions listed under Section E, above, will result in actual and identifiable cost reductions to provide for affordable housing cost, will not have an adverse impact upon public health and safety, the physical environment, or any property that is listed in the California Register of Historical Resources, and is consistent with state and federal law. The City also finds that the Residential Development is consistent with the General Plan.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein, the parties agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct, and incorporated herein.

2. Definitions. For purposes of this Agreement, the terms listed below shall have the meanings thereafter specified:

a. "Adjusted for Household Size Appropriate for the Unit" means a household of two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit and four persons in the case of a three-bedroom unit.

b. "Affordable Rent" means a rent that, when added to the Utility Allowance, does not exceed thirty percent (30%) of sixty percent (60%) of the Los Angeles County median income as determined annually by the California Department of Housing and Community Development, Adjusted for Household Size Appropriate for the Unit.

c. "Affordable Units" means a dwelling unit that will be offered for rent exclusively to an Income Eligible Household, at least 20% of which will be rented at an Affordable Rent as defined herein, pursuant to this Agreement, with the balance of the Affordable Units rented at Low Income Housing Tax Credit rents.

d. "Director" means City's Department of Neighborhood Services Director, or his or her designee.

e. "Income Eligible Household" shall have the meaning ascribed to "lower income household" under California Health and Safety Code Section 50079.5. The upper income limits for Income Eligible Households shall be the income limits for lower income households published annually by the California Department of Housing and Community Development with adjustments for household size.

f. "Management Plan" means a plan prepared by the Owner and approved by the Director describing in detail the management of the Affordable Units, including marketing of the Affordable Units, tenant selection criteria and process, waiting list management, application of Utility Allowances in setting Affordable Rents, and similar details of the operation, annual monitoring inspections and file review, and a schedule of initial rents.

g. "Occupancy Date" means the earlier to occur of (i) issuance of a Certificate of Occupancy by the City or (ii) issuance of a Temporary Certificate of Occupancy by the City.

h. "Owner" means the person or entity defined as such in the introductory paragraph of this Agreement, and includes all successors and assigns of that person or entity.

i. "Property" shall have the meaning defined in Recital "A," as more particularly described in Exhibit "A" attached hereto and incorporated herein.

j. "Residential Development" shall have the meaning given in Recital "B".

k. "Utility Allowance" means an amount designated annually by the City as a reasonable estimate of the cost of utilities for the Affordable Unit, for purposes of calculating the applicable Affordable Rent.

3. Approvals. The Residential Development shall be developed in accordance with all applicable provisions of the Palmdale Municipal Code.

4. Affordable Units. Owner hereby covenants and agrees that 100% of the units (excluding the two manager units) in the Residential Development shall be rented exclusively to Income Eligible Households.

5. Affordable Rents. At least thirty (30) of the Affordable Units shall be rented to Income Eligible Households at an Affordable Rent. Affordable Rents for these units, including Utility Allowances, shall be based on the Los Angeles County Area Median Income published in Title 25, California Code of Regulations, Section 6932 by the California Department of Housing and Community Development, as may be amended from time to time. Affordable Rents may not be increased more frequently than annually to reflect increases in Area Median Income.

6. Term of Affordability Covenants. The covenants to restrict the rental of the Affordable Units in accordance with this Agreement shall remain in effect for a term commencing on the Occupancy Date and continuing for fifty-five (55) years ("Term"). Prior to recording of this Agreement, Owner must deliver to the City a Lenders Consent and Subordination Agreement ("Lender Consent"), in the form appended to this Agreement, from each lender that will hold a security interest in the Property. Such Lender Consents shall be recorded as a substantive part of this Agreement.

7. Management Plan. The Owner shall submit the Management Plan for the Director's consideration and approval at least one hundred eighty (180) days prior to the date that the Owner applies for a certificate of occupancy for the Residential Development. Such approval shall not be unreasonably withheld. In addition to other components, the Management Plan shall contain the following:

a. Selection of Tenants.

i. Whenever an Affordable Unit becomes available, the Director shall be notified promptly in writing.

ii. Owner shall conduct affirmative marketing of the Affordable Units, as they become available from time to time, including wide circulation of information and public notice of the availability of Affordable Units for rent during the marketing period required by the Management Plan.

iii. Owner shall determine eligibility of Income Eligible Households that may lease the Affordable Units in accordance with the Management Plan.

8. Changes in Tenant Income. A tenant of an Affordable Unit that is restricted for rental at an Affordable Rent and who initially qualified as an Income Eligible Household, but

who, due to an increase in income, no longer qualifies as an Income Eligible Household shall pay as rent an amount that is the least of the amount that would be payable by the tenant under (i) low-income housing tax credit regulations, (ii) State or local law or (iii) thirty percent (30%) of the household's adjusted gross income.

9. Utilization of Affordable Rental Units. All Affordable Units required by this Agreement shall be leased or rented and fully utilized in accordance with this Agreement; notwithstanding any other provision of law to the contrary, no Affordable Unit shall be withdrawn from the market or otherwise held vacant.

10. No Sublease. A tenant occupying an Affordable Unit may not sublet the unit without the written permission of both Owner and City. The City shall not grant permission to lease, rent, or sublet the unit if it finds that the prospective tenant or occupant is not an Income Eligible Household. Any individual who subleases an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to City all monetary amounts so obtained.

11. Lease Agreement. A fully executed copy of the lease agreement for each Affordable Unit, which shall comply with the provisions of this Agreement, shall be delivered to the City's Department of Neighborhood Services, Housing Division within ten (10) days after the date of its execution.

12. Maintenance of Units. Owner shall: (a) maintain and operate all units on the Property so as to provide decent, safe and sanitary housing consistent with federal housing quality standards and the Palmdale Municipal Code; (b) make any required repairs or provide any required cleanup; and (c) provide the Affordable Units with the same levels of services and maintenance as are provided to any of the other dwelling units on the Property.

13. Annual Report. Owner shall maintain complete and accurate records pertaining to the Affordable Units, and shall prepare and provide the Director with a written annual report commencing one year after the Occupancy Date and continuing every year for fifty-five (55) years, regarding the rental status of the units. The report shall include information regarding the name, address and income of each resident of the Affordable Units, identify the number of bedrooms of the unit and the monthly rent paid by the tenant. Concurrently with the submittal of each annual report to the City, Owner shall pay a monitoring fee to the City in the amount of Three Thousand Dollars ($3,000) with a maximum increase of 2% per year to defray the City's cost of monitoring Owner's compliance with this Agreement. Owner's failure to make such payment will be a default under this Agreement.

14. Federal and State Laws. Notwithstanding the above provisions, nothing contained herein shall require Owner or City to do anything contrary to or refrain from doing anything required by Federal and State laws and regulations promulgated thereunder applicable to the construction, management, maintenance, and rental of Affordable Units in the City of Palmdale.

15. Prohibition Against Discrimination. Owner shall not discriminate against any tenant or potential tenant on the basis of sex, color, race, ethnicity, religion, ancestry, national origin, age, pregnancy, marital status, family composition, sexual orientation, or the potential or actual occupancy of minor children. Owner further agrees to take affirmative action to ensure that no such person is discriminated against for any of the above-mentioned reasons.

16. Indemnification. Owner shall defend, indemnify and hold harmless the City of Palmdale and its officers, agents, employees, representatives and volunteers from and against any loss, liability, claim or judgment relating solely to this Agreement, including those Claims that arise out of either: (a) a breach of this Agreement by Owner; (b) related in any manner to the Owner's administration of this Agreement; or (c) arising out of the City's interest in this Agreement or Affordable Units. This indemnification shall not apply to Claims arising out of the negligence or willful misconduct of the City, its officers, agents, employees, representatives or volunteers.

17. City's Right to Inspect Units and Documents. The City may inspect the Affordable Units (subject to the tenant's privacy rights and lease provisions) and any documents or records relating thereto, at any reasonable time to determine Owner's compliance with this Agreement.

18. Successors and Assigns. This Agreement and its covenants and conditions shall run with the land and be binding upon and inure to the benefit of City and Owner, and their respective successors, owners by deed, deed-in-lieu of foreclosure, foreclosure or otherwise, and assigns. City reserves the right to designate another public agency within the City of Palmdale to perform City's obligations or to exercise City's rights under this Agreement.

19. Notices. All notices required herein shall be sent by certified mail, return receipt requested or express delivery service with a delivery receipt and shall be deemed to be effective on the date received or the date delivery was refused as indicated on the return receipt, as follows:

To Owner: Palmdale Terrace Apartments, L.P.
c/o Meta Housing Corporation
11150 W. Olympic Boulevard, Suite 620
Los Angeles, CA 90045
Attention: President

With a copy to: Bocarsly Emden Cowan Esmail & Arndt, LLC
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Nicole Deddens, Esq.

With a copy to: Western Community Housing, Inc.
151 Kalmus Drive, Suite J-5
Costa Mesa, CA 92626
Attention: Sandra Gibbons

To City: City of Palmdale
38250 Sierra Highway
Palmdale, California 93550-4798
Attn: Director of Neighborhood Services

with copies to: City of Palmdale
38300 Sierra Highway
Palmdale, California 93550-4798
Attn: City Attorney

The parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this Section.

20. Governing Law. The laws of the State of California shall govern this Agreement. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate municipal court in that County, or in Federal District Court in the Central District of California.

21. Default. Failure or delay by either party to perform any term or provision of this Agreement, which is not cured within thirty (30) days after receipt of notice from the other party, constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with due diligence. The injured party shall give written notice of default to the party in default specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not initiate proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. City agrees to accept cures tendered by the Investor Limited Partner of Owner within the cure periods provided in this Agreement.

22. Remedies.

a. Any individual who rents (including subleasing) an Affordable Unit in violation of the provisions of this Agreement shall be required to forfeit to City all monetary amounts so obtained.

b. City may institute any appropriate legal actions or proceedings necessary to ensure compliance with this Agreement, including but not limited to actions for injunctive relief or damages.

c. It is agreed and understood that the covenants to maintain the Affordable Units as set forth herein are a requirement of the Palmdale Municipal Code and as a condition to receiving zoning and parking concessions/incentives under the Palmdale Municipal Code, Owner agrees that a breach of the covenants to maintain the Affordable Units as affordable housing for the Term specified herein constitutes a violation of the Palmdale Municipal Code, subject to enforcement by all legally available means.

23. Attorney's Fees. In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees and costs in an amount determined by the court.

24. Non-Waiver. Failure to exercise any right either Party may have or be entitled to, in the event of default hereunder shall not constitute a waiver of such right or any other right in the event of a subsequent default.

25. Further Assurances and Recordation. The parties shall cause this Agreement to be recorded in the Official Records of the County of Los Angeles. Owner shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form and do such further acts as may be necessary, desirable or proper as City shall from time to time find necessary or appropriate to effectuate its purpose in entering into this Agreement.

26. Entire Agreement. This Agreement, including any Lender's Consent and Subordination Agreements, and all attached Exhibits, constitutes the entire agreement between the parties. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statement or promise not contained in this

Agreement shall not be valid or binding. This Agreement may be amended only by written instrument signed by both City and Owner.

27. Third Party Beneficiaries. There are no third-party beneficiaries of or to this Agreement.

28. Amendment of This Agreement.

a. Generally. This Agreement may be amended from time to time in whole or in part by mutual consent of the original parties or their successors in interest, in accordance with this Agreement, the Palmdale Municipal Code and the State Density Bonus Law.

b. Administrative Amendments. Notwithstanding subdivision (a) of this Section, any amendment to this Agreement, whether requested by Owner or City, which does not relate to the Term; the number, percentage or type of Affordable Units; or the number or type of any incentives or concessions given by the City, may be determined by the Director to be an Administrative Amendment and if so, the Director shall approve the Administrative Amendment without notice or hearing, and this Agreement and its pertinent exhibits shall be automatically amended without further action by the parties. A memorandum of the amendment shall be executed and recorded to reflect such Administrative Amendment.

29. Counterparts. This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

[*signatures follow*]

IN WITNESS WHEREOF, City and Owner have signed this Agreement as of the date set forth above.

CITY

THE CITY OF PALMDALE, CALIFORNIA,
a municipal corporation

By:_____
J.J. Murphy, ICMA-CM
City Manager

Dated:_____

ATTEST:

By: _____
Shanae S. Smith
City Clerk

APPROVED AS TO FORM:

By:_____
Christopher L. Beck
City Attorney

KANE, BALLMER & BERKMAN

By: _____
Susan Apy
City Special Counsel

OWNER

PALMDALE TERRACE APARTMENTS L.P.
a California limited partnership

By: Palmdale Terrace Apartments, LLC
a California limited liability company,
its Administrative General Partner

By: _____
Kasey Burke
Manager

Dated:_____

By: WCH Affordable LIV, LLC
a California limited liability company,
its Managing General Partner

By: _____
Graham Espley-Jones
President

Dated:_____

FORM OF
LENDER'S CONSENT AND SUBORDINATION AGREEMENT

NOTICE: THIS LENDER'S CONSENT AND SUBORDINATION RESULTS IN YOUR SECURITY INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF A LOWER PRIORITY THAN THIS DENSITY BONUS HOUSING AGREEMENT

The undersigned ("Lender"), as owner and holder of security interests ("Security Interests") evidenced by that certain [Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing] made by Borrower as trustor in favor of _____ as beneficiary, dated as of _____ and recorded on _____ as Instrument No._____ in the Official Records of the County of Los Angeles, State of California, hereby acknowledges its consent to the terms and provisions of this Density Bonus Housing Agreement. The undersigned further agrees that its Security Interests are and shall unconditionally be and remain at all times junior, subordinate and subject to the terms, covenants, conditions and restrictions of this Density Bonus Housing Agreement, provided that in consideration of Lender's covenants and agreements contained in this Agreement, City and its designated agencies hereby agree for the benefit of Lender that concurrently with any notice from City to the Owner that a default or breach exists under the terms of the Density Bonus Housing Agreement, City shall send a copy of such notice to Lender and Lender shall have the right, but not the obligation to cure any defaults within thirty (30) days after the expiration of any cure period set forth in the notice from City to Borrower regarding such Owner default. The provisions of this Section are intended to supplement, and not to limit, waive, modify or replace, those provisions of law pertaining to notice and cure rights of junior lenders including, without limitations, those set forth in California Civil Code Sections 2924b and 2924c. Lender intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Security Interests in favor of the Density Bonus Housing Agreement.

AGREED AND ACKNOWLEDGED:

Dated as of: _____ "LENDER"

_____
Name:
Title:

[*jurats must be included*]

EXHIBIT A

Legal Description of Property

Real property in the City of Palmdale, County of Los Angeles, State of California, described as follows:

PARCEL 1:

THE SOUTHERLY 73.93 FEET OF THE NORTHERLY 369.66 FEET OF THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER SECTION 30, TOWNSHIP 6 NORTH, RANGE 11 WEST, SAN BERNARD MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SAID SOUTHEAST QUARTER OF SECTION 30, DISTANT THEREON 665.40 FEET NORTH OF THE SOUTH QUARTER CORNER OF SAID SECTION 30; THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SAID SOUTHEAST QUARTER 665.40 FEET; THENCE EAST 1143.40 FEET, MORE OR LESS, TO THE WESTERLY LINE OF THAT 80 FOOT ROAD, AS SHOWN UPON MAP OF PALMDALE COLONY COMPANY RECORDED IN BOOK 52 PAGE 71 OF MISCELLANEOUS RECORDS OF SAID COUNTY; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 662 FEET; THENCE WESTERLY IN A DIRECT LINE 1140 FEET, MORE OR LESS, TO POINT OF BEGINNING.

PARCEL 2:

THE SOUTHERLY 221.80 FEET OF THAT PORTION OF THE SOUTHWEST QUARTER OF SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 6 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF L0S ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SAID SOUTHEAST QUARTER OF SECTION 30, DISTANT THEREON 665.40 FEET NORTH OF THE SOUTH QUARTER CORNER OF SAID SECTION 30; THENCE NORTHERLY ALONG SAID WESTERLY LINE OF SAID SOUTHEAST QUARTER 665.40 FEET: THENCE EAST 1143.40 FEET, MORE OR LESS, TO THE WESTERLY LINE OF THAT 80 FOOT ROAD, AS SHOWN UPON MAP OF PALMDALE COLONY CO. AS PER MAP RECORDED IN BOOK 52 PAGE 71 OF MISCELLANEOUS RECORDS OF SAID COUNTY; THENCE SOUTHERLY ALONG SAID

WESTERLY LINE 662 FEET, THENCE WESTERLY IN A DIRECT LINE 1140 FEET, MORE OR LESS, TO POINT OF BEGINNING.

PARCEL 3:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 6 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT DESCRIBED AS FOLLOWS:

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EXCEPT THE NORTHERLY 369.66 FEET THEREOF AND ALSO EXCEPT THEREFROM THE SOUTHERLY 221.80 FEET.

APN: 3018-027-036

City Council Staff Report

DATE: **September 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT**
ECONOMIC DEVELOPMENT DIVISION

SUBJECT: **PUBLIC HEARING TO HEAR COMMENTS ON THE FORMATION OF THE PALMDALE TOURISM IMPROVEMENT DISTRICT**

ISSUE

Public hearing to hear comments on the formation of the Palmdale Tourism Improvement District (PTID).

RECOMMENDATION

Staff recommends that the City Council hold a public meeting and receive public comments on the formation of the PTID.

BACKGROUND

On August 17, 2021, the City Council approved the Resolution of Intent No. CC 2021-070 to establish the PTID. As part of the formation process, the City noticed all businesses who are proposed to be part of the PTID.

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

TID benefits:

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

Over the past twelve months, City staff has met with the hotels in Palmdale to establish a proposed PTID. Hotels in Palmdale have lower occupancy and overnight stays during

holidays and weekends, the proposed PTID attempts to increase overnight stays through enhancements in city amenities and tourism opportunities.

The proposed PTID would be a partnership between the City and the hotels in Palmdale to create additional tourism and visitor opportunities that both visitors and residents could enjoy. The benefits a TID can provide come in a variety of forms such as signature events, enhancing the current tourism attractions, development of additional destinations and infrastructure improvements. This increase in tourism and business travel would positively impact hotels, restaurants, and entertainment businesses.

TIDs are self-assessment districts, which means that lodging business owners within the PTID boundary will fund the PTID. The funds collected will be used to provide services that are desired by and benefit those lodging businesses within the PTID. TIDs utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow lodging business owners to organize their efforts to increase tourism.

DISCUSSION

The hotel owners and managers throughout Palmdale are proposing to form the PTID for a five-year term. The proposed services include special events, infrastructure improvements and enhancing current visitor attractions. All services provided by the PTID are intended to attract new visitors.

Hotel business owners decided to pursue formation of a PTID to create a revenue source devoted to marketing Palmdale as a tourism, meeting, and event destination. If established, the PTID would generate approximately $900,000 annually for promotion of travel and tourism specific to Palmdale.

The Management District Plan (Attachment 1) includes the proposed boundary of the proposed PTID, a service plan and budget, and governance. The PTID will include all current and future lodging businesses within the boundaries of Palmdale.

As proposed, the PTID is expected to have a five-year term, beginning November 1, 2021 through October 31, 2026. The self-assessment will be implemented beginning November 1, 2021. Once per year, beginning on the anniversary of the TID formation, there is a 30-day period in which business owners paying 50% or more of the total self-assessment may protest and begin proceedings to terminate the TID.

The annual self-assessment rate is two percent of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than 30 consecutive days; stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays pursuant to contracts executed prior to November 1, 2021.

The City will collect the self-assessment from each lodging business located within the PTID boundaries and distribute the assessment to the PTID, which will have the responsibility of managing TID programs as provided in this Management District Plan. The PTID shall pay the City a fee equal to one percent of the amount of assessment collected to cover the costs of collection and administration.

PTID FORMATION PROCESS

The Property and Business Improvement District Law of 1994 sets forth various requirements for the formation of a new district. The following timeline adheres to those remaining requirements for formation of the PTID.

October 5, 2021 ESTABLISHMENT

If written protests are received from the owners of businesses in the proposed PTID which will pay more than 50% of the assessments proposed to be levied and protests are not withdrawn to reduce the protests to less than 50%, no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one year from the date of the finding of a majority protest by the Council.

At the conclusion of the public hearing to establish the PTID, the Council may adopt, revise, change, reduce, or modify the proposed self- assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them.

If the Council, following the public hearing, decides to establish the proposed PTID, the Council shall adopt an ordinance to form Visit Palmdale, a 501(c)(6) non-profit organization.

The proposed PTID program includes regional marketing efforts. These efforts would allow the PTID to collaborate on joint tourism and marketing opportunities with the County of Los Angeles and City of Lancaster to enhance tourism throughout the Antelope Valley. Regional marketing efforts would benefit business, hotels, and entertainment venues throughout the Antelope Valley.

The formation of a TID would create additional tourism and visitor opportunities that both visitors and residents could enjoy. The benefits can come in a variety of forms such as signature events, enhancing the current tourism attractions, development of additional destinations and infrastructure improvements. This increase in tourism and business travel would positively impact hotels, restaurants, and entertainment businesses.

FISCAL IMPACT

If the PTID is approved at a later meeting, the City would receive a fee of one percent of the total amount collected to cover the costs of administration. The City would collect the assessment from each lodging business located in the PTID boundary and distribute funds to the PTID.

In addition, there may be an increase in transient occupancy tax and sales tax revenues as PTID programs are intended to increase visitation to the City.

STRATEGIC PLAN

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

D. Develop and maintain diverse programs and events that inspire growth, pride and lifelong learning.

Prepared by:	Luis Garibay, Interim Director of Economic and Community Development
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Palmdale Tourism Improvement District Management District Plan
2. RESOLUTION NO. CC 2021-070, a Resolution of Intention to establish the Palmdale Tourism Improvement District

2021-2026



PALMDALE TOURISM IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq.

August 5, 2021

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Prepared by
Civitas

CIVITAS
PARTNERSHIPS • PROGRESS • PROSPERITY

(800)999-7781
www.civitasadvisors.com

I. OVERVIEW

Developed by local hoteliers and the City of Palmdale (City), the Palmdale Tourism Improvement District (PTID) is an assessment district proposed to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors.

Location: The PTID includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City of Palmdale, as shown on the map in Section III.

Services: The PTID is designed to provide specific benefits directly to payors by increasing awareness and demand for room night sales. Sales, marketing & communications and destination development programs will increase demand for overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing demand for room night sales.

Budget: The total PTID annual assessment budget for the initial year of its five (5) year operation is anticipated to be approximately $900,000. A similar budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do.

Cost: The annual assessment rate is two percent (2%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays pursuant to contracts executed prior to November 1, 2021.

Collection: The City shall be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the PTID. The City shall take all reasonable efforts to collect the assessments from each lodging business.

Duration: The PTID will have a five (5) year life, beginning November 1, 2021 through October 31, 2026. Once per year, beginning on the anniversary of PTID formation, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on PTID termination.

Management: Visit Palmdale (VP) will serve as the PTID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Plan, and must provide annual reports to the City Council.

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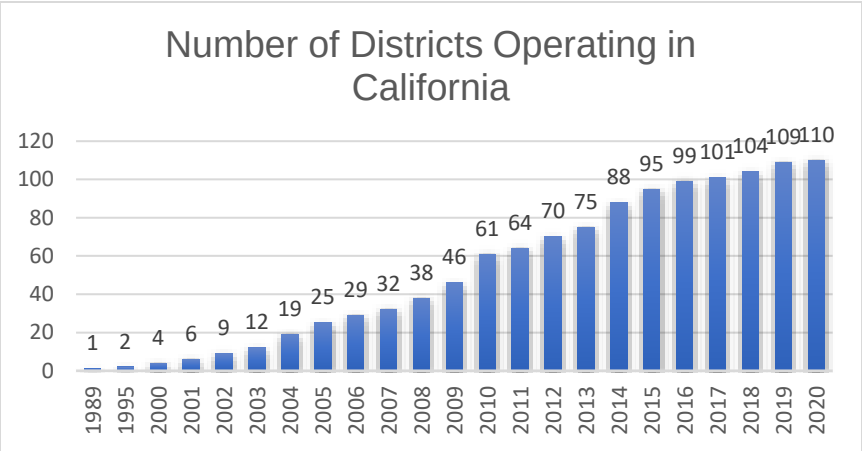
II. BACKGROUND

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



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

TIDs utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TIDs allow lodging business owners to organize their efforts to increase demand for room night sales. Lodging business owners within the TID pay an assessment and those funds are used to provide services that increase demand for room night sales.

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

There are many benefits to TIDs:

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

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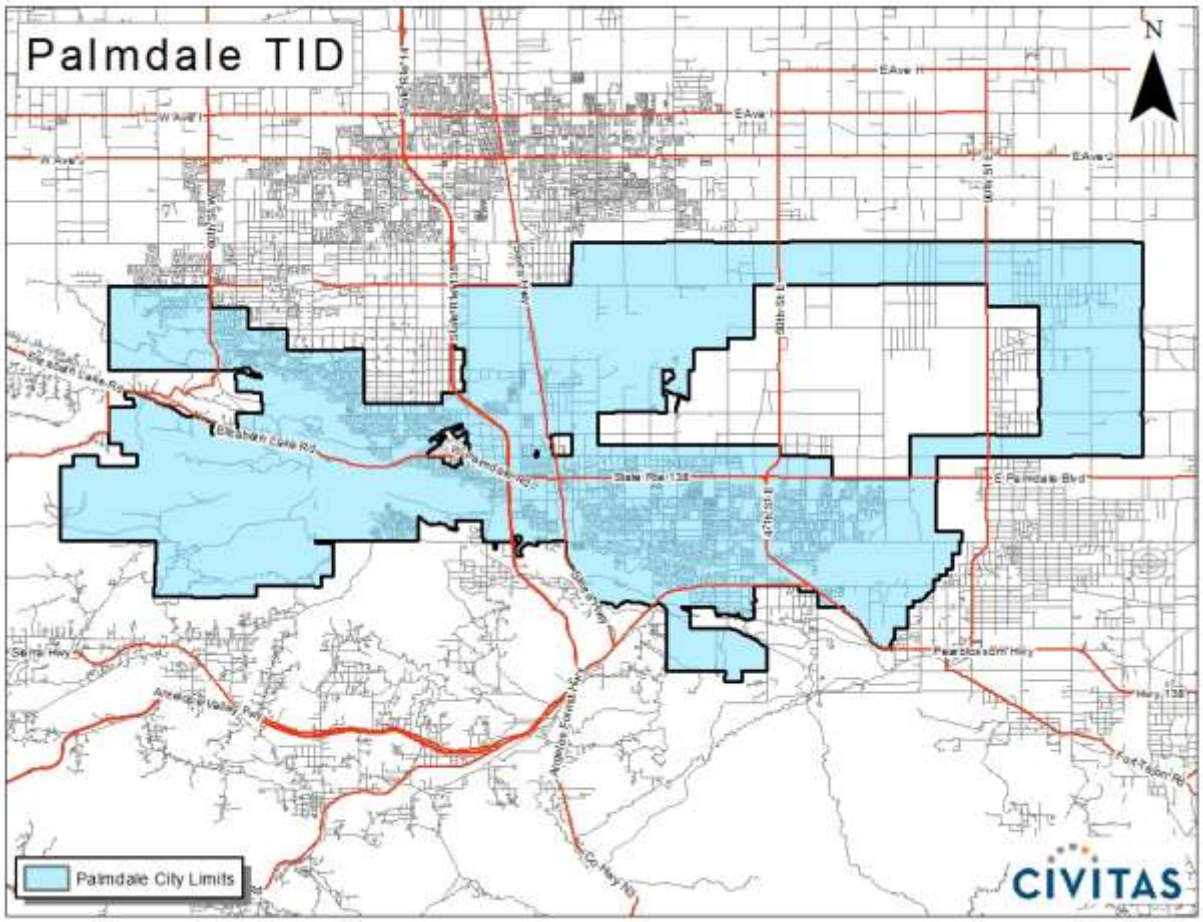
III. BOUNDARY

The PTID will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Palmdale.

Lodging business means: any structure, or any portion of any such structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.

The boundary, as shown in the map below, currently includes nineteen (19) lodging businesses. A complete listing of lodging businesses within the PTID can be found in Appendix 2.

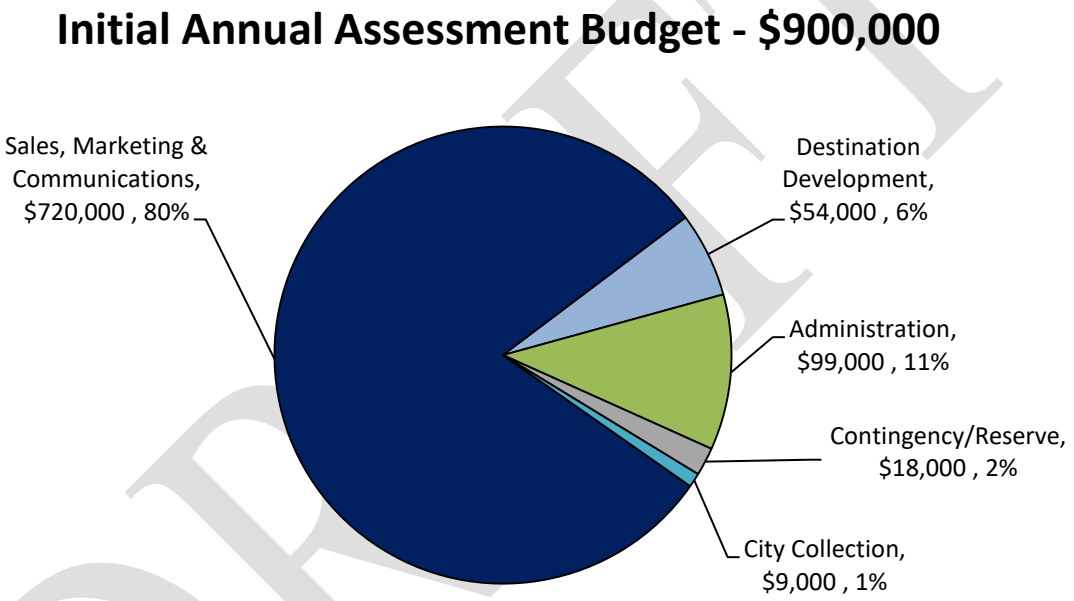


IV. BUDGET AND SERVICES

A. Annual Service Plan

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

A service plan assessment budget has been developed to deliver services that benefit the assessed businesses. A detailed annual assessment budget will be developed and approved by VP. The table below illustrates the initial annual assessment budget allocations. The total initial assessment budget is $900,000.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the VP Board and the City shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the PTID, any and all assessment funds may be used for the costs of defending the PTID. In the first year of operation, the costs of creating the PTID may be repaid by deducting repayment funds proportionally from budget categories. Repayment costs shall not exceed $42,000.

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

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Sales, Marketing, and Communications

A sales, marketing and communications program will promote assessed businesses as tourist, meeting, and event destination. The sales, marketing and communications program will have a central theme of promoting the destination as a desirable place for overnight visits. The program will have the goal of increasing demand for overnight visitation and sales at assessed businesses, and may include the following activities:

- Development of a marketing plan to ensure district funds are strategically spent to market assessed businesses;
- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation to assessed businesses;
- Content development for photoshoots and video shoots for digital promotion, featuring assessed businesses to drive overnight visitation and sales to assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, visitor guides, promotional items, postcards, flyers and maps featuring assessed businesses;
- Advertising targeted at potential visitors to drive overnight visitation and sales to assessed businesses;
- Implementation of a public relations and communications strategy, inclusive of social media outlets and press release distribution designed to drive overnight visitation and increase sales at assessed businesses;
- Attendance of trade shows, professional industry conferences, and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists, business travelers, and group events to assessed businesses;
- Familiarization tours of assessed businesses;
- Visitor Service programs and enhancements, such as kiosks and Visitor Centers, that will enhance the visitor experience;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Joint partnerships with local businesses as well as local and state tourism organizations to increase overnight visitation at assessed businesses; and
- Development of Visitor Studies and Return on Investment (ROI) analysis on effectiveness of district funds to improve effectiveness and increase demand for overnight visitation at assessed businesses;

Destination Product Development

The Destination Project Development projects may include:

- Infrastructure improvements that enhance the destination's competitive position to attract visitors, filming, sporting events, and special events year-round, to increase sales at assessed businesses;
- Comprehensive and integrated wayfinding signage system and/or banner program targeted to increase demand for visitation and increase sales at assessed businesses; and
- Other programs and activities that will enhance the visitor experience to increase sales at assessed businesses.

Administration and Operations

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

Contingency/Reserve

The budget includes a contingency line item to account for uncollected assessments, or higher than anticipated program costs, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program or administration costs at the discretion of the Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board of the Owners' Association. Additionally, in the event there are contingency/reserve funds remaining near the end of the PTID's term, contingency/reserve funds may be used for the cost of renewing the PTID.

City Collection Fee

The City shall retain a fee equal to one percent (1%) of the amount of assessments collected, to cover collection and administration costs.

B. Annual Budget

The total five (5) year improvement and service plan budget is projected at approximately $900,000 annually, or $4,740,570 through 2026. This budget may fluctuate as room sales do. A similar budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do.

The table below demonstrates the maximum cost of improvements and services over the PTID's five (5) year term. A two percent (2%) annual increase in the cost of improvements and services is projected to account for anticipated increases in gross short term room rental revenue as a result of PTID efforts.

Year	Sales, Marketing & Communications	Destination Development	Admin & Operations	Contingency & Reserve	City Fee	Total
2021/22	$720,000	$54,000	$99,000	$18,000	$9,000	$900,000
2022/23	$734,400	$55,080	$100,980	$18,360	$9,180	$918,000
2023/24	$756,432	$56,732	$104,009	$18,911	$9,455	$945,540
2024/25	$779,125	$58,434	$107,130	$19,478	$9,739	$973,906
2025/26	$802,499	$60,187	$110,344	$20,062	$10,031	$1,003,123
Total	**$3,792,456**	**$284,434**	**$521,463**	**$94,811**	**$47,406**	**$4,740,570**

C. California Constitutional Compliance

The PTID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term 'assessments' to levies on real property.[1] Rather, the PTID assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the PTID, a "specific benefit" and a "specific government service." Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, "a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not

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

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exceed the reasonable costs to the local government of conferring the benefit or granting the privilege."[2] The services in this Plan are designed to provide targeted benefits directly to assessed businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific businesses within the PTID. The activities described in this Plan are specifically targeted to increase demand for room night sales for assessed lodging businesses within the boundaries of the PTID, and are narrowly tailored. PTID funds will be used exclusively to provide the specific benefit of increased demand for room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in PTID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses.

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

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

2. Specific Government Service

The assessment may also be utilized to provide, "a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product."[4] The legislature has recognized that marketing and promotions services like those to be provided by the PTID are government services within the meaning of Proposition 26[5]. Further, the legislature has determined that "a specific government service is not excluded from classification as a 'specific government service' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor."[6]

3. Reasonable Cost

PTID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will

[2] Cal. Const. art XIII C § 1(e)(1)
[3] Government Code § 53758(a)
[4] Cal. Const. art XIII C § 1(e)(2)
[5] Government Code § 53758(b)
[6] Government Code § 53758(b)

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be managed by VP, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from PTID-funded activities, be featured in advertising campaigns, and benefit from other PTID-funded services. Non-assessed lodging businesses will not receive these, nor any other, PTID-funded services and benefits.

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

D. Assessment

The annual assessment rate is two percent (2%) of gross short term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays pursuant to contracts executed prior to November 1, 2021.

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

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

Bonds shall not be issued.

E. Penalties and Interest

The PTID shall reimburse the City of Palmdale for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent PTID assessment are sought to be recovered in the same collection action by the City, the PTID shall bear its pro rata share of such collection costs. Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Original Delinquency:* Any lodging business owner who fails to remit any assessment imposed by this section within the time required shall pay a penalty of 10 percent (10%) of the amount of the unpaid assessment in addition to the amount of the assessment.

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2. *Continued Delinquency:* Any lodging business owner who fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of 10 percent (10%) of the amount of unpaid assessment, in addition to the amount of the assessment and the 10 percent (10%) penalty first imposed.

3. *Fraud:* If the City determines that the nonpayment of any remittance due under this section is due to fraud, a penalty of 25 percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in this section.

4. *Interest:* In addition to the penalties imposed, any lodging business owner who fails to remit any assessment imposed by this section shall pay interest at the rate of one and one-half percent (1.50%) per month or fraction thereof on the amount of unpaid assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

5. *Penalties Merged with Assessment:* Every penalty imposed and such interest as accrues under the provisions of this chapter shall become a part of the assessment herein required to be paid.

F. Time and Manner for Collecting Assessments

The PTID assessment will be implemented beginning November 1, 2021 and will continue for five (5) years through October 31, 2026. The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business. The City shall take all reasonable efforts to collect the assessments from each lodging business. The City shall forward the assessments collected to the Owners' Association.

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V. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the PTID as defined in Streets and Highways Code §36612. The City Council has determined that the to-be-formed nonprofit corporation, Visit Palmdale (VP), will serve as the Owners' Association for the PTID.

VP shall be comprised of five (5) to seven (7) directors, in which a majority of the directors shall be owners or owner representatives of businesses paying the PTID assessment. The Board will also include representation from the City and may include businesses with an interest in tourism. VP shall have full authority to manage matters related to the PTID including, but not limited to, management of assessment funds and full decision-making authority regarding PTID programs in accordance with this Plan.

B. Brown Act and California Public Records Act Compliance

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

C. Annual Report

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

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

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APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2021 SUPPLEMENT ***
(ALL 2020 LEGISLATION)

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

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

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

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

(a) Businesses located and operating within business districts in some of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.

(b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.

(c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.

(d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.

(e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:

(1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.

(2) Job creation.

(3) Business attraction.

(4) Business retention.

(5) Economic growth.

(6) New investments.

(f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.

(g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.

(h) The act amending this section is intended to provide the Legislature's guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.

(1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the

incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

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

36602. Purpose of part

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

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

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

36603.5. Part prevails over conflicting provisions

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

36604. Severability

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

ARTICLE 2. Definitions

36606. "Activities"

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

(a) Promotion of public events.

(b) Furnishing of music in any public place.

(c) Promotion of tourism within the district.

(d) Marketing and economic development, including retail retention and recruitment.

(e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.

(f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. "Assessment"

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

36607. "Business"

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

36608. "City"

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

36609. "City council"

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

36609.4. "Clerk"

"Clerk" means the clerk of the legislative body.

36609.5. "General benefit"

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

36610. "Improvement"

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

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

36611. "Management district plan"; "Plan"

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

36612. "Owners' association"

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

36614. "Property"

"Property" means real property situated within a district.

36614.5. "Property and business improvement district"; "District"

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

36614.6. "Property-based assessment"

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

36614.7. "Property-based district"

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

36615. "Property owner"; "Business owner"; "Owner"

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

36615.5. "Special benefit"

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

36616. "Tenant"

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

ARTICLE 3. Prior Law

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

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

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

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

36620.5. Requirement of consent of city council

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

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

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

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

(1) A map showing the boundaries of the district.

(2) Information specifying where the complete management district plan can be obtained.

(3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

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

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

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

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

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

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

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

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

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

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

(l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.

(m) In a property-based district, the total amount of general benefits, if any.

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

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

36623. Procedure to levy assessment

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

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay

50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

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

36624. Changes to proposed assessments

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

36625. Resolution of formation

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

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

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

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

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

36628.5. Assessments on businesses or property owners

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

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

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

36630. Expiration of district; Creation of new district

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

CHAPTER 3. Assessments

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

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

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

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

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

36634. Service contracts authorized to establish levels of city services

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

36635. Request to modify management district plan

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

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

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

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

CHAPTER 3.5. Financing

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

(a)The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.
(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

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

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.
(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

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

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.
The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

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

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

CHAPTER 5. Renewal

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

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues

shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

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

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

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

APPENDIX 2 – ASSESSED BUSINESSES

Lodging Business	Business Address
Best Western	600 W Palmdale Blvd, Palmdale, CA 93551
Courtyard by Marriott	530 W Rancho Vista Blvd, Palmdale, CA 93551
Doubletree *(under construction)*	300 W Palmdale Blvd, Palmdale, CA 93551
Element Hotel	39325 Trade Center Drive, Palmdale, CA 93551
Embassy Suites	39375 5th St W, Palmdale, CA 93551
EZ 8 Motel	430 W Palmdale Blvd, Palmdale, CA 93551
Fairfield Inn *(under construction)*	1052 W Ave O-8, Palmdale, CA 93551
Hampton Inn and Suites	9428 Trade Center Dr, Palmdale, CA 93551
Hilton Garden Inn Palmdale	1309 W Rancho Vista Blvd, Palmdale, CA 93551
Holiday Inn	38630 5th St W, Palmdale, CA 93551
Home2 Suites	38750 5th St W, Palmdale, CA 93551
Knights Inn Motel	130 E Palmdale Blvd, Palmdale, CA 93550
Motel 6	407 West Palmdale Blvd, Palmdale, CA, 93551
OYO Hotel	217 E Palmdale Blvd, Palmdale, CA 93550
Palm Motel	38535 6th St E, Palmdale, CA 93550
Red Roof Inn	200 W Palmdale Blvd, Palmdale, CA 93551
Residence Inn by Marriot	514 West Avenue P, Rancho Vista Blvd, Palmdale, CA 93551
Sherwood Motel	1331 E Palmdale Blvd, Palmdale, CA 93550
Staybridge Suites Palmdale	420 W Park Dr, Palmdale, CA 9355

**Hotel List as of July 2021*

DRAFT

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-070

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE PROPOSING ITS INTENTION TO ESTABLISH THE PALMDALE TOURISM IMPROVEMENT DISTRICT (PTID) AND ESTABLISH THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF.

WHEREAS, the Property and Business Improvement Law of 1994, Streets and Highways Code § 36600 et seq., authorizes the City to establish business improvement districts for the purposes of promoting tourism; and

WHEREAS, City of Palmdale, lodging business owners, and representatives from the City of Palmdale have met to consider the formation of the PTID; and

WHEREAS, City of Palmdale has drafted a Management District Plan which sets forth the proposed boundary of the PTID, a service plan and budget, and a proposed means of governance; and

WHEREAS, the proposed PTID includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City of Palmdale; and

WHEREAS, lodging business who will pay more than 50% of the assessment under the PTID have petitioned the City Council to establish the PTID.

NOW THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The recitals set forth herein are true and correct.

a. The City Council finds that lodging businesses that will pay more than 50% of the assessment proposed in the Plan have signed and submitted petitions in support of the formation of the PTID. The City Council accepts the petitions and adopts this Resolution of Intention to establish the PTID and to levy an assessment on certain lodging businesses within the PTID boundaries in accordance with the Property and Business Improvement District Law of 1994.

b. The City Council finds that the Plan satisfies all requirements of Streets and Highways Code § 36622.

c. The City Council declares its intention to establish the PTID and to levy and collect assessments on lodging businesses within the PTID boundaries pursuant to the Property and Business Improvement District Law of 1994.

d. The PTID shall include all lodging businesses located within the boundaries of the City of Palmdale, as shown in the map attached as Exhibit A.

e. The name of the district shall be Palmdale Tourism Improvement District (PTID).

f. The annual assessment rate is two percent of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than 30 consecutive days; stays of any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays pursuant to contracts executed prior to November 1, 2021.

g. The assessments levied for the PTID shall be applied toward sales, marketing and communications, and destination development programs to market assessed lodging businesses in Palmdale as tourist, meeting, and event destinations, as described in the Plan. Funds remaining at the end of any year may be used in subsequent years in which PTID assessments are levied as long as they are used consistent with the requirements of this resolution and the Plan.

h. The proposed PTID will have a five year term, beginning November 1, 2021 and expiring October 31, 2026, unless renewed pursuant to Streets and Highways Code § 36660.

i. Bonds shall not be issued.

j. The time and place for the public meeting to hear testimony on establishing the PTID and levying assessments are set for September 7, 2021, at 7:00 PM, or as soon thereafter as the matter may be heard, at the Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, CA 93550.

k. The time and place for the public hearing to establish the PTID and the levy of assessments are set for October 5, 2021, at 7:00 PM, or as soon thereafter as the matter may be heard, at the Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, CA 93550. The City Clerk is directed to provide written notice to the lodging businesses subject to assessment of the date and time of the meeting and hearing, and to provide that notice as required by Streets and Highways Code § 36623, no later than August 18, 2021.

l. At the public meeting and hearing the testimony of all interested persons for or against the establishment of the PTID may be received. If at the conclusion of the public hearing, there are of record written protests by the owners of the lodging businesses within the proposed PTID that will pay more than 50% of the estimated total assessment of the entire PTID, no further proceedings to establish the PTID shall occur for a period of one year.

m. The complete Plan is on file with Economic and Community Development and may be reviewed upon request.

n. This resolution shall take effect immediately upon its adoption by the City Council.

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

PASSED, APPROVED and **ADOPTED** this 17th day of August, 2021.

Steven D. Hofbauer, Mayor

Approved as to form:

ATTEST: Rochelle Scott, DCC
for Shanae S. Smith, City Clerk

Christopher L. Beck
City Attorney

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 17th day of August, 2021 by the following roll call vote:

AYES: Hofbauer, Bettencourt, Carrillo, Loa, Bishop

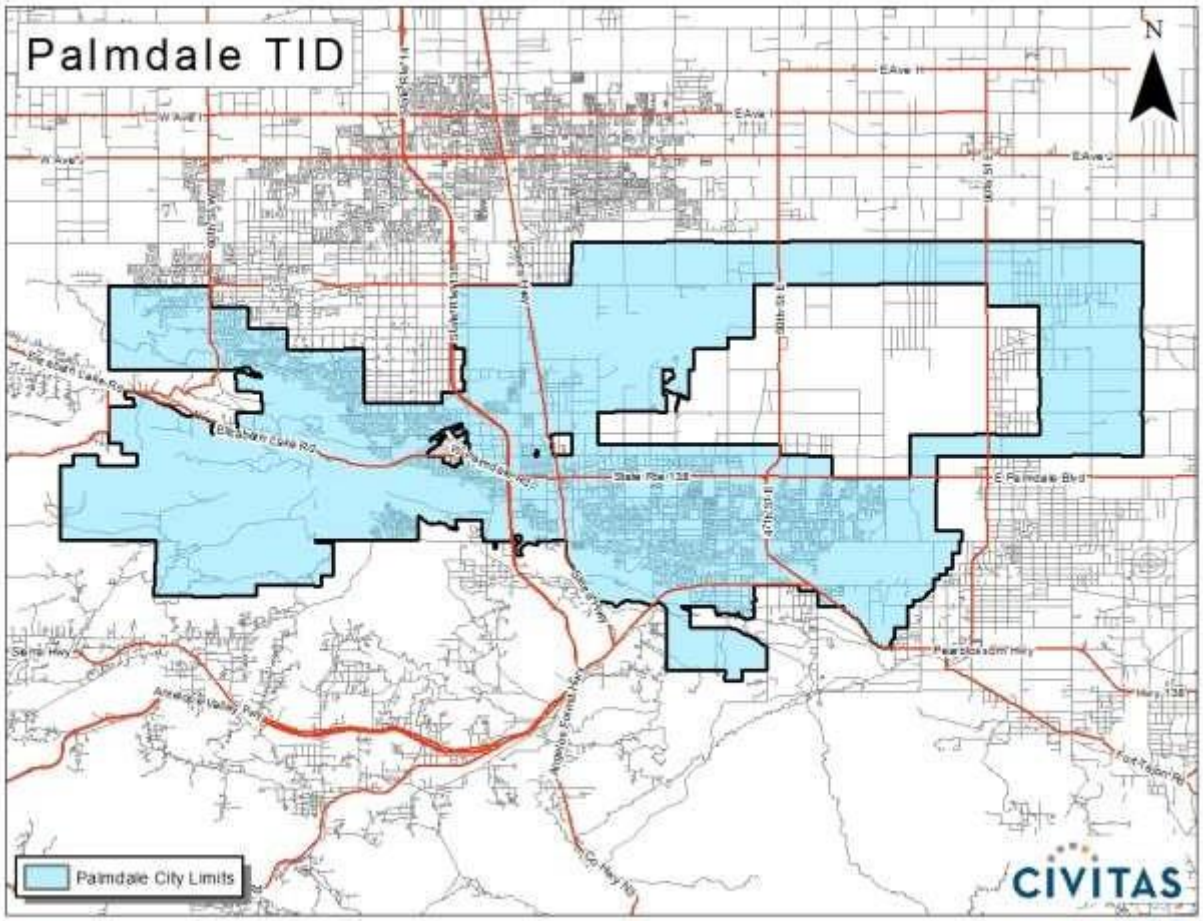
NOES: None

ABSTAIN: None ABSENT: None

Date: August 18, 2021 Rochelle Scott, DCC
for Shanae S. Smith, City Clerk

EXHIBIT A
MANAGEMENT DISTRICT PLAN SUMMARY

Boundary Map



City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY ATTORNEY'S OFFICE**

DISTRICT: **ALL**

SUBJECT: **PUBLIC HEARING TO ADOPT ORDINANCE NO. 1569, AN ORDINANCE OF THE CITY OF PALMDALE AMENDING PALMDALE MUNICIPAL CODE SECTION 2.08.040 RELATING TO THE SETTING OF REGULAR MEETING DATES OF THE CITY COUNCIL**

ISSUE

Adopt Ordinance No. 1569 amending Palmdale Municipal Code Section 2.08.040 promulgating the regular meeting date of the City Council to occur on Wednesdays.

RECOMMENDATION

Adopt Ordinance No.1569 amending Palmdale Municipal Code Section 2.08.040 promulgating the regular meeting date of the City Council to occur on Wednesdays.

BACKGROUND

At the July 13, 2021 City Council meeting, staff was directed to return to the August 17, 2021 City Council meeting with two ordinances, directing a change to the regular City Council meeting day, from Tuesday to either Wednesday or Thursday.

At the August 17, 2021 City Council meeting, the City Council considered the two proposed Ordinances and agreed to change the date of the regular City Council meeting, with some exceptions, from Tuesday to Wednesday through, at least, the February 2022 regular City Council meeting; to allow for to the study of the effect of this change on public engagement of City Council matters. Staff was directed to return to the September 7, 2021 City Council meeting with a revised Ordinance.

DISCUSSION

This Public Hearing is to consider changing the date of the regular City Council meeting from the first Tuesday of the month to the first Wednesday of the month, with some exceptions.

The proposed changes to the Palmdale Municipal Code Section 2.08.040 by this Ordinance are as follows:

Regular meetings of the City Council will be held on the first ~~Tuesday~~ Wednesday of each month except in January and July where regular meetings will be held on the second ~~Tuesday~~ Wednesday of those months. Meetings of the City Council shall be held at 38300 Sierra Highway, Suite B, Palmdale, California, at 7:00 p.m. If all matters on the agenda for any regular meeting have not been considered by the City Council by the hour of 10:30 p.m., or such earlier or later time as may be fixed by a majority vote of the City Council, then the regular meeting may be adjourned to the next succeeding ~~Tuesday~~ Wednesday, at the same time and at the same location, unless a different day, time or location is specified in the order of adjournment. When so adjourned, each adjourned meeting shall be a regular meeting for all purposes. Notice of all meetings of the City Council, whether regular, adjourned, special or emergency, will be given in the manner required by statute. When a regular ~~Tuesday~~ Wednesday meeting of the City Council falls on a national or State holiday and City offices are scheduled to be closed, then such meeting shall not be held and will be deemed adjourned for all purposes with no further action required by the City Council or the City Clerk except such written notices of adjournment as may be required by law. The Ordinance codified in this section shall take effect 30 days after adoption of this Ordinance.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Andrew S. Pletcher, Deputy City Attorney
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Board and Commission Meeting Schedule

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1569

AN ORDINANCE OF THE CITY OF PALMDALE AMENDING PALMDALE MUNICIPAL CODE SECTION 2.08.040 RELATING TO THE SETTING OF REGULAR MEETING DATES OF THE CITY COUNCIL

SECTION 1. Section 2.08.040 of the Palmdale Municipal Code is amended in its entirety to read as follows:

2.08.040 Regular meeting day, time and place.

Regular meetings of the City Council will be held on the first Wednesday of each month except in January and July where regular meetings will be held on the second Wednesday of those months. Meetings of the City Council shall be held at 38300 Sierra Highway, Suite B, Palmdale, California, at 7:00 p.m. If all matters on the agenda for any regular meeting have not been considered by the City Council by the hour of 10:30 p.m., or such earlier or later time as may be fixed by a majority vote of the City Council, then the regular meeting may be adjourned to the next succeeding Wednesday, at the same time and at the same location, unless a different day, time or location is specified in the order of adjournment. When so adjourned, each adjourned meeting shall be a regular meeting for all purposes. Notice of all meetings of the City Council, whether regular, adjourned, special or emergency, will be given in the manner required by statute. When a regular Wednesday meeting of the City Council falls on a national or State holiday and City offices are scheduled to be closed, then such meeting shall not be held and will be deemed adjourned for all purposes with no further action required by the City Council or the City Clerk except such written notices of adjournment as may be required by law. The Ordinance codified in this section shall take effect 30 days after adoption of this Ordinance.

SECTION 2. This Ordinance shall remain in effect until the second meeting of the City Council in February 2022, unless otherwise extended or amended by the City Council.

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

SECTION 4. The City Clerk shall certify to the adoption of this Ordinance and shall cause this Ordinance to be published and posted as required by law.

PASSED, APPROVED and **ADOPTED** this _____ day of _____, _____.

_____
Steven D. Hofbauer, Mayor

Approved as to form:

ATTEST:

_____
Christopher L. Beck
City Attorney

_____
Shanae S. Smith, City Clerk

I, Shanae S. Smith, City Clerk of Palmdale, California, do hereby certify that the foregoing Ordinance was duly introduced, passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the _____ day of _____, 20___ effective on the ____ day of _____, 20___ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

Board & Commission Meeting Schedule

Council Chambers

Meeting Body	Meeting Date	Time	Frequency	Members
City Council/Successor Agency	1st & 3rd Tuesday*	5:00 p.m. Closed Session 7:00 p.m. Regular Meetings & Workshops	Monthly	5
Audit Committee	Spring & Fall September 29, 2021			5
Advisory Redistricting Commission	1st meeting is August 23rd 2nd Tuesday	5:30 p.m.	Monthly	11
EIFD Public Financing Authority	July 13, 2021 July 27, 2021 September 7, 2021 October 12, 2021 November 16, 2021	3:30 p.m.	TBD	5
Human Rights Advisory Committee	3rd Wednesday	5:00 p.m.	Monthly	7/1
Library Board	2nd Wednesday	5:30 p.m.	Monthly	5
Measure AV Oversight Committee	4th Wednesday	5:00 p.m.s	TBD	7/7
Mobile Home Rental Review Board	Annual Meeting held in February. All other meetings are called as needed			5
Planning Commission	2nd Thursday	7:00 p.m.	Monthly	5
PRWA	3rd Monday*	6:00 p.m.	Monthly	5
Public Art Commission	TBD	TBD	Every other Month	7
Site Plan Review	2nd & 4th Thursday	3:00 p.m.	Monthly	1

*Per Ordinance No. 1494, for the months of January and July only, regular meetings will be held on the Second Tuesday of the month. When a regular Tuesday meeting of the City Council falls on a National or State holiday and City offices are scheduled to be closed, then such meeting shall not be held and will be deemed adjourned for all purposes.

*PRWA meetings in January and February fall on a National Holiday and are rescheduled or canceled based on the needs of the Authority.

Revised 8/18/2021

City Council Staff Report

DATE: **SEPTEMBER 7, 2021**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY ATTORNEY'S OFFICE**

DISTRICT: **ALL**

SUBJECT: **DISCUSS CITY REGULATION OF SIDEWALK VENDORS**

ISSUE

Regulation of sidewalk vendors.

RECOMMENDATION

Staff recommends that the City Council:

1. Discuss the current regulation of sidewalk vendors.
2. Provide direction to Staff regarding possible changes to the regulations related to sidewalk vendors.

BACKGROUND

The City of Palmdale regulates certain businesses operating within the city limits, including those individuals and businesses that sell food or merchandise on city sidewalks and in city parks. In 2018, the state legislature, with the intent to "promote entrepreneurship and support immigrant and low-income communities," passed SB 946 which prohibits cities from regulating "sidewalk vendors" except as specifically authorized by state law. SB 946, codified as California Government Code 51036, et seq., authorized cities to adopt a "sidewalk vending program" that regulates sidewalk vendors so long as those regulations are "directly related to objective health, safety, or welfare concerns."

Further, cities may not prohibit sidewalk vendors from selling food or merchandise in city parks. However, cities may regulate the time, place and manner of sidewalk vending in parks so long as such regulations (i) directly relate to objective health, safety, or welfare concerns; (ii) are necessary to ensure the public's use and enjoyment of natural resources and recreational opportunities; or (iii) are necessary to prevent an undue concentration of commercial activity that unreasonably interferes with the scenic and natural character of the park.

Finally, SB 946 prohibits the use of most criminal and civil penalties to enforce regulations relating to sidewalk vendors. Instead, cities may only enforce their "sidewalk vending programs" through an administrative fine that is capped by state law.

DISCUSSION

In response to SB 946, the City Council adopted Ordinance No. 1516 which established reasonable regulations on sidewalk vendors that were directly related to objective health, safety, or welfare concerns. Specifically, these regulations:

- Limit vendors' hours of operation within residential neighborhoods to daylight hours to protect the safety of vendors and residents who would be more vulnerable to criminal activities during evening hours, and to promote the welfare of the residents by prohibiting commercial activities and associated noise and traffic during hours when residents should be able to enjoy peace and quiet.
- Prohibit vendors from peddling or soliciting from residences with "No Solicitation" or "Do Not Disturb" signs to protect the health and welfare of those who wish to avoid commercial activities while in their residences.
- Prohibit vendors from making physical contact with members of the public without permission, persistently soliciting a person after the person rejects an offer, and threatening injury or damage to a person while peddling or soliciting to protect the safety and health of persons who may feel threatened or in physical danger if these activities occur.
- Prohibit vendors and solicitors from intentionally obstructing the free movement of people on any street, sidewalk, or other place open to the public to protect the health, safety, and welfare of those who may be seeking emergency services or who are otherwise uninterested in the goods or services offered and desire to pass through the public area unimpeded.
- Prohibit peddling or soliciting from a captive audience to protect the health, safety, and welfare of those people who are not able to walk away or otherwise retreat from an unwanted solicitation.
- Prohibit peddling or soliciting within 1,000 feet of schools during the hours when children are present to protect the health and safety of the school children.
- Require persons engaged in the business of peddling, selling or delivering liquids or edibles for human consumption to provide a means to collect and properly dispose of trash and recycling materials to protect the health, safety, and welfare of the community by preventing the dispersion of trash, rubbish and unused food products which contribute to blight and attract rodents and other vermin.
- Prohibit vending in, or within the immediate vicinity, of any area designated for a special event as authorized by California Government Code 51038(d)(2).
- Prohibit vending in, or within the immediate vicinity, of any permitted certified farmers' market or permitted swap meet during their operating hours as authorized by California Government Code 51038(d)(1).

In addition to the general regulations imposed on sidewalk vendors, peddlers and solicitors, Ordinance 1516 established regulations specifically related to vending within city parks. Specifically, these regulations:

- Prohibit sidewalk vendors from congregating in parks and require a 100 foot buffer between sidewalk vendors to prevent an undue concentration of commercial activity that unreasonably interferes with the scenic and natural character of the park.
- Require sidewalk vendors to vend from sidewalks and other paved pathways within city parks to reserve open spaces for recreation, protect open spaces and turf areas from excessive wear and tear, and to ensure the public's use and enjoyment of natural resources and recreational opportunities.
- Prohibit sidewalk vendors from vending in pool areas to ensure the public's use and enjoyment of the recreational opportunities of the city's pools by reserving the limited space in these areas for pool patrons.
- Prohibit stationary sidewalk vendors from vending in parks that are subject to a concessionaire agreement as authorized by California Government Code 51038(b)(2)(A).
- Prohibit sidewalk vendors from vending in parks subject to deed restrictions prohibiting private commercial activities within the park to ensure the public's use and enjoyment of the natural resources and recreational opportunities provided by these parks by ensuring that the city retains ownership of these parks.
- Prohibit sidewalk vendors from vending in city parks before a park opens and after one half hour prior to park closure to protect the safety of patrons seeking to purchase food and merchandise from sidewalk vendors when the park is closed and generally unsupervised.

As required by California Government Code §51039, the exclusive remedy for violations of the City's sidewalk vending program is the issuance of an administrative citation. The City's fee schedule for such violations is consistent with state law. Further, individuals receiving a citation may, upon requesting an ability-to-pay determination, be eligible to have the administrative fee reduced to twenty percent of the set fee.

FISCAL IMPACT

There is no fiscal impact related to this report.

STRATEGIC PLAN

Goal I: Maintain effective public safety and protection for life, property and the environment.

A. Provide comprehensive and innovative safety services to prevent crime and promote a safe community.

Prepared by:	Noel Doran, Assistant City Attorney
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	J.J. Murphy, ICMA-CM, City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

None

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Laura Bettencourt, Mayor Pro Tem

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: September 7, 2021

During the period August 12, 2021, through September 1, 2021, I attended the following meetings and events:

August 14: Muslim Family Day Event

August 16: Meeting with Congressman Mike Garcia

August 17: City Council Meeting

August 24: Antelope Valley Transit Authority Meeting

August 26: City Council Special Meeting

August 31: City Council Briefing and Carlene's Goodbye Party