PALMDALE

a place to call home

CITY COUNCIL MEETING
SUCCESSOR AGENCY
REVISED
CITY COUNCIL CHAMBERS
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
WEDNESDAY, MAY 4, 2022
5:00 p.m.
7:00 p.m.
www.cityofpalmdale.org

WELCOME

REMOTE LOCATION: Councilmember Bettencourt will be participating via teleconference from her Council office located at 38300 Sierra Highway, Suite A, Palmdale, CA 93550, pursuant to Government Code Section 54953, *et. al.*

The Council Chamber is open for in-person public comment and seating. 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:

VERBAL PUBLIC COMMENT DURING THE MEETING – ZOOM Number: US: +1 720 707 2699 Webinar ID: 853 5671 2438 Passcode: 431445

Webinar attendee link https://us06web.zoom.us/j/85356712438?pwd=WG00Wk5qcytPbGFOMFpWU0dIUXIJQT09.

Verbal comments must be limited to three (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 HOFBAUER, MAYOR PRO TEM LOA,
   COUNCILMEMBERS CARRILLO, BISHOP, BETTENCOURT

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 This Closed Session is being held pursuant to the authority of California Government Codes Section 54957.

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL RELEASE

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: City Attorney

4.2 This Closed Session is being held pursuant to California Government Code 54957.

APPOINTMENT OF PUBLIC EMPLOYEE

Position: Acting/Interim City Attorney

4.3 CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
Ricci v. City of Palmdale, et al.
Los Angeles County Superior Court
Case No. 22STCV01269
This closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

4.4 CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
The existing facts and circumstances that constitute a significant exposure to litigation are detailed in the following claim received by the City, which is available for public inspection pursuant to Government Code Section 54957.5:

Claimant: Shanae Smith
City Claim No.: 2022-005
Date Filed: 1/10/22
Date of Loss: Various

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

4.6 CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
The existing facts and circumstances that constitute a significant exposure to litigation are detailed in the following claim received by the City, which is available for public inspection pursuant to Government Code Section 54957.5:

Claimant: Michael Behen
City Claim No.: 2022-008
Date Filed: 02/09/22
Date of Loss: Various

4.7 CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
The existing facts and circumstances that constitute a significant exposure to litigation are detailed in the following claim received by the City, which is available for public inspection pursuant to Government Code Section 54957.5:

Claimant: Patricia Nevarez
City Claim No.: 2022-005
Date Filed: 1/27/22
Date of Loss: Various

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

4.9 CONFERENCE WITH LABOR NEGOTIATORS

City representatives: Steve Hofbauer, Mayor
Unrepresented employee: Christopher Beck, City Attorney

This Closed Session is being held pursuant to the authority of California Government Code Section 54957.6.

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

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. **PRESENTATIONS**

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

8.2 Presentation of a Certificate of Recognition by Mayor and Council to Abigail Valdez for dedicated service to the California Rainbow Girls.

8.3 Presentation of a Proclamation by Mayor and Council declaring May as Asian Pacific American Heritage Month in the City of Palmdale.

8.4 Presentation of a Proclamation by Mayor and Council declaring May as National Melanoma/Skin Cancer Awareness Month in the City of Palmdale.

8.5 Presentation of a Proclamation by Mayor and Council declaring May as National American Stroke Month in the City of Palmdale.

9. **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.)

10. **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.

11. **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.

11.1 Receive and file the monthly and quarterly investment activity reports for March 2022. (Staff Reference: Director of Finance Samson)

01. Staff_Report_-_Investment_Report_March_2022.docx
02. Mar 2022 Investment Report.pdf

11.2 Receive and file the Annual Report on Development Impact Fees for Fiscal Year Ended June 30, 2021 and adopt findings to commit funds held in the Littlerock Drainage Fee Fund, Fire Facilities Fund, and the Sewer Upgrade Fund. (Staff Reference: Director of Finance Samson)

1. Staff Report - Development Impact Fee Report FY21.docx
2. Palmdale Dev Fee Report 2021 Final AB1600.pdf

11.3 Approve the Power Charge Indifference Adjustment Voluntary Allocation of Long-Term Renewable Energy Portfolio from Southern California Edison and authorize the Interim City Manager to Execute the Voluntary Allocation Agreement on behalf of Energy for Palmdale's Independent Choice. (Staff Reference: Director of Finance Samson - Presented by Energy Resource Manager Salt)

20220504_Palmdale Staff Report Final 2_A-7933 EPIC CCA PCIA Allocation Approval_TS_CD.docx
VA Agreement.pdf

11.4 Adopt Resolution No. CC 2022-049, 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 2021-089.(Staff Reference: Director of Finance Samson)

1. Staff Report - Check Signers CITY 05.04.22.docx
2. Resolution 2022-049 - Check Signers CITY 05.04.22.docx

11.5 Receive and file the Annual Comprehensive Financial Report for the Year Ended June 30, 2021 for the City of Palmdale. (Staff Reference: Director of Finance Samson)

Staff Report ACFR 06.30.21.docx
01. FINAL ACFR 2021 v2.pdf
02. City of Palmdale 2021 Final Governance Letter.pdf

11.6 Approve agreement with NBS Government Finance Group to provide bonded Community Facility District formation services with landowner vote, in an amount

not to exceed $91,000 for a two-year term. (Staff Reference: Director of Finance Samson)

Staff_Report_-_Agreement_A-7921_NBS_Govt_Finance_Group__1__FINAL.docx
Palmdale A-7921 CFD Form & Bond Iss Discl 4-18-22 Signed by NBS.pdf

11.7 Adopt Resolution No. SA 2022-003 a Resolution of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale designating, by title and name, those officials who are authorized to sign checks and warrants and repealing Resolution No. SA 2021-006. (Staff Reference: Director of Finance Samson)

1._Staff_Report_-_Check_Signers_SA_05.04.22.docx
2. Resolution 2022-003 Check Signers SA 05.04.22.docx

11.8 Award Measure AV Grant Program Funding, totaling $1,306,810, to grantees in Exhibit A and authorize Interim City Manager to enter into agreements ranging from $2,000 to $250,000. (Staff Reference: Interim City Manager Perez, Deputy Director of Parks and Recreation Dombrowski and Management Analyst Kelley)

Staff Report-Award Measure AV Grant Funding 05042022 FINAL.docx
Final Awardee List 2022.pdf
Measure AV Final Report PPT 05042022.pptx

11.9 Adopt Resolution No. CC 2022-037, a Resolution of the City Council of the City of Palmdale directing the preparation of the annual engineer's report for the continuation of the annual levy of assessments and designating the engineer of work for fiscal year 2022/2023 for the City of Palmdale Drainage Benefit Assessment Districts No. 1, and No. 2006-06. (Staff Reference: Director of Public Works Heffernan)

Palmdale DBAD - Staff Report 5-4-22.docx
Palmdale DBAD - Res 1 #CC2022-037 for 5-4-22.doc

11.10 Adopt Resolution No. CC 2022-038, a Resolution of the City Council of the City of Palmdale directing the preparation of the annual Engineer's Reports for the continuation of the annual levy of assessments and designating the engineer of work for fiscal year 2022/2023 for the City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations. (Staff Reference: Director of Public Works Heffernan)

Palmdale LMD - Staff Report 5-4-22.docx
Palmdale LMD,Park,SMD - Res 1 #CC 2022-038 for 5-4-22 (1).doc

11.11 Approve Purchase Order No. 20220444 with National Auto Fleet Group for one (1) Roadline Model GPMT Graffiti Removal Truck in an amount not to exceed $142,236.76; and approve appropriation of $30,000 from Measure AV unappropriated fund balance. (Staff Reference: Director of Public Works

Heffernan)
SR_Graffiti_Truck__2_updated 41322.docx
1. Sourcewell Contract No. 091521-NAF (National Auto Fleet Group).pdf
2. Quote - National Auto Fleet Group_Graffiti Truck.pdf
3. Purchase Order No. 20220444 National Auto Fleet Group.pdf
g truck.pdf

11.12 Adopt Resolution No. CC 2022-033, a Resolution of the City Council of the City of Palmdale declaring its intention to adjust the maximum assessment of the City of Palmdale Landscape Maintenance Assessment District No. 2020-090. (Staff Reference: Director of Public Works Heffernan)
LMD_2020-290_SR_Amended_ER.doc
LMD 2020-290 Reso Intent to Reduce Max Assmnt_Distro.docx
LMD Engineers Report-reduced assessment-final.pdf

11.13 Approve Amendment No. 1 for PN 653, the SR-138 (Palmdale Boulevard) Widening Project, with Southern California Regional Rail Authority, in the amount of $171,600. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)
PN 653 - SCRRA Amendment.docx
Palmdale Blvd DSA AMENDMENT NO 1 - Final.pdf

11.14 Award agreement with MNS Engineers, Inc. for construction management and inspection services associated with PN 698, Avenue R Complete Streets and Safe Routes Project, in the amount of $708,640 for a term of 700 calendar days from the date of Notice to Proceed. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)
PN698_-_Award_Con_Inspection_Contract.docx
Agreement A-7854.pdf

11.15 Approve additional funds of $50,000 for Purchase Order No. 20220000 with Walsma Oil Company, Inc. for diesel and unleaded fuel, motor oil, and lubricants in an amount not to exceed $435,000. (Staff Reference: Director of Public Works Heffernan)
SR Walsma Oil PO Additional Funds.docx
Purchase Order No. 20220000 Walsma Oil Co. Inc. (Change Order).pdf

11.16 Approve Consultant Agreement with Withers & Sandgren, Ltd. for PN 851, Melville J. Courson Park Revitalization in the amount of $365,000. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)
PN 841 Staff Report Template - Award Design lg.docx
A-7869.pdf

11.17 Adopt Resolution Nos 2022-034 and CC 2022-035. (Staff Reference: Director of

Public Works Heffernan)

Resolution No. CC 2022-034, 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 2022-203, describing the proposed improvements to serve said district, and ordering the preparation of the annexation and annual levy report, and

Resolution No. CC 2022-035, 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 2022-203, preliminarily approving the annexation and annual levy reports, and setting a time and place for hearing protest.

SLAD 2022-203 Staff Report-Intent Meeting.doc
SLAD 2022-203 Reso 2022-034 Initiating.doc
SLAD 2022-203 Reso 2022-035 Intent.doc
SLAD 2022-203 Enginers Report FINAL.pdf

11.18 Approve Final Tract Map No. 60732 (located at 20th Street West and Quick Street, south of Avenue P-8). (Staff Reference: Director of Public Works Heffernan)

TR 60732 Staff Report.docx
TR 60732.pdf

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

CC/SA/IDA/PAA/PCA/PFA - March 16, 2022
CC/SA - April 6, 2022
CC - April 12, 2022

CC_SA_HA_IDA_PAA_PCA_PFA 03 16 2022.pdf
CC_SA_HA 04 06 2022.pdf
CC Minutes 04 12 2022.pdf

12. APPOINTMENT

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

5 4 2022 Approve_Nomination Reappointment_Library.docx
Ordinance No. 1561.pdf

12.2 Approve Reappointments of Planning Commissioners to the Planning Commission. (Staff Reference: City Clerk Smith)

5 4 2022 Planning Commission reappointments.docx

12.3 Approve Reappointments of General Plan Advisory Committee Members. (Staff Reference: City Clerk Smith)
GPAC_Committee_ReAppointment_SR_2022 5 4.docx
CC 2019-046.pdf
Ordinance No. 1561.pdf

12.4 Approve Reappointments to the Mobile Home Park Rental Review Board. (Staff Reference: City Clerk Smith)
5 4 2022 Reappointment_ Mobile Home Board.docx
Ordinance No. 1561.pdf

13. **PUBLIC HEARING**

13.1 Public Hearing and Review of Proposed Resolution No. CC 2022-045 for adoption. (Staff Reference: Director of Economic and Community Development Garibay - Presented by Associate Planner Alvarado)

RESOLUTION NO. CC 2022-045, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 22-001 (A-7830) ASSOCIATED WITH THE CONSTRUCTION OF A 70-UNIT MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON AN APPROXIMATELY FOUR AND A HALF ACRE VACANT PARCEL LOCATED AT THE SOUTHWEST CORNER OF 25TH STREET EAST AND EAST AVENUE Q-4 (APN: 3018-014-074)
SPR 22-003 and DBA 22-001_CC Staff Report v1.docx
SPR 22-003 and DBA 22-001_CC Resolution.doc
Density Bonus Agreement (Juniper - revised 03 29 2022) v3 final.docx

13.2 Public Hearing and Review of Proposed Ordinance No.1586 for adoption. (Staff Reference: Director of Economic and Community Development Garibay - Presented by Associate Planner Sauder)

ORDINANCE NO. 1586, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE CALIFORNIA, AMENDING PALMDALE MUNICIPAL CODE SECTION 17.72.100 TO REDUCE SETBACK REQUIREMENTS IN THE QUARRY RECLAMATION ZONE
ZOA_21-008_CC_Staff_Report_v1.docx
Ordinance No. 1586 v1.docx

13.3 Public Hearing and Review of Proposed Resolution No. CC 2022-048 for adoption. (Staff Reference: Director of Economic and Community Development Garibay - Presented by Associate Planner Alvarado)

RESOLUTION NO. CC 2022-048, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING A GENERAL PLAN AMENDMENT TO AMEND THE LAND USE DESIGNATION FROM MR (MEDIUM RESIDENTIAL, 6.1-10 DWELLING UNITS PER ACRE) TO RC (REGIONAL COMMERCIAL) / PF (PUBLIC FACILITIES) FOR THREE CONTIGUOUS PARCELS TOTALING APPROXIMATELY FIVE ACRES LOCATED ADJACENT TO PEARBLOSSOM HIGHWAY AND APPROXIMATELY 1,700 FEET WEST OF FORT TEJON ROAD / STATE ROUTE 138 (GPA 21-002); AND AMEND THE LAND USE DESIGNATION FROM SFR-3 (SINGLE FAMILY RESIDENTIAL, 3.1-6 DWELLING UNITS PER ACRE) TO MR (MEDIUM RESIDENTIAL, 6.1-10 DWELLING UNITS PER ACRE) FOR TWO CONTIGUOUS PARCELS TOTALING APPROXIMATELY FOUR ACRES LOCATED ON THE SOUTHWEST CORNER OF EAST AVENUE R AND 20TH STREET EAST (GPA 22-002)

ORDINANCE NO. 1585, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING A ZONE CHANGE FROM R-2 (MEDIUM RESIDENTIAL) TO C-4 (COMMERCIAL CENTER) / PF (PUBLIC FACILITIES) FOR THREE CONTIGUOUS PARCELS TOTALING APPROXIMATELY FIVE ACRES LOCATED ADJACENT TO PEARBLOSSOM HIGHWAY AND APPROXIMATELY 1,700 FEET WEST OF FORT TEJON ROAD / STATE ROUTE 138 (ZC 21-001); AND A ZONE CHANGE FROM R-1-7,000 (SINGLE-FAMILY RESIDENTIAL, MINIMUM LOT SIZE OF 7,000 SQUARE FEET) TO R-2 (MEDIUM RESIDENTIAL) FOR TWO CONTIGUOUS PARCELS TOTALING APPROXIMATELY FOUR ACRES LOCATED ON THE SOUTHWEST CORNER OF EAST AVENUE R AND 20TH STREET EAST (ZC 21-003)

GPA 21-002 and GPA 22-002_CC Staff Report_04.12.22 v1.docx
GPA 21-002 and GPA 22-002_CC Resolution No. CC 2022-048.doc
GPA 21-002 and ZC 21-002_CC Ordinance No. 1585.docx

13.4 Public Hearing and Review of Proposed Resolution No. CC 2022-052 for adoption. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

RESOLUTION NO. CC 2022-052, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE INTERIM CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND FINALIZE A FACILITY SOLUTIONS MASTER AGREEMENT AND A OPERATIONS & MAINTENANCE AGREEMENT WITH SITELOGIQ, INC. FOR THE THE MCADAM PARK SOLAR AND BATTERY STORAGE PROJECT.

Staff Recommendation: Adopt Resolution No. CC 2022-052

SR_-_McAdam_Battery_Resolution (ch).docx
Resolution CC 2022-052.doc

SIQ Agreement No. 7917.docx
OM Agreement No. 7918.docx
Sitelogiq Public Notice.doc

13.5 Public Hearing and Review of Proposed Resolution No. CC 2022-036 for adoption. (Staff Reference: Director of Public Works Heffernan)

RESOLUTION NO. CC 2022-036, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE CONFIRMING THE BALLOT RESULTS TO DETERMINE THAT NO MAJORITY PROTEST EXISTS IN THE PROCEDINGS, AND ORDERING THE ANNEXATION OF CERTAIN TERRITYORY INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2022-203.

Staff Recommendation: Adopt Resolution No. CC 2022-036.
SLAD 2022-203 Staff Report-Public Hearing.doc
SLAD 2022-203 Reso 2022-036 Confirming No Majority Protest.docx
Exhibit A to Resolution Attachment - Certificate of Tabulation Official.docx
SLAD 2022-203 Enginers Report FINAL.pdf

13.6 Public Hearing to hear public comments on the Draft 2022-2023 Action Plan and proposed expenditure of Consolidated Plan funds; Review and approve the 2022-2023 Action Plan; and Authorize the City Manager or their designee to make necessary changes and submit the 2022-2023 Action Plan, execute documents related to the submission of the Action Plan and agreements for Sub-Recipients and the Fair Housing Provider. (Staff Reference: Director of Neighborhood Services Miller- Presented by Housing Manager Reyes)
1a Staff_Report-2022-23_Action_Plan sr v2.docx
1b__2022_AAP_Palmdale_final_v3_4.27.22.pdf

13.7 Public Hearing to hear public comments on the Draft HOME-ARP Allocation Plan and the proposed expenditure of HOME Investment Partnerships Program American Rescue Plan (HOME-ARP) funds; Review and approve the HOME-ARP Allocation Plan; and Authorize the City Manager or his designee to make necessary changes and submit the HOME-ARP Allocation Plan, execute documents related to the submission of the HOME-ARP Allocation Plan. (Staff Reference: Director of Neighborhood Services Miller - Presented by Housing Manager Reyes)
2a Staff_Report-HOME ARP Allocationn_Plan V3 sr.docx
2b_Palmdale_HOME_ARP_Draft_Allocation_Plan.pdf

13.8 Public Hearing and Review of Proposed Ordinance No. 1587 for adoption. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

ORDINANCE NO. 1587, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING CHAPTER 5.52 (SOLID WASTE HANDLING AND RECYCLING SERVICES) OF TITLE 5 (BUSINESS LICENSES, TAXES, AND REGULATION) OF THE PALMDALE MUNICIPAL CODE IMPLEMENTING ORGANIC WASTE DIVERSION REGULATIONS

Staff Recommendation: Adopt Ordinance No. 1587

SR - Ordinance No. 1587 Final 42122.docx
Ordinance_No._1587_.docx

13.9 Public Hearing and Review of Proposed Resolution No. CC 2022-046 for adoption. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

RESOLUTION NO. CC 2022-046, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE INTERIM CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND EXECUTE AN ORGANIC FEEDSTOCK DISPOSAL AGREEMENT WITH HZI LANCASTER, LLC.

Staff Recommendation: Adopt Resolution No. CC 2022-046.

SR - Hitachi Resolution.docx
Resolution_CC_2022-046.doc
HZI Proposed Agreement.docx
Hitachi Public Notice.docx

13.10 Adopt Resolution No. CC 2022-050, a Resolution of the City Council of the City of Palmdale approving the issuance of Revenue Bonds by the California Municipal Finance Authority in an Aggregate Principle amount not to exceed $15,000,000 to finance and refinance a 48-unit multifamily housing facility for the benefit of 9th Street E. Housing, LP, A California limited partnership, or another entity to be created by Milare Housing Investments, Inc. (or and affiliate), and certain other matters relating thereto. (Staff Reference: Director of Finance Samson)

1. Staff_Report_-
_TEFRA_Public_Hearing_and_Resolution_to_Finance_for_May_2022_meeting_Res
Bana at Palmdale-KP.docx
2. TEFRA Reso - Bana.docx
3573355 proof.pdf

13.11 Adopt Resolution No. CC 2022-051, a Resolution of the City of Palmdale approving the issuance of revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed $25,000,000 to finance and refinance a 70-unit multifamily housing facility for the benefit of a limited partnership or another entity to be created by Newport Partners, LLC. (or an

affiliate), and certain other matters relating there to. (Staff Reference: Director of Finance Samson)

1. Staff_Report_-_TEFRA_Public_Hearing_and_Resolution_to_Finance_for_May_2022_meeting_Res Juniper Valley Townhomes-kp.docx
2. TEFRA Reso - Juniper Valley Townhomes.docx
3573871 proof.pdf

14. **NEW BUSINESS**

14.1 Discuss retention of firm to conduct nationwide recruitment for the position of City Manager, and direct staff accordingly.

14.2 Discuss a potential amendment to the Palmdale Municipal Code (Chapter 2.08.040) regarding regular meeting, date, time, place, and provide direction to staff. (Staff Reference: City Attorney Beck)

5_4_2022_Staff_Report_Discussion_of_Chapter_2.08.040_Amendment.docx

14.3 A Resolution of the City Council of the City of Palmdale Authorizing Remote Teleconferencing Meetings of the City Council and All City Subordinate Bodies for the Period of May 4, 2022 - June 3, 2022. (Staff Reference: City Attorney Beck)

5_4_2022_Staff_Report_-_Resolution_of_the_City_Council_Authorizing_Remote_Teleconference_Meetings__053.docx
Reso. No. CC 2021-102.pdf
5_4_2022 Resolution No. CC 2022-053 Brown Act Teleconference AB 361.doc

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

15.1 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

15.2 MEETINGS ATTENDED AT PUBLIC EXPENSE
Bettencourt Informational Report 050422.docx

16. **CITY MANAGER'S REPORT**

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

18. **Adjourn** meeting to May 18, 2022 at 7:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE MONTHLY AND QUARTERLY INVESTMENT ACTIVITY REPORTS FOR MARCH 2022.**

ISSUE

Receive and file the monthly and quarterly investment activity reports for March 2022.

RECOMMENDATION

Staff recommends that the City Council accept the monthly and quarterly investment activity reports for City of Palmdale and Successor Agency for March 2022.

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 March, the invested portfolio amount for the City of Palmdale totaled $239,054,634, a decrease of $37,447 from the previous month and an increase of $55,027,378 in comparison to last year. The slight decrease in overall portfolio balance from the previous month is a result of UBS Interest earned being transferred to Bank of America's General Cash account and is included in the Summary of Cash and Investments page under the Grand total.

The par value of Successor Agency's portfolio as of March was $11,861,060. The balance Increased by $85,312 from the last month due to debt service payment made during the month.

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

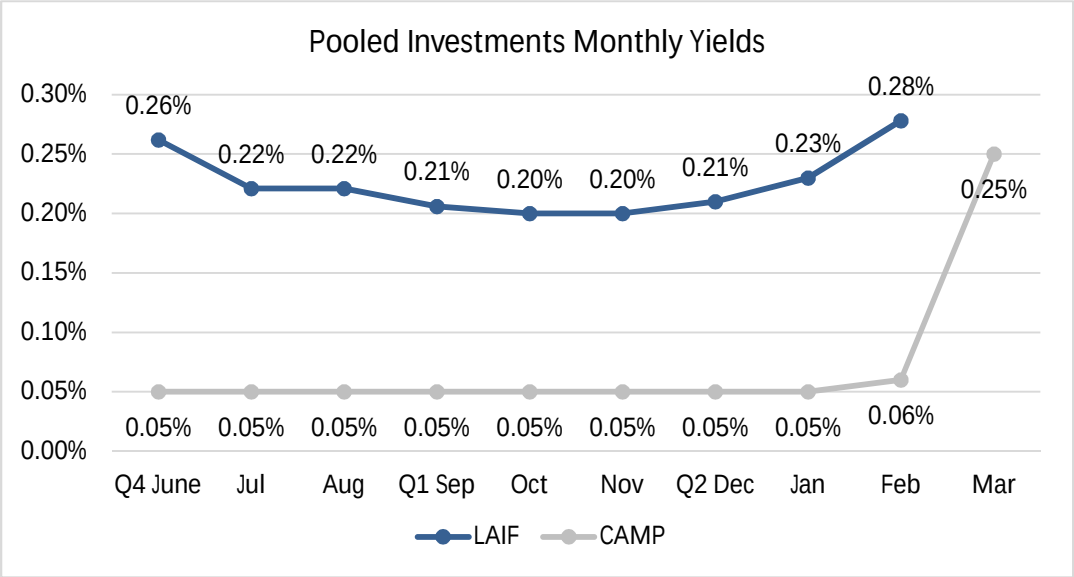
One core approach the Finance Division focuses on, is providing liquidity to measure up to the City and Successor Agency's operational requirements. Thus, the Finance Department is currently investing in two pooled funds, LAIF and CAMP. These are intended for the daily operational activities, used for 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 at the end of March is $65,025,968, no changes from the prior month.

Successor Agency LAIF balance at the end of March was $3,697,774, no change from the prior month.

CAMP's balance for City of Palmdale is $248,812 compared to February's balance of $248,758. 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 March 31, 2022, the interest rates for LAIF and CAMP investments were at .365 percent and .25 percent, respectively. By comparison, the LAIF and CAMP interest rates at the end of February were at .278 percent and .06 percent. Both rates have slightly increased within this month. This time last year, LAIF and CAMP rates were at 0.357 percent and 0.08, respectively.



The chart above shows both the Local Agency Investment Fund and California Asset Management Program's average monthly yields beginning June 2021 through March 2022, the graph depicts the decline last year and slow incline during the current year.

We anticipate the rates to increase in the upcoming months, considering the current state of the economy. 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.

<u>Diversity</u>

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 March 31, 2022.

It is anticipated that both the City of Palmdale and Successor Agency will have sufficient moneys to meet its expenditure requirements for the next 6 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 March 31, 2022.

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:	Ronda Perez, Acting 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
3. Quarterly Report on City of Palmdale Investments
4. Quarterly Report on Successor Agency Investments

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
March 31, 2022

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
12-17-21	12-15-23	CITY	91282CBA8 U.S. Treasury Note		0.56	10,000,000.00	9,913,130.25	9,913,198.93
12-17-21	12-15-24	CITY	91282CDN8 U.S. Treasury Note (UBS)		0.85	10,000,000.00	10,045,505.25	10,046,054.70
12-22-21	12-15-23	CITY	91282CBA8 U.S. Treasury Note		0.56	5,000,000.00	4,957,270.88	4,957,391.07
12-22-21	12-15-24	CITY	91282CDN8 U.S. Treasury Note		0.88	5,000,000.00	5,018,208.38	5,019,169.92
12-20-21	12-15-24	CITY	91282CDN8 U.S. Treasury Note (Stifel)		1.00	5,000,000.00	5,017,187.50	5,018,011.68
			TOTAL U.S. TREASURY SECURITIES			$ 73,815,000.00	$ 76,016,953.20	$ 76,085,349.90
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
12-17-21	11-12-25	CITY	3134GXBM5 FHLMC Note		1.15	1,150,000.00	1,125,785.50	1,126,456.33
12-17-21	12-30-24	CITY	3130AQDY6 FHLB		1.00	6,750,000.00	6,750,000.00	6,750,000.00
12-17-21	06-23-25	CITY	3133ENHW3 FFCB		1.17	10,000,000.00	10,000,000.00	10,000,000.00
12-20-21	07-30-25	CITY	3136G4ZP1 FANNIE MAE		0.65	3,500,000.00	3,444,175.00	3,453,085.42
12-20-21	09-24-25	CITY	3134GWUG9 FREDDIE MAC		0.57	10,000,000.00	9,806,600.00	9,820,375.00
12-21-21	12-22-26	CITY	3133ENJC5 FFCB		1.29	5,000,000.00	5,000,000.00	5,000,000.00
01-14-22	01-14-25	CITY	3130AQEA7 FHLB		1.05	7,000,000.00	7,000,000.00	7,000,000.00
	c = callable							
			TOTAL GOVERNMENT AGENCY PAPER			$ 82,400,000.00	$ 82,451,026.13	$ 82,524,427.20
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
March 31, 2022

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
			TOTAL CORPORATE BONDS		$ 12,575,000.00	$ 12,821,955.00	$ 12,883,544.31

STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND

09-01-84	n/a	CITY ACCOUNT	98-19-620	0.78	30,094,590.89	30,094,590.89	30,094,590.89
06/23/08	n/a	PCA ACCOUNT	40-19-060	0.78	17,220,834.52	17,220,834.52	17,220,834.52
	n/a	ARPA ACCOUNT	19-19-004	0.78	17,710,542.41	17,710,542.41	17,710,542.41
			TOTAL LAIF ACCOUNTS		$ 65,025,967.82	$ 65,025,967.82	$ 65,025,967.82

CAMP- CALIFORNIA ASSET MANAGEMENT PROGRAM

6080-01	n/a	CITY ACCOUNT	6080-01	0.30	248,812.09	248,812.09	248,812.09
			TOTAL CAMP ACCOUNTS		$ 248,812.09	$ 248,812.09	$ 248,812.09

UBS FINANCIAL SERVICES

n/a	n/a	CITY ACCOUNT		0.00	2.85	2.85	2.85
			TOTAL UBS FINANCIAL SERVICES ACCOUNTS		$ 2.85	$ 2.85	$ 2.85

TOTAL CITY INVESTMENTS	$ 236,269,782.76	$ 238,769,743.94	$ 239,054,634.07

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
March 31, 2022

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	12,454.00
			TOTAL LIBRARY INVESTMENTS		$ 12,454.00

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	154,942.25
City Held Cash	(Fund 736-114000)	($255,912.67)			
			TOTAL SIERRA GATEWAY COMMUNITY FACILITIES DISTRICT 91-1		$ 155,048.87
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	2,585,432.13
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		$ 2,585,432.28
BOND PROCEEDS					
ANAVERDE COMMUNITY FACILITIES DISTRICT 2003-1					
Fiscal Agent: U.S. Bank National Association (fka First Trust)					
08-01-19	n/a	SP TAX - B BOND	242969000	0.00	19.33
08-01-19	n/a	RESERVE	242969003	0.00	722,950.68
08-01-19	n/a	SP TAX - REFUNDING BC	242969004	0.01	15,149.27
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		$ 738,419.70

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
March 31, 2022

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	0.00

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

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

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	19.38
	n/a	RESERVE FUND	251009001	0.01	639,060.08

City Held Cash

TOTAL 2005 $7.2M COMMUNITY FACILITIES DISTRICT 05-1 (TRADE AND COMMERCE CENTER) REFUNDED 2021 $ 639,079.46

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	45,335.71
11-08-06	n/a	ADM EXP	106844002	0.01	1,594.40
11-08-06	n/a	RESERVE FUND	106844003	0.01	99,750.83

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

TOTAL 2006-1 Godde Hill Estate Sewer Improvements LOIB $ 146,680.94

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	0.00

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

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
March 31, 2022
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	0.33
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			$ 0.33
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	2,979,524.08
		TOTAL 2013 HA TRANSIT VILLAGE HOMES ESCROW			$ 2,979,524.08
2015 HA DEBT SERVICE RESERVE					
Fiscal Agent: Bank of America					
11-19-15	n/a	DEBT SVC RESERVE	1257964992	0.08	39,135.14
		TOTAL 2015 HA DEBT SERVICE RESERVE			$ 39,135.14
PARS RESTRICTED CASH FOR PENSION STABILIZATION TRUST FUND					
05-23-18	n/a	CITY	104790895775 Public Agency Retirement Services	2.60	6,928,493.89
		TOTAL PARS PENSION TRUST FUND			$ 6,928,493.89
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	145,578.25
09-03-15	n/a	INTEREST ACCT	277067001	0.01	7.06
09-03-15	n/a	BOND RESERVE	277067003	0.00	281,019.61
09-03-15	n/a	REPAIR & REPLACE FUN	277067004	0.00	1,107,462.88
		TOTAL 2015 HA $4.3M MULTIFAMILY HOUSING REVENUE BONDS			$ 1,534,067.80

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		2.04
04-05-17	n/a	PRINCIPAL ACCT	271128002	n/a		0.00
			TOTAL 2017 PFA $17.4M LEASE REVENUE BONDS		$	2.04
		Total City Held Cash (XXX-114000)	$516,817.13			
			GRAND TOTAL - FISCAL AGENT CASH		$	15,106,805.07

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
March 31, 2022
SUMMARY OF CASH AND INVESTMENTS

Cash on Hand			$	26,013,623
Pooled Cash Investments				
City:	$	229,203,968		
Insur Fund:		$9,850,666	$	239,054,634
Library Investments				$12,454
Subtotal			$	265,080,711
City/AD/CFD/PCA/PFA/HA Fiscal Agent Cash			$	15,106,805 *
Grand total			$	280,187,516

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 March 31, 2022.

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF), CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP), & UBS FINANCIAL SERVICES
March 31, 2022

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
CITY ACCOUNT 98-19-620				
Beginning Balance				$ 30,094,590.89
02/28/22	$ -	$ -	$ -	
Subtotal	$ -	$ -	$ -	$ 30,094,590.89
PCA ACCOUNT 40-19-060				
Beginning Balance				$ 17,220,834.52
02/28/22	$ -	$ -	$ -	
Subtotal	$ -	$ -	$ -	$ 17,220,834.52
LIBRARY ACCOUNT 16-19-012				
Beginning Balance				$ 12,454.00
02/28/22	$ -	$ -	$ -	
Subtotal	$ -	$ -	$ -	$ 12,454.00
ARPA ACCOUNT 19-19-004				
Beginning Balance				$ 17,710,542.41
02/28/22	$ -	$ -		
Subtotal	$ -	$ -	$ -	$ 17,710,542.41
CAMP - CALIFORNIA ASSET MANAGEMENT PROGRAM				
Beginning Balance				$ 248,758.67
02/28/22		$ -	$ 53.42	
Subtotal	$ -	$ -	$ 53.42	$ 248,812.09
UBS Financial Services				
Beginning Balance				$ 37,502.79
03/04/22		$ -	$ 45,300.00	
03/07/22			$ 0.06	
03/31/22		$ (82,800.00)		
Subtotal	$ -	$ (82,800.00)	$ 45,300.06	$ 2.85
Total	$ -	$ (82,800.00)	$ 45,353.48	$ 65,287,236.76

CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS

POOLED CASH - INVESTMENTS MATURED OR CALLED
March 31, 2022

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
March 31, 2022

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
				$ -		$ -		
			$ -	$ -	$ -	$ -	$ -	

Total Number of Transactions: 0

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TREASURER'S REPORT OF INVESTMENTS
March 31, 2022

3/31/2022

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	3,697,774.06	
TOTAL LAIF ACCOUNTS						$ 3,697,774.06
			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	527,744.18	
08-20-02	n/a	INTEREST ACCT	94460701	0.01	28.91	
08-20-02	n/a	PRINCIPAL ACCT	94460702	0.01	0.15	
TOTAL CRA - 2002 Sub Lien Tax Allocation Bonds $5.3M ($5,329,748.25)						$ 527,773.24
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	1.29	
04-26-16	n/a	INTEREST ACCT	245113001	N/A	0.00	
TOTAL 2016 SA $31.5M Tax Allocation Refunding Bonds Series A						$ 1.29
GRAND TOTAL - FISCAL AGENT CASH						$527,775

SUMMARY OF CASH AND INVESTMENTS

Cash on Hand	$	7,635,511	$7,635,511
			$0
Pooled Cash Investments	$	3,697,774	$0
			$7,635,511
Successor Agency Fiscal Agent Cash	$	527,775	
Grand total	$	11,861,060	

* The interest rate quoted on LAIF and Fiscal Agent/Trustee accounts is the most current rate available.
LAIF interest rates are as of March 31, 2022.

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

POOLED CASH - LOCAL AGENCY INVESTMENT FUND (LAIF)
March 31, 2022

TRANSACTION DATE	DEPOSIT	WITHDRAWAL	INTEREST RECEIVED	BALANCE
SA ACCOUNT 65-19-035				
Beginning Balance				$ 3,697,774.06
Subtotal	$ -	$ -	$ -	$ 3,697,774.06

STIFEL | Fixed Income Strategy

Portfolio Review and Analysis Prepared for:

City of Palmdale

Palmdale, CA

As of Date: 03/31/2022

Pricing as of: 03/31/2022

Date of Analysis: 04/07/2022

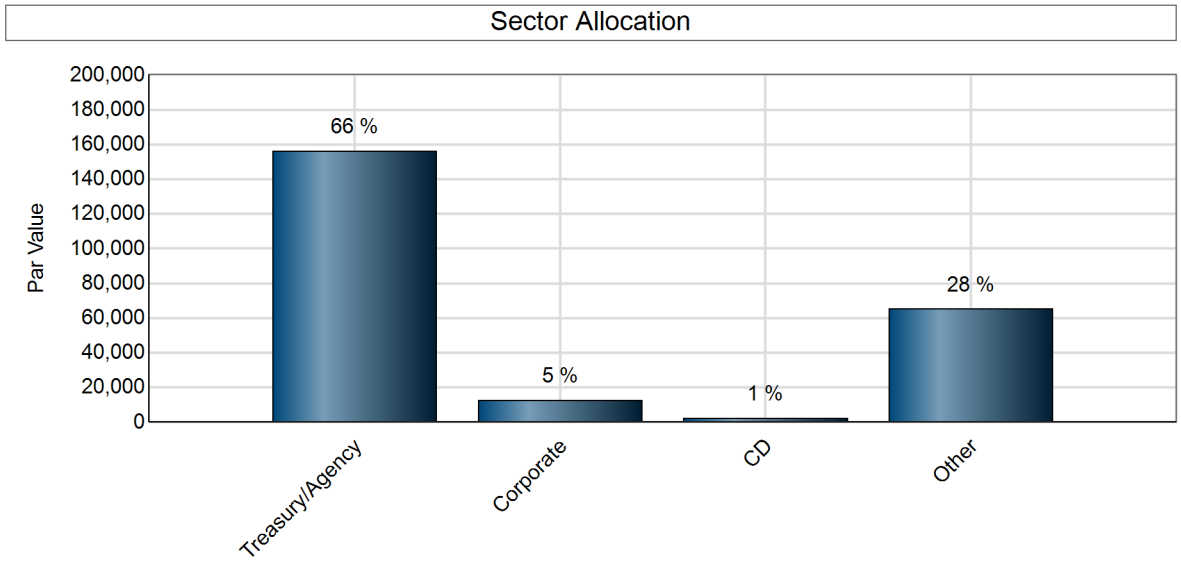
Account Executive: Bill Blackwill

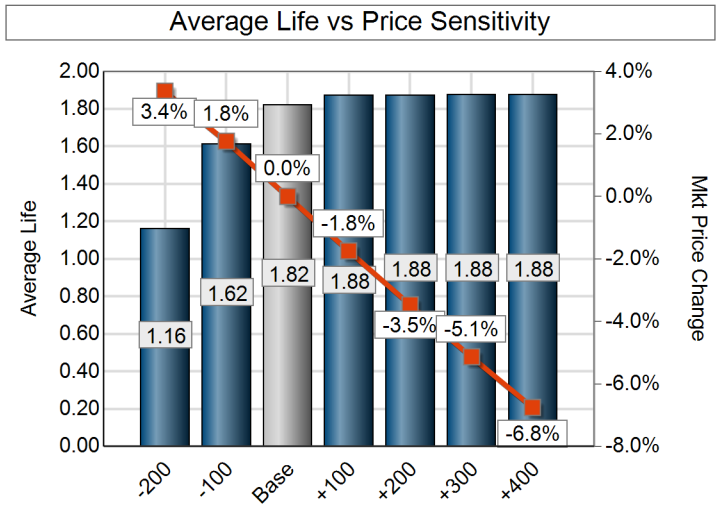
For Distribution to Institutional Clients Only

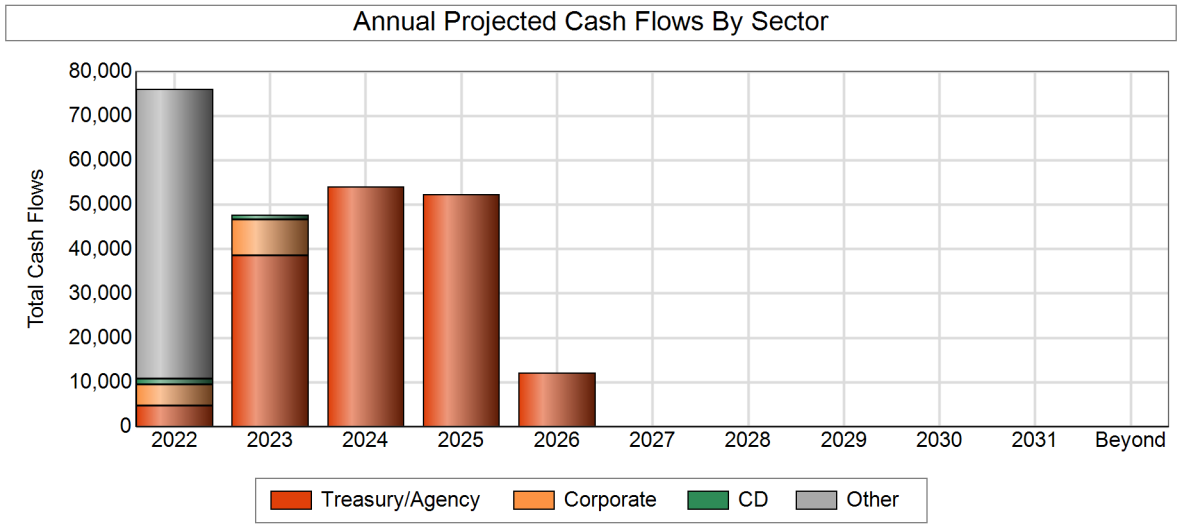
REFER TO THE LAST PAGE OF THIS REPORT FOR STIFEL FIXED INCOME CAPITAL MARKETS DISCLOSURES

Portfolio Overview

Book Value	**236,270**
# Securities	54
Average Size (Book)	4,375
Book Yield	1.18
Market Yield	1.92
$ Gain/Loss	-4,962
% Gain/Loss	-2.1%
Average Life	1.82
Average Life +300bps	1.88
% Price Change +100bps	-1.75
% Price Change +300bps	-5.14
Effective Duration	1.75
Effective Convexity	0.01
AFS / HTM%	100% / 0%
Fixed / Floating	100% / 0%
ESG/Green Par (000's)	$0 / $0







Historical Portfolio Overview

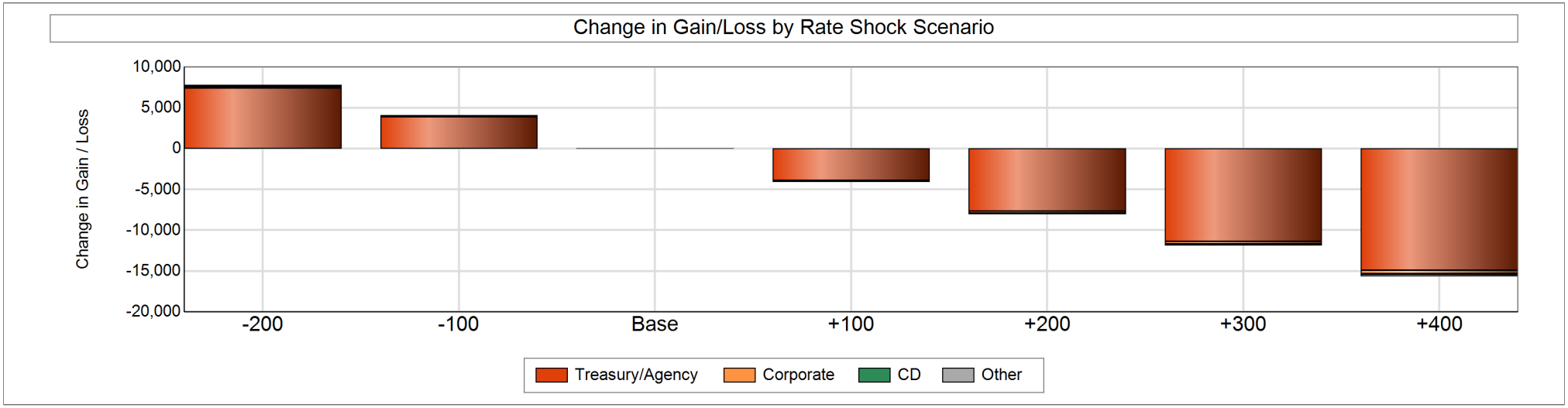
	03/31/2022	12/31/2021	09/30/2021	06/30/2021
Book Value	236,270	229,198	229,718	220,812
Book Yield	1.18	1.18	1.18	1.12
Book Yield (+100)	1.18	1.18	1.18	1.12
Book Yield (+300)	1.18	1.18	1.18	1.12
Book Yield (-100)	1.18	1.18	1.18	1.12
WAL	1.82	1.56	0.84	0.76
WAL (+100)	1.88	1.99	1.17	1.06
WAL (+300)	1.88	2.03	1.18	1.06
WAL (-100)	1.62	1.14	0.78	0.71
% Price Change (+100)	-1.8%	-1.8%	-1.1%	-1.0%
% Price Change (+300)	-5.1%	-5.5%	-3.3%	-2.9%
% Price Change (-100)	1.8%	1.5%	0.9%	0.8%
Effective Duration	1.75	1.78	1.00	0.91
Effective Convexity	0.01	-0.11	-0.36	-0.23
$ Gain/Loss	-4,962	1,085	2,626	2,254
% Gain/Loss	-2.1%	0.5%	1.1%	1.0%
Principal Cash Flow 2 yrs out	54%	69%	83%	89%
Principal Cash Flow 2 yrs out (+100)	53%	52%	71%	78%
Principal Cash Flow 2 yrs out (+300)	53%	52%	71%	78%
Principal Cash Flow 2 yrs out (-100)	67%	80%	83%	89%

Portfolio Sector Summary

Sector	Portfolio %	Par Value	Cpn	Maturity	Book Value	Book Yield	Market Value	Market Yield	% Price Change -100	% Price Change +100	% Price Change +300	Gain/(Loss) $	Gain/(Loss) %	Effective WAL	Effective Dur	Effective Cvx	AFS %
Treasury (15)	31.2%	73,815	1.57	2.3 yrs	73,815	1.57	72,617	2.30	2.3	-2.2	-6.5	-1,198	-1.6%	2.31	2.24	0.07	100 %
Agency Bullet (4)	4.7%	11,000	1.93	2.5 yrs	11,000	1.93	10,859	2.22	2.4	-2.3	-6.8	-141	-1.3%	2.45	2.36	0.08	100 %
Callable Agency (15)	30.2%	71,400	0.84	3.2 yrs	71,400	0.84	67,764	2.61	2.9	-3.0	-8.7	-3,636	-5.1%	3.04	2.95	-0.07	100 %
Treasury/Agency (34)	66.1%	156,215	1.26	2.7 yrs	156,215	1.26	151,240	2.43	2.6	-2.6	-7.5	-4,975	-3.2%	2.65	2.57	0.01	100 %
Finance (1)	0.6%	1,500	2.80	0.7 yrs	1,500	2.80	1,512	1.33	0.6	-0.6	-2.0	12	0.8%	0.54	0.59	-0.06	100 %
Industrial (6)	4.7%	11,075	1.87	0.9 yrs	11,075	1.87	11,056	1.77	0.9	-0.9	-2.6	-19	-0.2%	0.86	0.87	0.00	100 %
Corporate (7)	5.3%	12,575	1.98	0.9 yrs	12,575	1.98	12,568	1.72	0.8	-0.9	-2.6	-7	-0.1%	0.82	0.84	-0.01	100 %
NCD (9)	0.9%	2,205	2.86	0.6 yrs	2,205	2.85	2,225	1.17	0.6	-0.6	-1.7	20	0.9%	0.57	0.57	0.01	100 %
CD (9)	0.9%	2,205	2.86	0.6 yrs	2,205	2.85	2,225	1.17	0.6	-0.6	-1.7	20	0.9%	0.57	0.57	0.01	100 %
Cash & Other (4)	27.6%	65,275	0.78	0.1 yrs	65,275	0.78	65,275	0.78	0.1	-0.1	-0.2	0	0.0%	0.08	0.08	0.00	100 %
Other (4)	27.6%	65,275	0.78	0.1 yrs	65,275	0.78	65,275	0.78	0.1	-0.1	-0.2	0	0.0%	0.08	0.08	0.00	100 %
Total (54)	100.0%	236,270	1.18	1.9 yrs	236,270	1.18	231,308	1.92	1.8	-1.8	-5.1	-4,962	-2.1%	1.82	1.75	0.01	100 %

Shocked Analysis

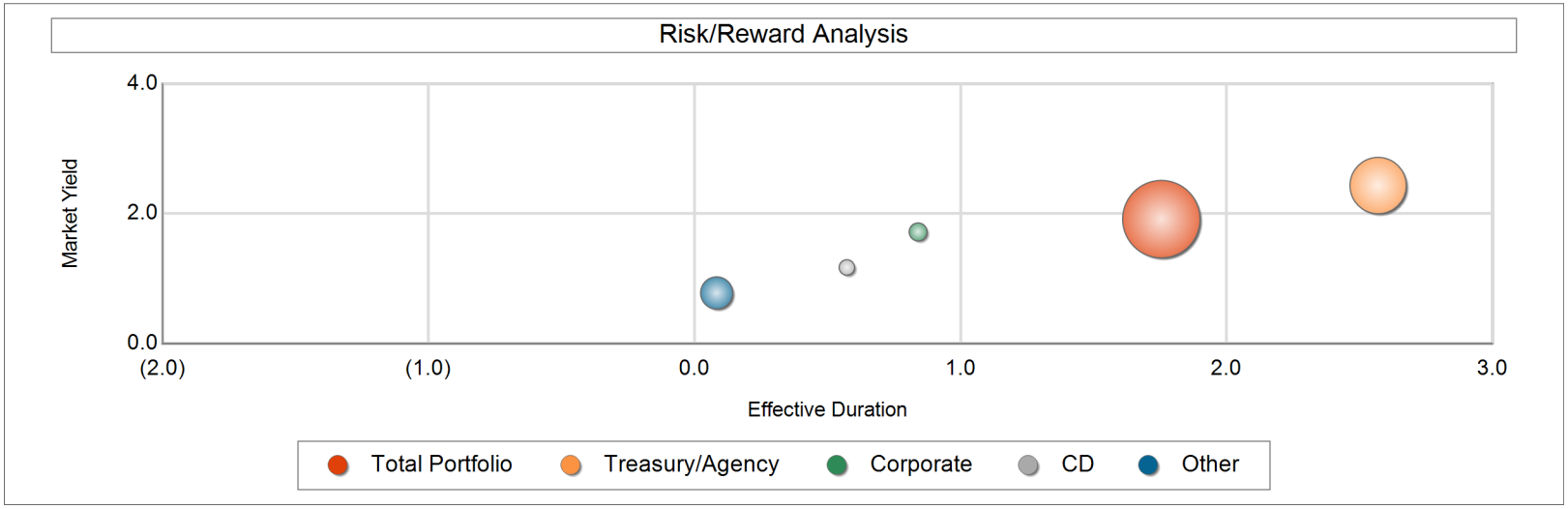
	-200	-100	Base	+100	+200	+300	+400
Par Value	236,270	236,270	236,270	236,270	236,270	236,270	236,270
Book Value	236,270	236,270	236,270	236,270	236,270	236,270	236,270
Market Value	239,079	235,373	231,308	227,254	223,284	219,426	215,688
Gain/(Loss)	2,810	-897	-4,962	-9,015	-12,986	-16,844	-20,582
Gain/(Loss) %	1.2%	-0.4%	-2.1%	-3.8%	-5.5%	-7.1%	-8.7%
Gain/(Loss) % - Chg from Base	3.4%	1.8%	0.0%	-1.8%	-3.5%	-5.1%	-6.8%
Book Price	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Book Yield	1.18	1.18	1.18	1.18	1.18	1.18	1.18
Market Price	101.19	99.62	97.90	96.18	94.50	92.87	91.29
Market Yield	-0.43	1.00	1.92	2.88	3.89	4.88	5.88
WAL	1.16	1.62	1.82	1.88	1.88	1.88	1.88



Price Risk & Market Value Change by Sector

	AFS						HTM					
	% Change in Market Value from Level					Eff	% Change in Market Value from Level					Eff
Sector	-100	Mkt Value	+100	+200	+300	Dur	-100	Mkt Value	+100	+200	+300	Dur
Treasury/Agency	2.6%	151,240	-2.6%	-5.1%	-7.5%	2.6%						
Corporate	0.8%	12,568	-0.9%	-1.7%	-2.6%	0.8%						
CD	0.6%	2,225	-0.6%	-1.1%	-1.7%	0.6%						
Other	0.1%	65,275	-0.1%	-0.2%	-0.3%	0.1%						
Total	1.8%	231,308	-1.8%	-3.5%	-5.1%	1.8%						
Scenario Market Val	235,373	231,308	227,254	223,284	219,426							
Scenario Gain/Loss	-897	-4,962	-9,015	-12,986	-16,844							

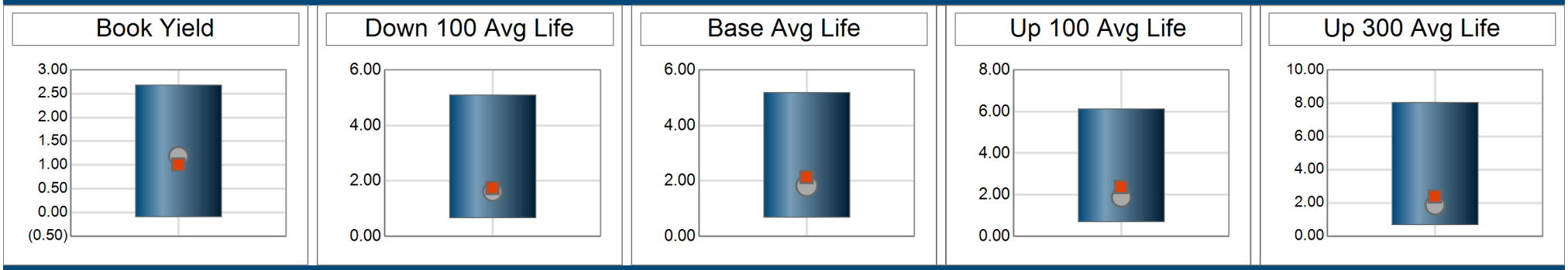
Total Portfolio (AFS + HTM):	
% Change in Market Val from Level	
-200 bps	3.4%
-100 bps	1.8%
Level Market Val	231,308
+100 bps	-1.8%
+200 bps	-3.5%
+300 bps	-5.1%
+400 bps	-6.8%
Effective Duration	*1.75*
Effective Convexity	0.01



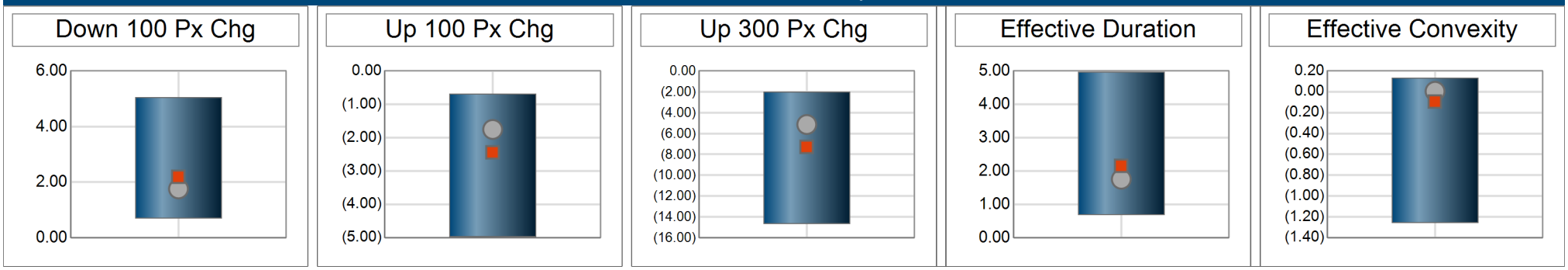
Peer Group Comparison

Peer	As of Date	Book Value	G/L %	Book Yield	Average Life Base	Average Life -100	Average Life +300	% Price Change -100	% Price Change +100	% Price Change +300	Effective Dur	Effective Cvx	UST Agy	Fix MBS	ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD & Oth	% Fixed	% AFS
1	03/22	251,581	-3.0	1.80	2.0	2.0	2.0	2.0	-2.0	-5.7	2.0	0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
2	03/22	274,827	-2.0	0.31	1.3	1.1	1.4	1.3	-1.3	-3.9	1.3	0.0	27%	0%	0%	0%	0%	0%	0%	0%	25%	0%	48%	100%	100%
3	12/21	186,188	0.4	1.57	2.7	2.6	2.7	2.6	-2.6	-7.4	2.6	0.1	68%	0%	0%	0%	0%	0%	0%	0%	10%	11%	10%	100%	100%
4	01/22	157,643	-0.5	1.27	1.6	1.1	1.8	1.5	-1.6	-4.9	1.6	0.0	87%	0%	0%	0%	0%	0%	0%	0%	6%	0%	7%	100%	100%
5	02/22	136,932	-2.3	1.05	2.5	1.2	3.2	2.4	-2.8	-8.4	2.7	-0.4	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
6	02/22	130,973	-1.6	0.48	1.6	1.2	1.8	1.5	-1.6	-4.8	1.6	-0.1	28%	0%	0%	0%	0%	0%	0%	0%	35%	1%	36%	100%	34%
7	12/21	123,743	-0.9	0.77	2.2	1.3	3.0	1.8	-2.6	-7.9	2.5	-0.4	57%	0%	0%	0%	0%	0%	0%	0%	15%	18%	11%	99%	100%
8	12/21	107,680	-1.1	0.71	2.2	1.5	2.8	2.1	-2.5	-7.6	2.5	-0.1	37%	0%	0%	0%	0%	0%	0%	0%	0%	29%	34%	100%	100%
9	01/22	84,587	-0.7	2.68	2.6	2.2	2.7	2.6	-2.6	-7.5	2.6	0.1	61%	0%	0%	0%	0%	0%	0%	0%	0%	2%	37%	100%	100%
10	02/22	49,923	-0.2	0.93	1.0	0.7	1.1	1.0	-1.1	-3.3	1.1	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
11	12/21	44,873	-1.1	0.82	2.4	1.1	4.0	2.1	-3.0	-9.6	2.8	-0.5	73%	1%	0%	1%	0%	0%	0%	0%	0%	11%	13%	95%	100%
12	12/21	44,000	1.2	1.88	2.2	2.1	2.5	2.2	-2.3	-6.7	2.2	-0.1	54%	0%	0%	0%	0%	0%	0%	0%	44%	0%	2%	99%	100%
13	12/21	39,276	0.1	1.15	2.2	0.9	3.7	1.6	-2.9	-9.2	2.6	-1.3	62%	0%	0%	0%	0%	0%	0%	0%	1%	0%	37%	99%	100%
14	02/22	36,078	-3.2	1.00	3.3	1.9	4.0	2.9	-3.4	-10.4	3.2	-0.5	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
15	12/21	28,538	-1.2	-0.10	1.2	1.1	1.5	1.2	-1.4	-4.3	1.3	-0.3	18%	0%	0%	0%	0%	0%	0%	0%	57%	1%	25%	99%	100%
16	02/22	27,113	-2.5	1.02	2.7	1.5	3.6	2.5	-3.0	-9.3	2.9	-0.5	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
17	02/22	24,842	-0.4	0.98	1.2	0.7	1.3	1.1	-1.3	-3.9	1.3	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
18	02/22	15,289	-2.4	1.41	3.0	3.0	3.0	3.0	-2.8	-8.2	2.9	0.1	0%	0%	0%	0%	0%	0%	0%	0%	44%	30%	26%	100%	100%
19	02/22	13,335	-1.1	1.17	2.2	2.2	2.2	2.2	-2.1	-6.1	2.1	0.1	0%	0%	0%	0%	0%	0%	0%	0%	28%	33%	39%	100%	100%
20	12/21	11,210	0.6	1.49	0.7	0.7	0.7	0.7	-0.7	-2.0	0.7	0.0	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
21	02/22	11,000	-3.3	0.81	3.4	1.5	3.8	3.0	-3.4	-10.2	3.3	-0.2	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
22	01/22	7,870	0.1	1.20	5.2	5.1	8.0	5.1	-5.0	-14.7	5.0	0.1	0%	0%	0%	0%	0%	0%	0%	0%	83%	3%	13%	100%	100%
23	12/21	7,541	-0.4	1.31	3.3	3.0	3.5	3.2	-3.3	-9.5	3.3	0.1	17%	0%	0%	0%	0%	0%	0%	0%	0%	3%	79%	100%	100%
24	02/22	4,442	-3.9	0.67	3.4	2.1	3.8	3.1	-3.4	-10.1	3.3	-0.2	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
25	03/22	555,473	-4.0	0.69	2.5	2.3	2.6	2.4	-2.4	-6.9	2.4	0.0	62%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	100%	100%
Avg		94,998	-1.3	1.08	2.3	1.8	2.8	2.2	-2.4	-7.3	2.4	-0.2	62%	0%	0%	0%	0%	0%	0%	0%	15%	6%	17%	100%	97%
Port		236,270	-2.1	1.18	1.8	1.6	1.9	1.8	-1.8	-5.1	1.8	0.0	66%	0%	0%	0%	0%	0%	0%	0%	0%	5%	29%	100%	100%
Diff		141,271	-0.8	0.10	-0.5	-0.2	-1.0	-0.4	0.7	2.2	-0.6	0.2	4%	0%	0%	0%	0%	0%	0%	0%	-15%	0%	12%	0%	3%

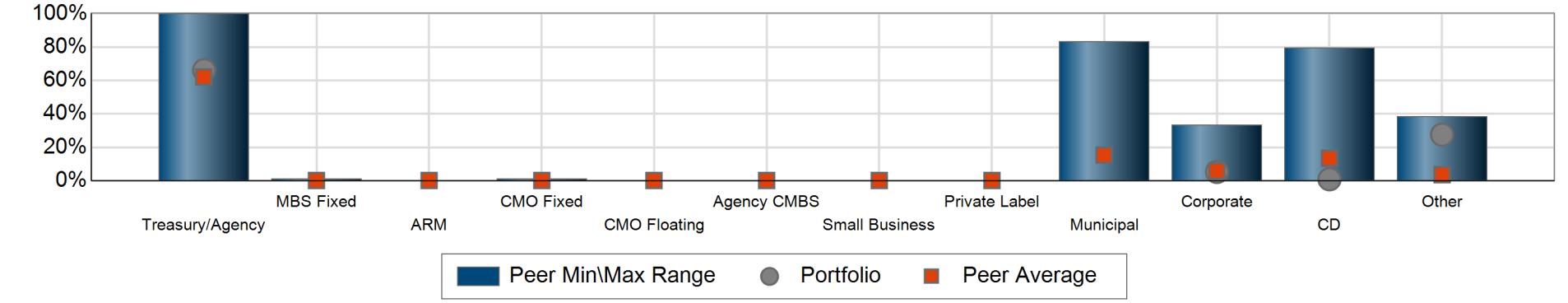
Yield and Average Life Peer Comparison



Price Risk Peer Comparison



Porfolio vs. Peer Allocations

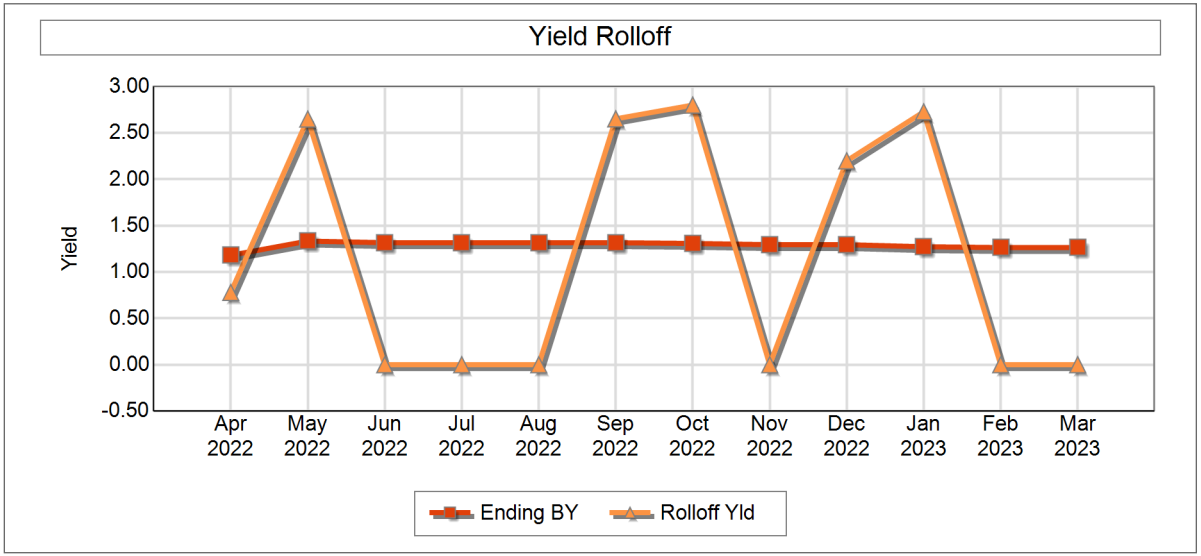


Each box contains the range of your peer group, the top and bottom of the boxes being the max and min. The red box is the avg. of your peers within the range and the gray dot represents your position.

Cash Flow and Yield Rolloff - Next 12 Months

Yield Rolloff

Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Apr 2022	1.18	65,275	0.78	1.33
May 2022	1.33	2,225	2.65	1.32
Jun 2022	1.32	0	0.00	1.32
Jul 2022	1.32	0	0.00	1.32
Aug 2022	1.32	0	0.00	1.32
Sep 2022	1.32	1,000	2.65	1.31
Oct 2022	1.31	1,500	2.80	1.29
Nov 2022	1.29	0	0.00	1.29
Dec 2022	1.29	4,000	2.20	1.27
Jan 2023	1.27	1,000	2.73	1.26
Feb 2023	1.26	0	0.00	1.26
Mar 2023	1.26	0	0.00	1.26



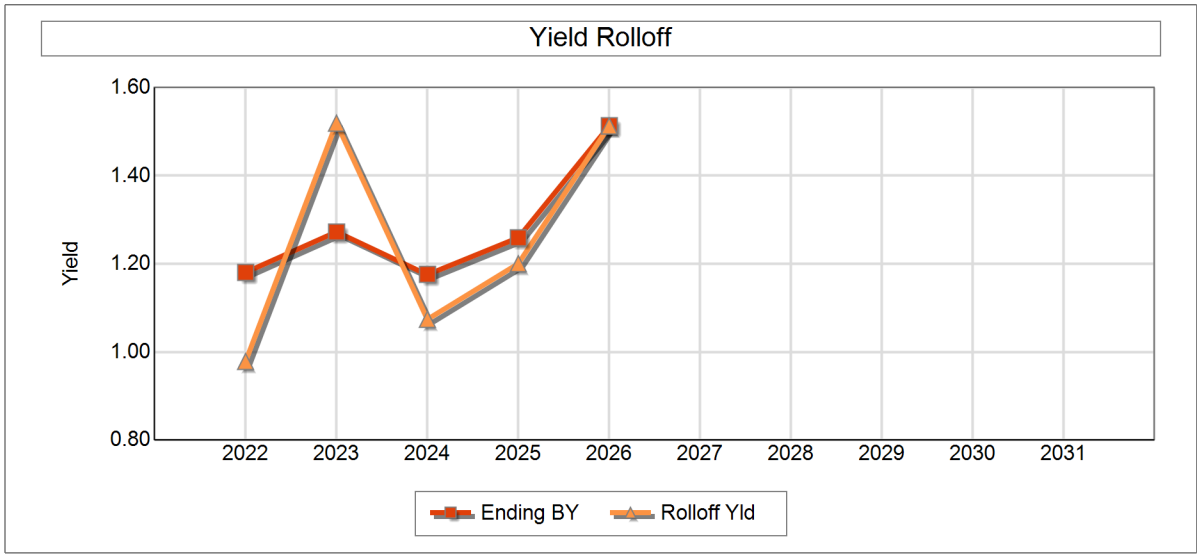
Shocked Principal and Interest Cash Flow Analysis

Year	-200	-100	Base	+100	+200	+300	+400
Apr 2022	82,546	65,494	65,494	65,494	65,494	65,494	65,494
May 2022	2,338	2,338	2,338	2,338	2,338	2,338	2,338
Jun 2022	7,382	690	690	690	690	690	690
Jul 2022	24	61	61	61	61	61	61
Aug 2022	43	43	43	43	43	43	43
Sep 2022	3,100	1,097	1,097	1,097	1,097	88	88
Oct 2022	1,649	1,649	1,649	1,649	1,649	135	135
Nov 2022	74	78	78	78	78	78	78
Dec 2022	11,591	4,683	4,683	4,683	4,683	3,673	3,673
Jan 2023	5,032	1,058	1,058	1,058	1,058	49	49
Feb 2023	2,043	43	43	43	43	43	43
Mar 2023	74	74	74	74	74	74	74

Cash Flow and Yield Rolloff - Next 10 Years

Yield Rolloff

Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2022	1.18	74,000	0.98	1.27
2023	1.27	45,870	1.52	1.18
2024	1.18	52,750	1.07	1.26
2025	1.26	51,650	1.20	1.51
2026	1.51	12,000	1.51	
2027				
2028				
2029				
2030				
2031				

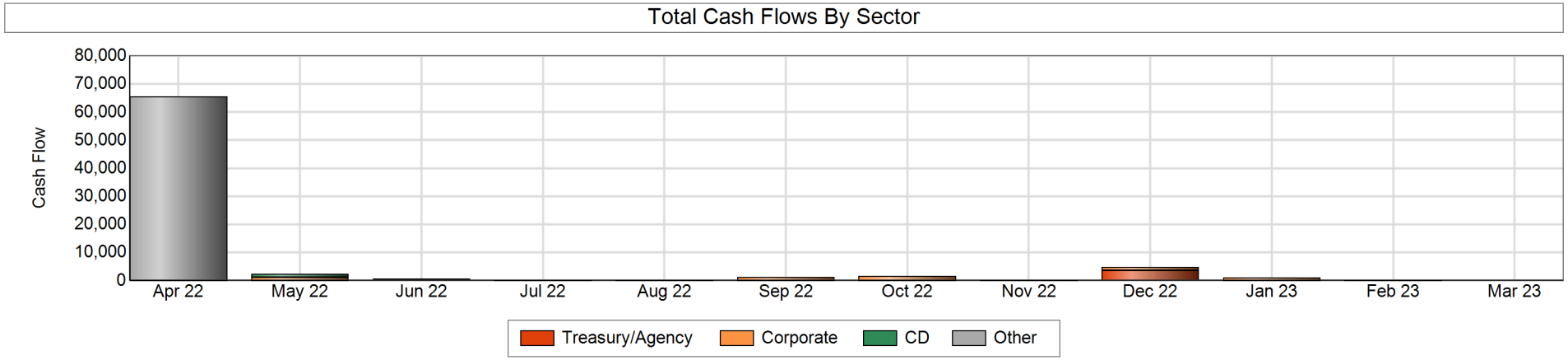


Shocked Principal and Interest Cash Flow Analysis

Year	-200	-100	Base	+100	+200	+300	+400
2022	108,747	76,133	76,133	76,133	76,133	75,135	75,135
2023	84,890	56,756	47,757	47,757	47,757	48,773	48,773
2024	29,866	78,351	54,052	47,049	47,049	47,049	47,049
2025	14,391	27,623	52,300	59,393	59,393	59,393	59,393
2026	3,038	3,038	12,085	12,123	12,123	12,123	12,123

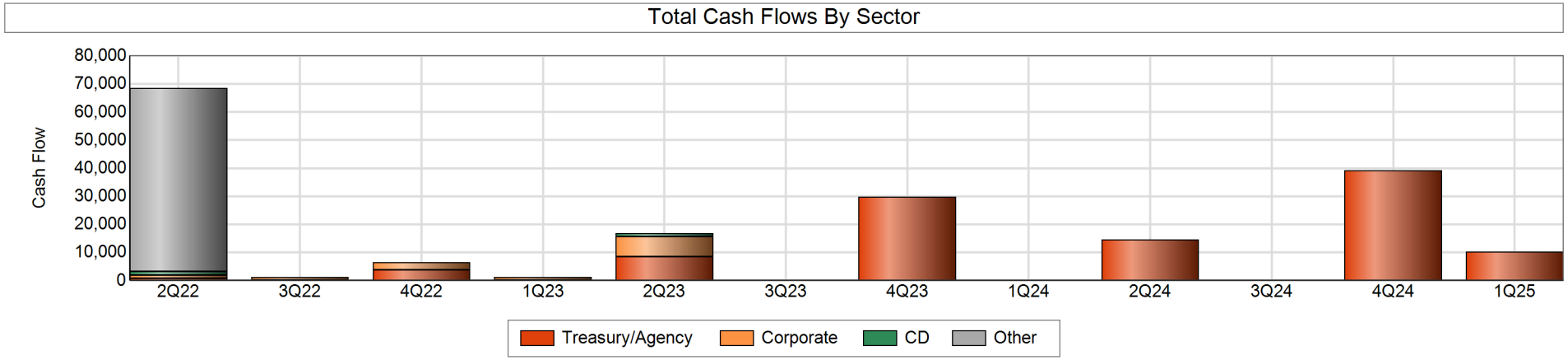
Sector Cash Flow and Yield Rolloff - Next 12 Months

		Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Bk Yld Chg
Treasury/Agency	Cash Flow	95	54	668	48	43	74	95	54	3,673	48	43	74	
	End BY	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.24	1.24	1.24	1.24	-0.02
Corporate	Cash Flow	39	1,039	21	12	0	1,022	1,553	12	1,010	1,009	0	0	
	End BY	1.98	1.92	1.92	1.92	1.92	1.85	1.69	1.69	1.60	1.44	1.44	1.44	-0.53
CD	Cash Flow	2	1,245	1	1	1	1	1	12	1	1	1	1	
	End BY	2.85	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	0.29
Other	Cash Flow	65,358	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	65,494	2,338	690	61	43	1,097	1,649	78	4,683	1,058	43	74	
	End BY	1.33	1.32	1.32	1.32	1.32	1.31	1.29	1.29	1.27	1.26	1.26	1.26	-0.07



Sector Cash Flow and Yield Rolloff - Next 3 Years

		2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	Bk Yld Chg
Treasury/Agency	Cash Flow	817	164	3,822	164	8,600	164	29,698	164	14,518	164	39,205	10,132	
	End BY	1.26	1.26	1.24	1.24	1.18	1.18	1.18	1.18	1.19	1.19	1.26	1.28	0.02
Corporate	Cash Flow	1,099	1,034	2,575	1,009	7,126	0	0	0	0	0	0	0	
	End BY	1.92	1.85	1.60	1.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.92
CD	Cash Flow	1,248	2	14	2	993	0	0	0	0	0	0	0	
	End BY	3.14	3.14	3.14	3.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.14
Other	Cash Flow	65,358	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	68,522	1,201	6,411	1,175	16,719	164	29,698	164	14,518	164	39,205	10,132	
	End BY	1.32	1.31	1.27	1.26	1.18	1.18	1.18	1.18	1.19	1.19	1.26	1.28	-0.04



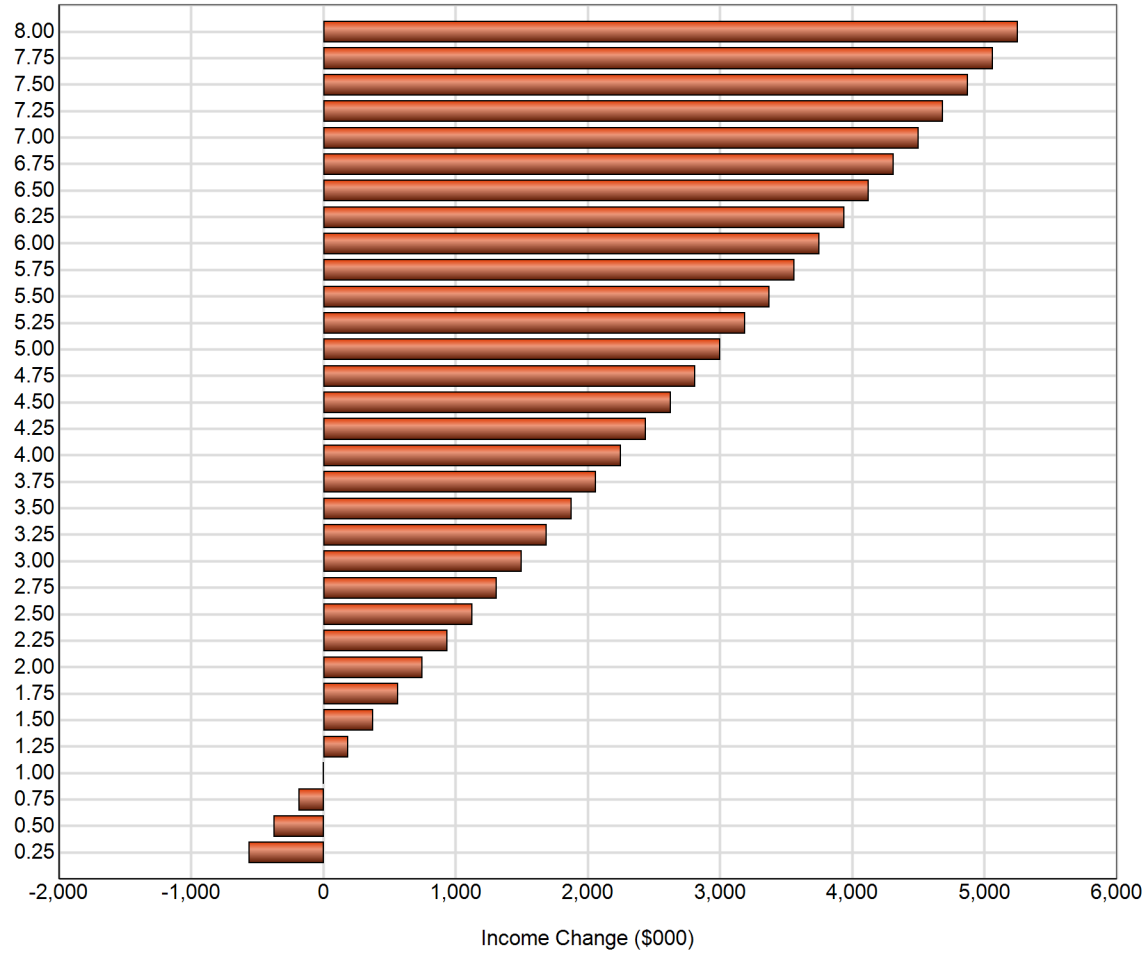
Gap Analysis - Potential Income Impact of Principal Reinvestment

Principal Maturing(12 Mo.Horizon): $75,000

Current Book Yield of Principal Maturing: 1.00%

Est. Annual Income at Current Book Yield: $751

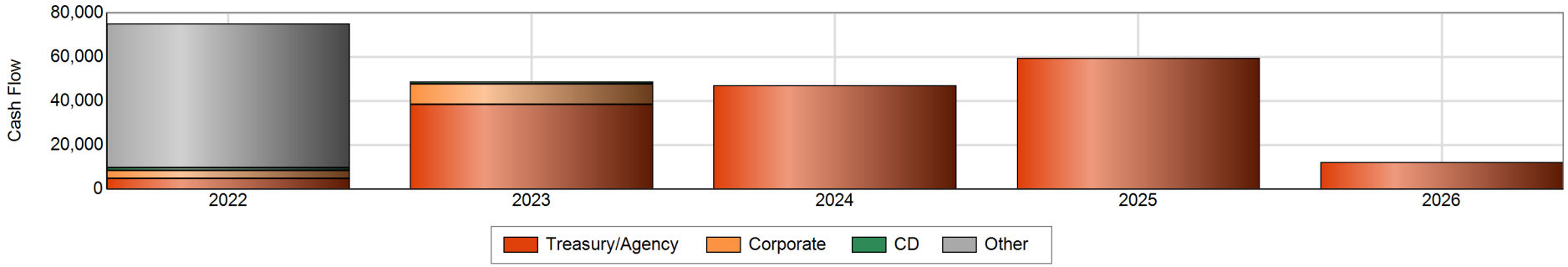
Estimated Impact on Income at Various Reinvestment Yields



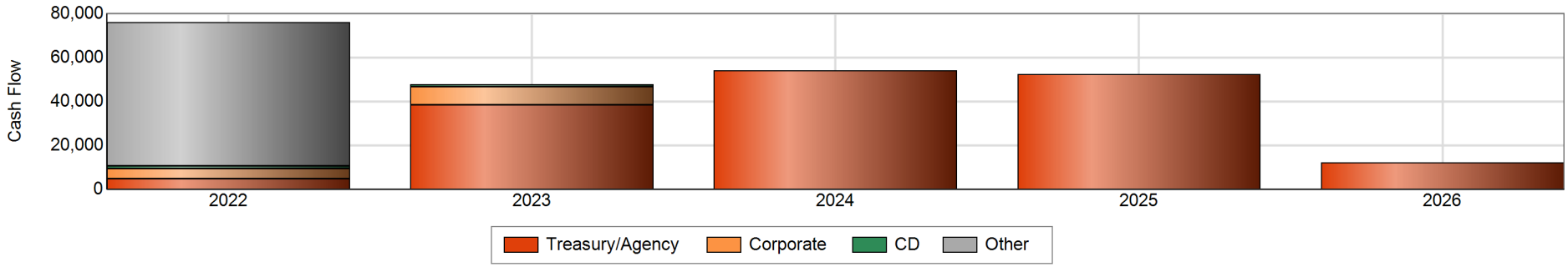
Assumed Reinvestment Yield	Estimated Annualized Income	Income Difference from Current Book	Resulting Book Yield
0.25	187	-564	0.94
0.50	375	-376	1.02
0.75	562	-189	1.10
1.00	750	-1	1.18
1.25	937	186	1.26
1.50	1,125	374	1.34
1.75	1,312	561	1.42
2.00	1,500	749	1.50
2.25	1,687	936	1.58
2.50	1,875	1,124	1.66
2.75	2,062	1,311	1.74
3.00	2,250	1,499	1.81
3.25	2,437	1,686	1.89
3.50	2,625	1,874	1.97
3.75	2,812	2,061	2.05
4.00	3,000	2,249	2.13
4.25	3,187	2,436	2.21
4.50	3,375	2,624	2.29
4.75	3,562	2,811	2.37
5.00	3,750	2,999	2.45
5.25	3,937	3,186	2.53
5.50	4,125	3,374	2.61
5.75	4,312	3,561	2.69
6.00	4,500	3,749	2.77
6.25	4,687	3,936	2.85
6.50	4,875	4,124	2.93
6.75	5,062	4,311	3.00
7.00	5,250	4,499	3.08
7.25	5,437	4,686	3.16
7.50	5,625	4,874	3.24
7.75	5,812	5,061	3.32
8.00	6,000	5,249	3.40

Shocked Cash Flows By Sector - Next 10 Years

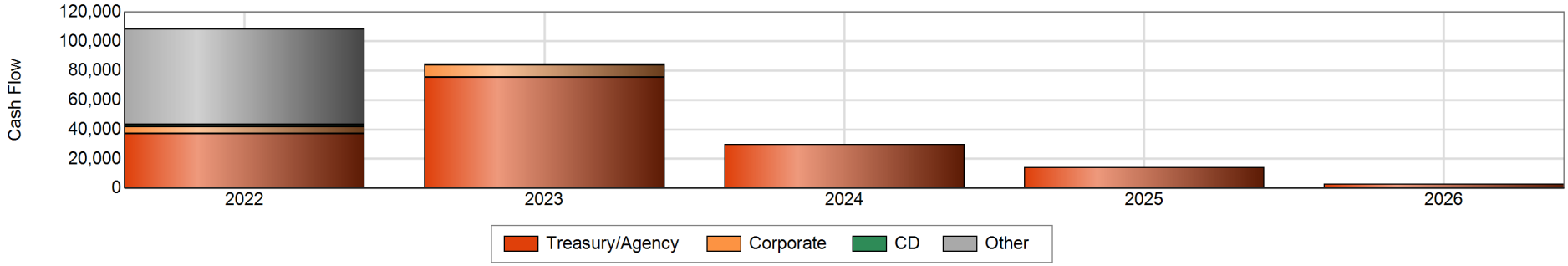
+400 Scenario



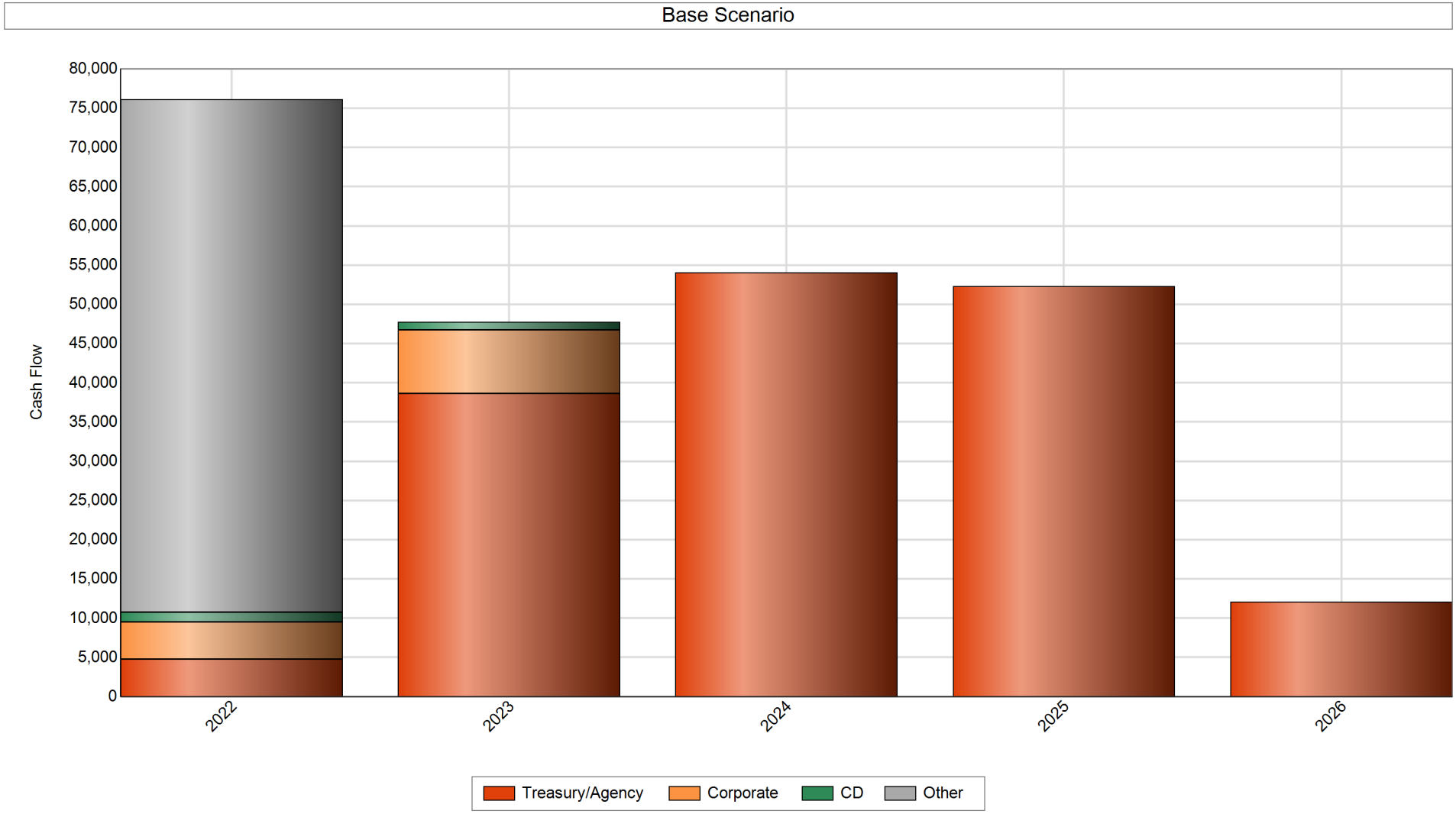
Base Scenario



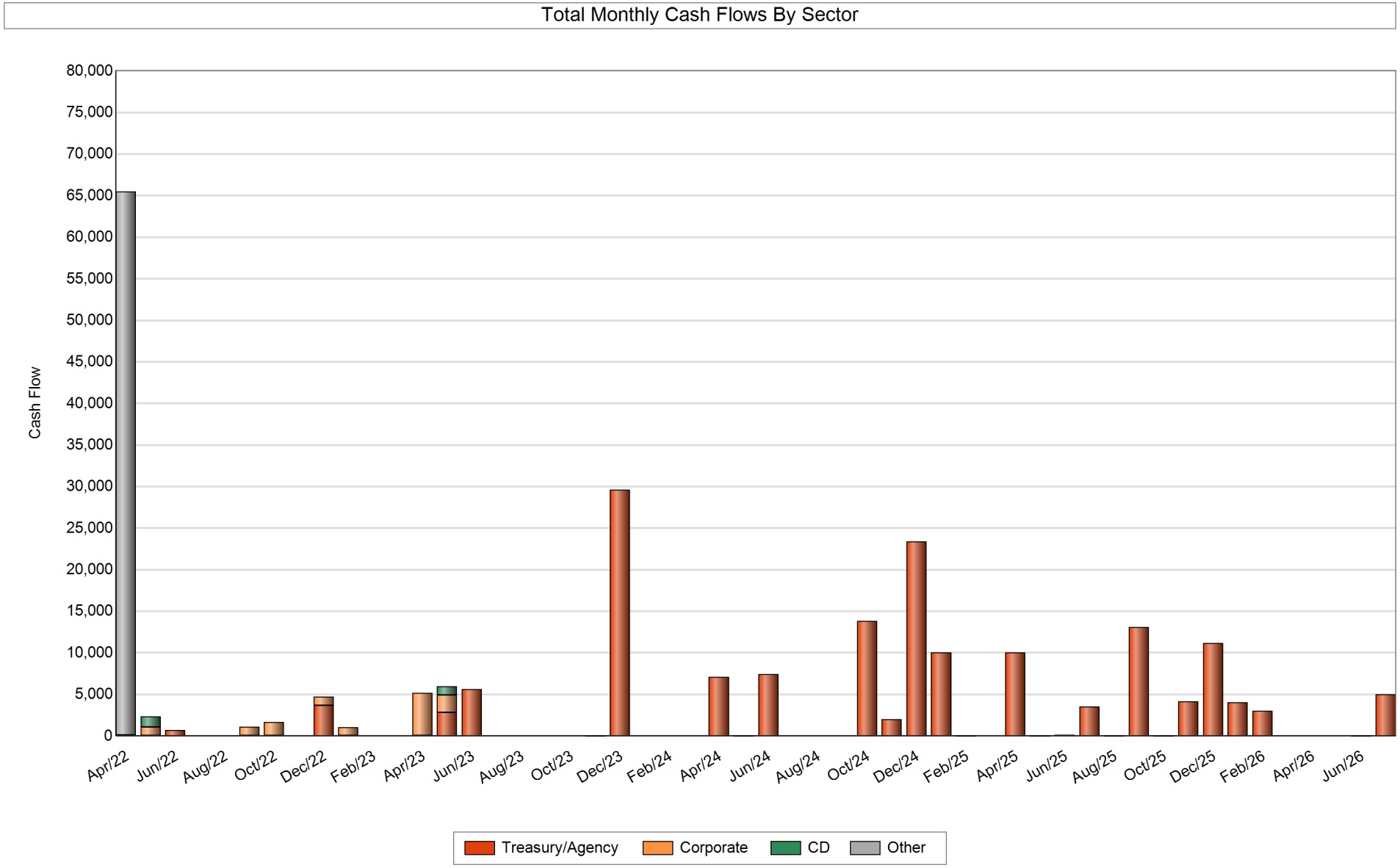
-200 Scenario



Cash Flows By Sector - Next 30 Years

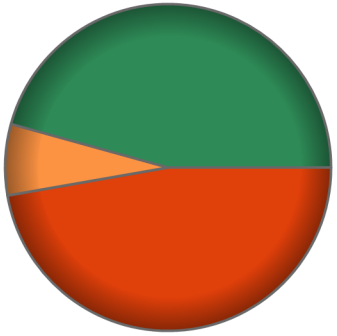


Cash Flow Projection By Month - Next 5 Years

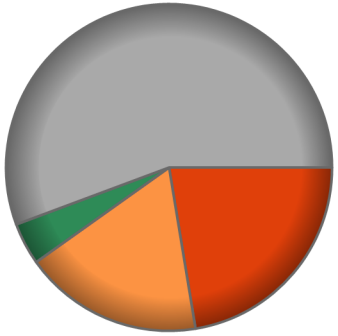


Agency - Summary

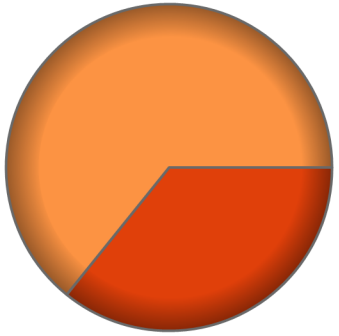
Subsector



Issuer



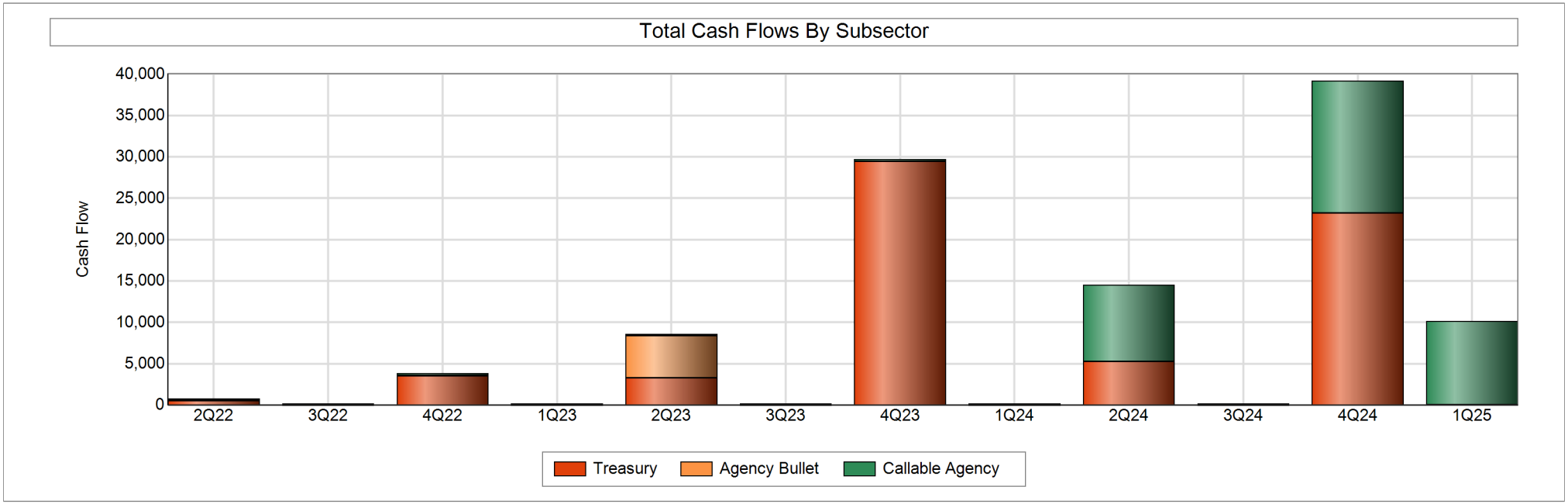
Call Type



Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	% Px Δ -100 +300	Dur Base	Cvx Base	AFS %
				2.3 yrs	100.00		98.38		-1,198	-1.6%	2.31	2.3	2.24	0.07	
Treasury (15)	47.3%	73,815	1.57		73,815	1.57	72,617	2.30	-5,897	-8.0%	2.31	-6.5			100.0%
				2.5 yrs	100.00		98.72		-141	-1.3%	2.45	2.4	2.36	0.08	
Agency Bullet (4)	7.0%	11,000	1.93		11,000	1.93	10,859	2.22	-876	-8.0%	2.45	-6.8			100.0%
				3.2 yrs	100.00		94.91		-3,636	-5.1%	3.04	2.9	2.95	-0.07	
Callable Agency (15)	45.7%	71,400	0.84	0.2 yrs	71,400	0.84	67,764	2.61	-9,561	-13.4%	3.20	-8.7			100.0%
				2.7 yrs	100.00		96.82		-4,975	-3.2%	2.65	2.6	2.57	0.01	
Total (34)	100.0%	156,215	1.26	0.2 yrs	156,215	1.26	151,240	2.43	-16,335	-10.5%	2.73	-7.5			100.0%

Agency - Sector Cash Flow and Yield Rolloff - Next 3 Years

		2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	Bk Yld Chg
Treasury	Cash Flow	539	38	3,545	38	3,322	38	29,474	38	5,295	38	23,239	38	
	End BY	1.57	1.57	1.55	1.55	1.50	1.50	1.71	1.71	1.63	1.63	2.59	2.59	1.02
Agency Bullet	Cash Flow	61	45	61	45	5,061	45	8	45	8	45	8	45	
	End BY	1.93	1.93	1.93	1.93	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	-0.17
Callable Agency	Cash Flow	217	82	217	82	217	82	217	82	9,216	82	15,959	10,049	
	End BY	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.90	0.90	0.88	0.80	-0.03
Total	Cash Flow	817	164	3,822	164	8,600	164	29,698	164	14,518	164	39,205	10,132	
	End BY	1.26	1.26	1.24	1.24	1.18	1.18	1.18	1.18	1.19	1.19	1.26	1.28	0.02



	Callable Agency Rate Shock Analysis – Projected Par Value Redeemed at NEXT Call Date – Monthly								
	-100	-75	-50	-25	0	25	50	75	100
Mar 22	-	-	-	-	-	-	-	-	-
Apr 22	-	-	-	-	-	-	-	-	-
May 22	-	-	-	-	-	-	-	-	-
Jun 22	-	-	-	-	-	-	-	-	-
Jul 22	-	-	-	-	-	-	-	-	-
Aug 22	-	-	-	-	-	-	-	-	-
Sep 22	-	-	-	-	-	-	-	-	-
Oct 22	-	-	-	-	-	-	-	-	-
Nov 22	-	-	-	-	-	-	-	-	-
Dec 22	-	-	-	-	-	-	-	-	-
Jan 23	-	-	-	-	-	-	-	-	-
Feb 23	-	-	-	-	-	-	-	-	-

	Callable Agency Rate Shock Analysis – Projected Par Value Redeemed at NEXT Call Date – Quarterly								
	-100	-75	-50	-25	0	25	50	75	100
1Q22	-	-	-	-	-	-	-	-	-
2Q22	-	-	-	-	-	-	-	-	-
3Q22	-	-	-	-	-	-	-	-	-
4Q22	-	-	-	-	-	-	-	-	-
1Q23	-	-	-	-	-	-	-	-	-
2Q23	-	-	-	-	-	-	-	-	-
3Q23	-	-	-	-	-	-	-	-	-
4Q23	-	-	-	-	-	-	-	-	-
1Q24	-	-	-	-	-	-	-	-	-
2Q24	-	-	-	-	-	-	-	-	-
3Q24	-	-	-	-	-	-	-	-	-
4Q24	-	-	-	-	-	-	-	-	-
1Q25	-	-	-	-	-	-	-	-	-
2Q25	-	-	-	-	-	-	-	-	-
3Q25	-	-	-	-	-	-	-	-	-
4Q25	-	-	-	-	-	-	-	-	-

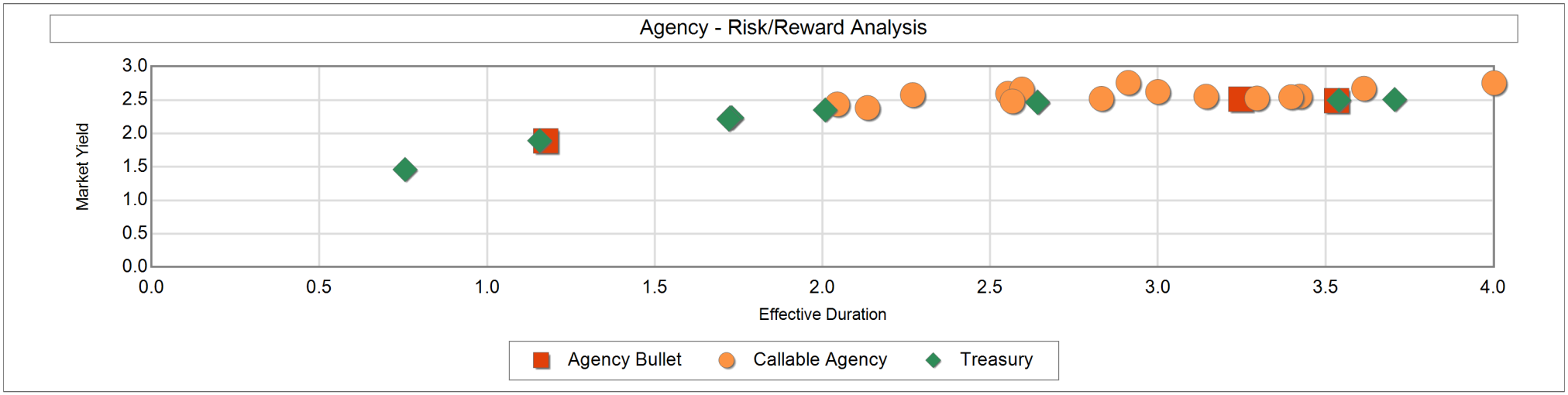
Shocked Agency Projected Call Schedule - Next 12 Months

	-200	-100	Base	+100	+200	+300	+400
Mar 22	-	-	-	-	-	-	-
Apr 22	17,000	-	-	-	-	-	-
May 22	-	-	-	-	-	-	-
Jun 22	6,750	-	-	-	-	-	-
Jul 22	-	-	-	-	-	-	-
Aug 22	-	-	-	-	-	-	-
Sep 22	2,000	-	-	-	-	-	-
Oct 22	-	-	-	-	-	-	-
Nov 22	-	-	-	-	-	-	-
Dec 22	7,000	-	-	-	-	-	-
Jan 23	4,000	-	-	-	-	-	-
Feb 23	2,000	-	-	-	-	-	-

Agency Projected Call Report - CUSIP Level

Sec No.	CUSIP	Issuer	Cpn	Cpn Type	Maturity	Par Value	Next Call	Call Type	Mkt Price	Gain/ Loss	Projected Shocked Call Dates -200	-100	Base	+100	+200	+300	+400
30	3133EL2X1	FFCB	0.42	Fixed	05/06/24	2,000	04/13/22	Anytime	96.059	-79	09/22	10/23	04/24	05/24	05/24	05/24	05/24
31	3130AMQR6	FHLB	0.35	Fixed	06/07/24	3,000	06/07/22	Quarterly	95.692	-129	12/22	12/23	06/24	06/24	06/24	06/24	06/24
32	3130AMHH8	FHLB	0.41	Fixed	08/01/24	4,000	06/01/22	Quarterly	95.456	-182	12/22	12/23	06/24	08/24	08/24	08/24	08/24
33	3130AQDY6	FHLB	1.00	Fixed	12/30/24	6,750	06/30/22	Anytime	96.039	-267	06/22	01/24	10/24	12/24	12/24	12/24	12/24
35	3130AQEA7	FHLB	1.05	Fixed	01/14/25	7,000	04/14/22	Quarterly	96.069	-275	04/22	01/24	10/24	01/25	01/25	01/25	01/25
34	3134GWNG7	FHLMC	0.50	Fixed	11/27/24	2,000	05/27/22	Quarterly	94.934	-101	02/23	05/24	11/24	11/24	11/24	11/24	11/24
41	3133ENHW3	FFCB	1.17	Fixed	06/23/25	10,000	04/13/22	Anytime	95.729	-427	04/22	04/24	01/25	06/25	06/25	06/25	06/25
42	3133ELK37	FFCB	0.78	Fixed	06/16/25	5,000	04/13/22	Anytime	94.642	-268	04/23	10/24	04/25	06/25	06/25	06/25	06/25
40	3133EMUP5	FFCB	0.71	Fixed	04/01/25	5,000	04/13/22	Anytime	94.794	-260	04/23	07/24	04/25	04/25	04/25	04/25	04/25
43	3136G4ZP1	FNMA	0.65	Fixed	07/30/25	3,500	04/30/22	Quarterly	93.955	-212	10/23	10/24	07/25	07/25	07/25	07/25	07/25
46	3134GWUG9	FHLMC	0.57	Fixed	09/24/25	10,000	06/24/22	Quarterly	93.515	-648	12/23	12/24	09/25	09/25	09/25	09/25	09/25
47	3134GXBM5	FHLMC	0.60	Fixed	11/12/25	1,150	05/12/22	Quarterly	93.317	-77	02/24	02/25	11/25	11/25	11/25	11/25	11/25
48	3130AMRQ7	FHLB	0.88	Fixed	12/30/25	3,000	06/30/22	Quarterly	94.029	-179	06/23	03/25	12/25	12/25	12/25	12/25	12/25
52	3130AN5C0	FHLB	1.05	Fixed	04/29/26	4,000	04/29/22	Quarterly	94.131	-235	01/23	04/25	01/26	04/26	04/26	04/26	04/26
54	3133ENJC5	FFCB	1.29	Fixed	12/22/26	5,000	12/22/23	Anytime	94.081	-296	12/23	10/25	07/26	12/26	12/26	12/26	12/26
			0.84			71,400			94.908	-3,636							

Agency - Risk/Reward Analysis



Top 5 Market Yields

CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
3133ENHW3	FFCB 1.17 06/23/25	Callable Agency	9,573	2.76%	2.91	-8.8
3133ENJC5	FFCB 1.29 12/22/26	Callable Agency	4,704	2.76%	4.00	-12.2
3130AN5C0	FHLB 1.05 04/29/26	Callable Agency	3,765	2.67%	3.61	-10.9
3130AQEA7	FHLB 1.05 01/14/25	Callable Agency	6,725	2.66%	2.59	-7.7
3133ELK37	FFCB 0.78 06/16/25	Callable Agency	4,732	2.62%	3.00	-8.8

Bottom 5 Market Yields

CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
912828N30	T 2 1/8 12/31/22	Treasury	3,015	1.46%	0.76	-2.2
3133EKPT7	FFCB 2 1/8 06/05/23	Agency Bullet	5,013	1.89%	1.18	-3.5
9128284S6	T 2 3/4 05/31/23	Treasury	2,843	1.89%	1.16	-3.4
91282CBA8	T 0 1/8 12/15/23	Treasury	4,826	2.21%	1.72	-5.0
91282CBA8	T 0 1/8 12/15/23	Treasury	9,652	2.21%	1.72	-5.0

Top 5 Price Volatility (% price change +300)

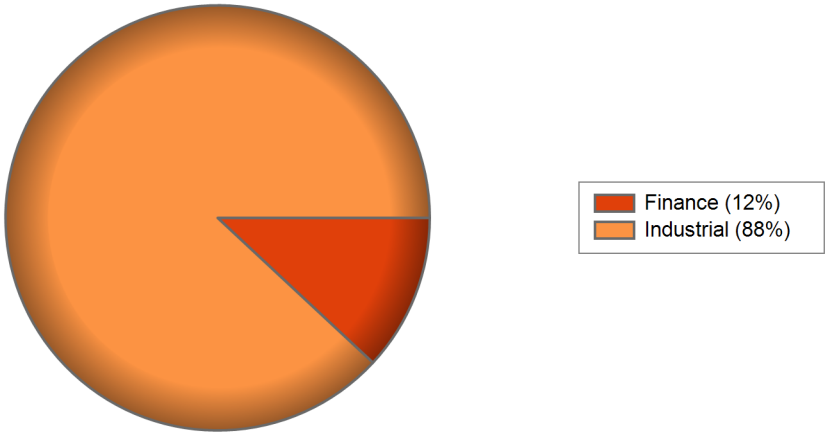
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
3133ENJC5	FFCB 1.29 12/22/26	Callable Agency	4,704	2.76%	4.00	-12.2
3130AN5C0	FHLB 1.05 04/29/26	Callable Agency	3,765	2.67%	3.61	-10.9
9128286F2	T 2 1/2 02/28/26	Treasury	2,999	2.51%	3.71	-10.5
3130AMRQ7	FHLB 0 7/8 12/30/25	Callable Agency	2,821	2.55%	3.42	-10.1
9128285T3	T 2 5/8 12/31/25	Treasury	5,023	2.50%	3.54	-10.1

Next 5 Projected Redemptions

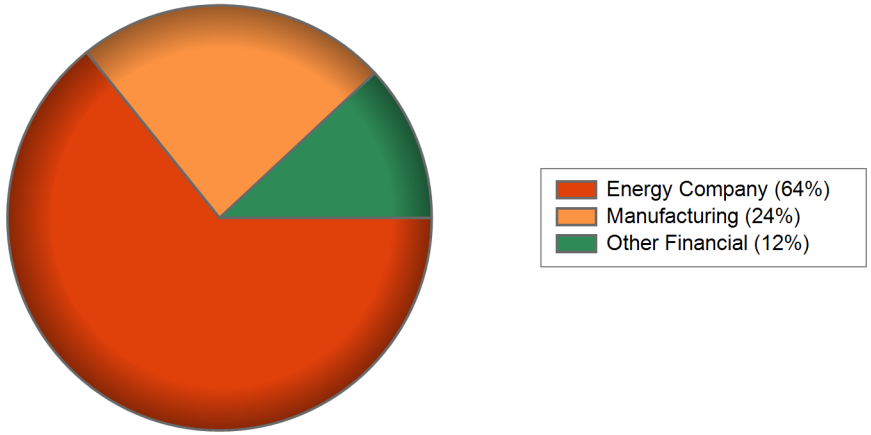
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	Mat/Call
912828N30	T 2 1/8 12/31/22	Treasury	3,015	1.46%	0.76	12/01/22
9128284S6	T 2 3/4 05/31/23	Treasury	2,843	1.89%	1.16	05/01/23
3133EKPT7	FFCB 2 1/8 06/05/23	Agency Bullet	5,013	1.89%	1.18	06/01/23
912828V23	T 2 1/4 12/31/23	Treasury	4,001	2.24%	1.73	12/01/23
9128285U0	T 2 5/8 12/31/23	Treasury	5,034	2.24%	1.72	12/01/23

Corporate - Summary

Sector Allocation



Industry Allocation



Subsector	Sector %	Par Value	Cpn	Maturity	Rating Moody's S&P	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	% Px Δ -100 +300	Dur Base	Cvx Base	AFS %
					Aa3	100.00		100.79		12	0.8%	0.54	0.6	0.59	-0.06	
Finance (1)	11.9%	1,500	2.80	0.7 yrs	AA-	1,500	2.80	1,512	1.33	-18	-1.2%	0.71	-2.0			100.0%
					Aa1	100.00		99.83		-19	-0.2%	0.86	0.9	0.87	0.00	
Industrial (6)	88.1%	11,075	1.87	0.9 yrs	AA	11,075	1.87	11,056	1.77	-310	-2.8%	0.90	-2.6			100.0%
					Aa1	100.00		99.94		-7	-0.1%	0.82	0.8	0.84	-0.01	
Total (7)	100.0%	12,575	1.98	0.9 yrs	AA	12,575	1.98	12,568	1.72	-329	-2.6%	0.87	-2.6			100.0%

Corporate - Rating Summary

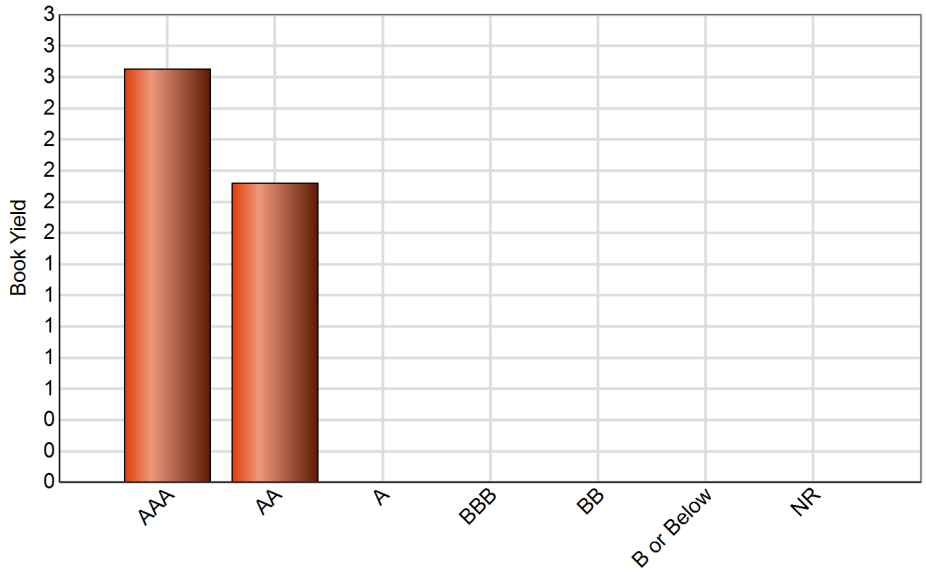
Combined Rating Summary

Combined Rating	% Balance	Par Value	Book Yield	Eff. Duration
AAA	8.0%	1,000	2.65	0.48
AA	92.0%	11,575	1.92	0.87
A	-	-	-	-
BBB	-	-	-	-
BB	-	-	-	-
B or Below	-	-	-	-
NR	-	-	-	-

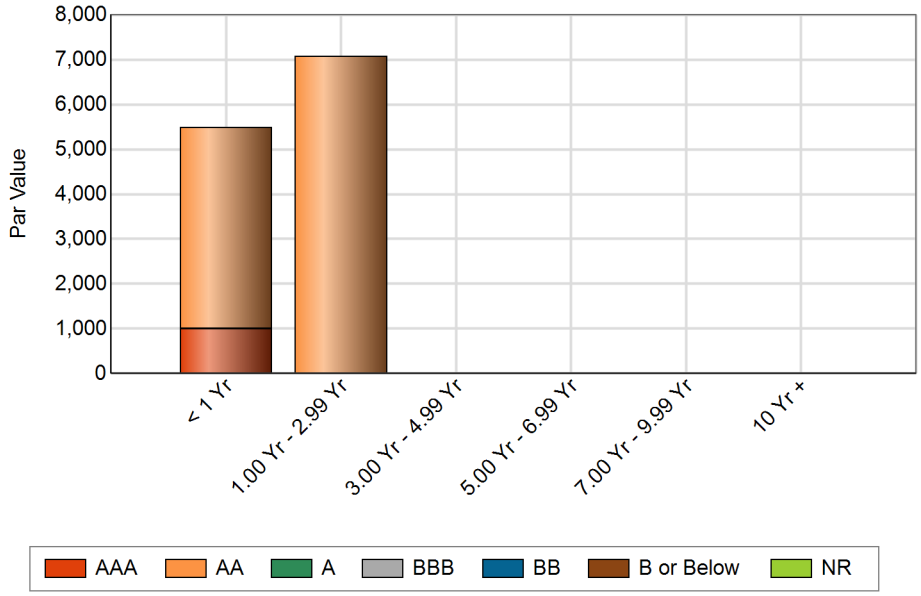
Maturity Summary

Maturity Range	% Balance	Par Value	Book Yield	Combined Rating
< 1 Yr	43.7%	5,500	2.67	AA+
1.00 Yr - 2.99 Yr	56.3%	7,075	1.44	AA
3.00 Yr - 4.99 Yr	-	-	-	-
5.00 Yr - 6.99 Yr	-	-	-	-
7.00 Yr - 9.99 Yr	-	-	-	-
10 Yr +	-	-	-	-

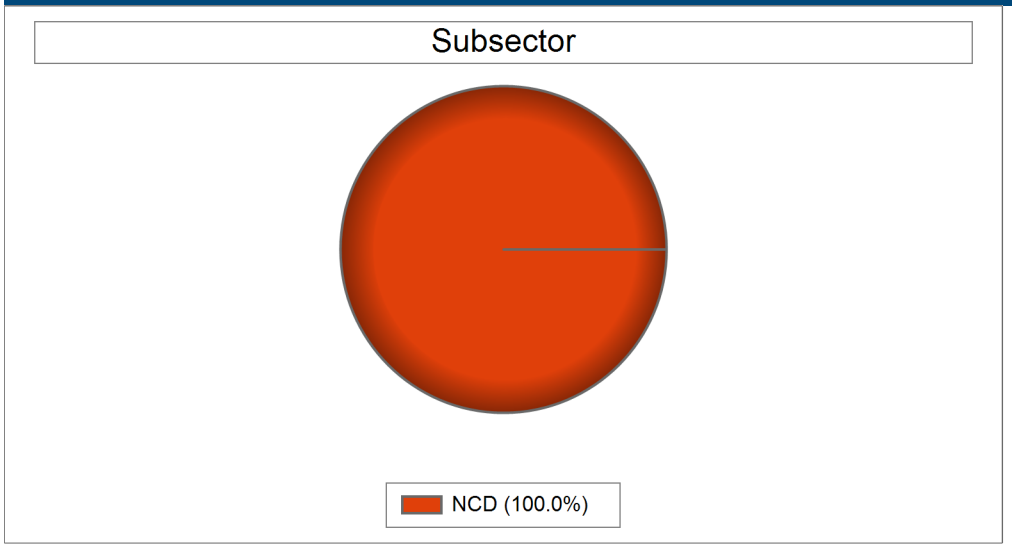
Book Yield by Combined Rating

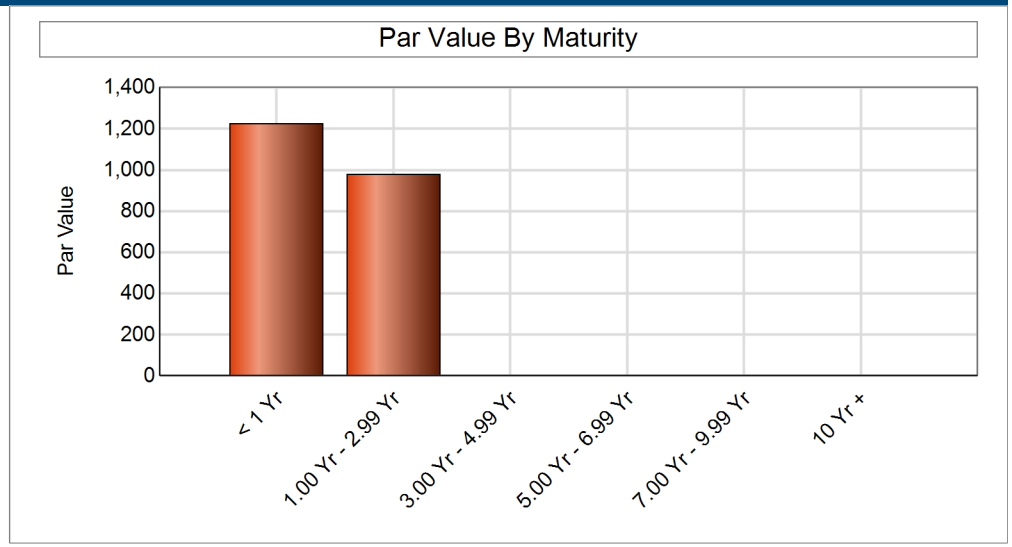


Combined Rating Distribution By Maturity



CD - Summary

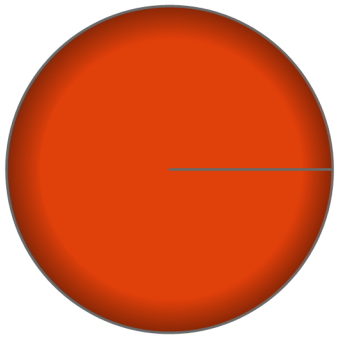




Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	Px Chg -100 +300	Dur Base	Cvx Base	AFS %
				0.6 yrs	100.00		100.92		20	0.9%	0.57	0.6	0.57	0.01	
NCD (9)	100.0%	2,205	2.86		2,205	2.85	2,225	1.17	-18	-0.8%	0.57	-1.7			100.0%
				0.6 yrs	100.00		100.92		20	0.9%	0.57	0.6	0.57	0.01	
Total (9)	100.0%	2,205	2.86		2,205	2.85	2,225	1.17	-18	-0.8%	0.57	-1.7			100.0%

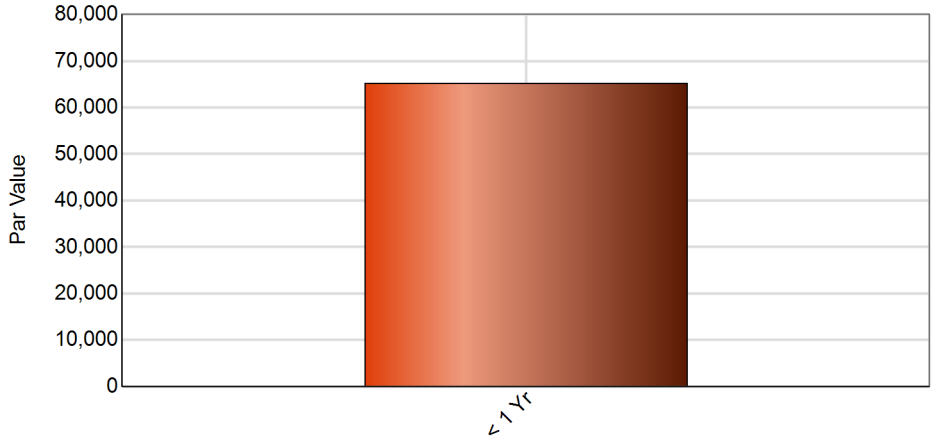
Other - Summary

Subsector



Cash & Other (100.0%)

Par Value By Maturity



Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	Px Chg -100 +300	Dur Base	Cvx Base	AFS %
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.08	0.00	
Cash & Other (4)	100.0%	65,275	0.78		65,275	0.78	65,275	0.78	-163	-0.2%	0.08	-0.2			100.0%
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.08	0.00	
Total (4)	100.0%	65,275	0.78		65,275	0.78	65,275	0.78	-163	-0.2%	0.08	-0.2			100.0%

Portfolio Considerations

Sector	Cnt	Cpn	Maturity	Par Value	Book Price	Market Price	Gain/ (Loss)	Book Yield	WAL	Eff. Dur	Historical CPR 1 Mo.	Historical CPR 3 Mo.	Historical CPR Life	Proj. CPR Life	Loan Count
Book Yield < 1.5%	26	0.77	1.9 yrs	176,750	100.00	97.09	-5,149	0.77	1.8	1.71					
Treasury	5	0.63	2.3 yrs	35,000	100.00	96.33	-1,285	0.63	2.3	2.25					
Agency Bullet	1	0.50	3.6 yrs	3,000	100.00	93.19	-204	0.50	3.6	3.53					
Callable Agency	15	0.84	3.2 yrs	71,400	100.00	94.91	-3,636	0.84	3.0	2.95					
Industrial	1	1.14	1.1 yrs	2,075	100.00	98.87	-23	1.14	1.1	1.11					
Cash & Other	4	0.78	0.1 yrs	65,275	100.00	100.00	0	0.78	0.1	0.08					

Key Portfolio Sorts

Top 10 Up 300 Market Value Changes (%)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	94.08	-296	1.290	4.31	-12.19	-573	-869	4.00	AFS
3130AN5C0	Callable Agency	FHLB 1.05 04/29/26	1.05	04/29/26	4,000	100.00	94.13	-235	1.050	3.83	-10.86	-409	-644	3.61	AFS
9128286F2	Treasury	T 2 1/2 02/28/26	2.50	02/28/26	3,000	100.00	99.97	-1	2.500	3.92	-10.45	-314	-314	3.71	AFS
3130AMRQ7	Callable Agency	FHLB 0 7/8 12/30/25	0.88	12/30/25	3,000	100.00	94.03	-179	0.875	3.75	-10.15	-286	-465	3.42	AFS
9128285T3	Treasury	T 2 5/8 12/31/25	2.63	12/31/25	5,000	100.00	100.45	23	2.624	3.75	-10.05	-505	-482	3.54	AFS
9128285T3	Treasury	T 2 5/8 12/31/25	2.63	12/31/25	3,000	100.00	100.45	14	2.624	3.75	-10.05	-303	-289	3.54	AFS
3135G06G3	Agency Bullet	FNMA 0 1/2 11/07/25	0.50	11/07/25	3,000	100.00	93.19	-204	0.500	3.60	-10.00	-280	-484	3.53	AFS
3134GXBM5	Callable Agency	FHLMC 0.6 11/12/25	0.60	11/12/25	1,150	100.00	93.32	-77	0.600	3.62	-9.92	-107	-183	3.40	AFS
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	10,000	100.00	93.52	-648	0.570	3.48	-9.60	-897	-1,546	3.30	AFS
3133EJYM5	Agency Bullet	FFCB 3.02 09/04/25	3.02	09/04/25	1,000	100.00	101.66	17	3.020	3.43	-9.22	-94	-77	3.25	AFS
			1.38		38,150	100.00	95.84	-1,588	1.381	3.75	-10.30	-3,767	-5,355	3.54	

Top 10 Up 300 Market Value Changes ($)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	10,000	100.00	93.52	-648	0.570	3.48	-9.60	-897	-1,546	3.30	AFS
3133ENHW3	Callable Agency	FFCB 1.17 06/23/25	1.17	06/23/25	10,000	100.00	95.73	-427	1.170	2.81	-8.78	-840	-1,267	2.91	AFS
91282CDN8	Treasury	T 1 12/15/24	1.00	12/15/24	10,000	100.00	96.19	-381	1.000	2.71	-7.58	-729	-1,110	2.64	AFS
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	94.08	-296	1.290	4.31	-12.19	-573	-869	4.00	AFS
3130AQEA7	Callable Agency	FHLB 1.05 01/14/25	1.05	01/14/25	7,000	100.00	96.07	-275	1.050	2.54	-7.71	-519	-794	2.59	AFS
9128285T3	Treasury	T 2 5/8 12/31/25	2.63	12/31/25	5,000	100.00	100.45	23	2.624	3.75	-10.05	-505	-482	3.54	AFS
3130AQDY6	Callable Agency	FHLB 1 12/30/24	1.00	12/30/24	6,750	100.00	96.04	-267	1.000	2.58	-7.60	-493	-760	2.55	AFS
91282CBA8	Treasury	T 0 1/8 12/15/23	0.13	12/15/23	10,000	100.00	96.52	-348	0.125	1.71	-5.02	-484	-833	1.72	AFS
3133ELK37	Callable Agency	FFCB 0.78 06/16/25	0.78	06/16/25	5,000	100.00	94.64	-268	0.780	3.04	-8.84	-418	-686	3.00	AFS
3130AN5C0	Callable Agency	FHLB 1.05 04/29/26	1.05	04/29/26	4,000	100.00	94.13	-235	1.050	3.83	-10.86	-409	-644	3.61	AFS
			0.97		72,750	100.00	95.71	-3,124	0.968	2.93	-8.43	-5,867	-8,991	2.86	

Key Portfolio Sorts

Top 10 Marked to Market Up 300 Loss Positions

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	10,000	100.00	93.52	-648	0.570	3.48	-9.60	-897	-1,546	3.30	AFS
3133ENHW3	Callable Agency	FFCB 1.17 06/23/25	1.17	06/23/25	10,000	100.00	95.73	-427	1.170	2.81	-8.78	-840	-1,267	2.91	AFS
91282CDN8	Treasury	T 1 12/15/24	1.00	12/15/24	10,000	100.00	96.19	-381	1.000	2.71	-7.58	-729	-1,110	2.64	AFS
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	94.08	-296	1.290	4.31	-12.19	-573	-869	4.00	AFS
91282CBA8	Treasury	T 0 1/8 12/15/23	0.13	12/15/23	10,000	100.00	96.52	-348	0.125	1.71	-5.02	-484	-833	1.72	AFS
3130AQEA7	Callable Agency	FHLB 1.05 01/14/25	1.05	01/14/25	7,000	100.00	96.07	-275	1.050	2.54	-7.71	-519	-794	2.59	AFS
3130AQDY6	Callable Agency	FHLB 1 12/30/24	1.00	12/30/24	6,750	100.00	96.04	-267	1.000	2.58	-7.60	-493	-760	2.55	AFS
3133ELK37	Callable Agency	FFCB 0.78 06/16/25	0.78	06/16/25	5,000	100.00	94.64	-268	0.780	3.04	-8.84	-418	-686	3.00	AFS
3133EMUP5	Callable Agency	FFCB 0.71 04/01/25	0.71	04/01/25	5,000	100.00	94.79	-260	0.710	3.00	-8.33	-395	-655	2.83	AFS
3130AN5C0	Callable Agency	FHLB 1.05 04/29/26	1.05	04/29/26	4,000	100.00	94.13	-235	1.050	3.83	-10.86	-409	-644	3.61	AFS
			0.84		72,750	100.00	95.32	-3,407	0.836	2.88	-8.30	-5,757	-9,164	2.81	

Top 10 Average Life Extension Up 300bps

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	% Px Δ +300	Eff. Dur	WAL	WAL +300	Chg in WAL	INT
3133ENHW3	Callable Agency	FFCB 1.17 06/23/25	1.17	06/23/25	10,000	100.00	95.73	-427	1.170	-8.78	2.91	2.81	3.23	0.42	AFS
3133ENJC5	Callable Agency	FFCB 1.29 12/22/26	1.29	12/22/26	5,000	100.00	94.08	-296	1.290	-12.19	4.00	4.31	4.73	0.42	AFS
3130AQEA7	Callable Agency	FHLB 1.05 01/14/25	1.05	01/14/25	7,000	100.00	96.07	-275	1.050	-7.71	2.59	2.54	2.79	0.25	AFS
3130AN5C0	Callable Agency	FHLB 1.05 04/29/26	1.05	04/29/26	4,000	100.00	94.13	-235	1.050	-10.86	3.61	3.83	4.08	0.25	AFS
3130AQDY6	Callable Agency	FHLB 1 12/30/24	1.00	12/30/24	6,750	100.00	96.04	-267	1.000	-7.60	2.55	2.58	2.75	0.17	AFS
3133ELK37	Callable Agency	FFCB 0.78 06/16/25	0.78	06/16/25	5,000	100.00	94.64	-268	0.780	-8.84	3.00	3.04	3.21	0.17	AFS
3130AMHH8	Callable Agency	FHLB 0.41 08/01/24	0.41	08/01/24	4,000	100.00	95.46	-182	0.410	-6.60	2.27	2.17	2.34	0.17	AFS
30231GAR3	Industrial	XOM 2.726 03/01/23	2.73	03/01/23	1,000	100.00	100.73	7	2.727	-2.64	0.84	0.75	0.92	0.17	AFS
92826CAC6	Finance	V 2.8 12/14/22	2.80	12/14/22	1,500	100.00	100.79	12	2.800	-1.99	0.59	0.54	0.71	0.17	AFS
594918BH6	Industrial	MSFT 2.65 11/03/22	2.65	11/03/22	1,000	100.00	100.54	5	2.651	-1.68	0.48	0.43	0.59	0.17	AFS
			1.14		45,250	100.00	95.74	-1,926	1.140	-8.26	2.76	2.79	3.06	0.27	

Agency - CUSIP Detail

CUSIP Security Description	Ticker	Par	Cpn Type Coupon	Next Call Dt Call Type	Step Date Step Cpn	Maturity Proj. Final	Book Price Value	 Yield	Market Price Value	 bp⟶ call Yield	Gain/(Loss) % $	% Px Δ -100 +300	Eff. Dur Cvx	ESG/Gr Intent
91282CBA8			Fixed			12/23	100.00		96.52		-3.5%	1.7	1.72	
T 0 1/8 12/15/23	T	10,000	0.125			12/15/23	10,000	0.12	9,652	2.21	-348	-5.0	0.03	AFS
91282CBA8			Fixed			12/23	100.00		96.52		-3.5%	1.7	1.72	
T 0 1/8 12/15/23	T	5,000	0.125			12/15/23	5,000	0.12	4,826	2.21	-174	-5.0	0.03	AFS
9128285U0			Fixed			12/23	100.00		100.67		0.7%	1.8	1.72	
T 2 5/8 12/31/23	T	5,000	2.625			12/31/23	5,000	2.63	5,034	2.24	34	-5.1	0.04	AFS
912828V23			Fixed			12/23	100.00		100.03		0.0%	1.8	1.73	
T 2 1/4 12/31/23	T	5,000	2.250			12/31/23	5,000	2.25	5,002	2.24	2	-5.1	0.04	AFS
912828V23			Fixed			12/23	100.00		100.03		0.0%	1.8	1.73	
T 2 1/4 12/31/23	T	4,000	2.250			12/31/23	4,000	2.25	4,001	2.24	1	-5.1	0.04	AFS
9128286R6			Fixed			04/24	100.00		99.80		-0.2%	2.1	2.01	
T 2 1/4 04/30/24	T	5,000	2.250			04/30/24	5,000	2.25	4,990	2.35	-10	-5.9	0.05	AFS
91282CDN8			Fixed			12/24	100.00		96.19		-3.8%	2.7	2.64	
T 1 12/15/24	T	10,000	1.000			12/15/24	10,000	1.00	9,619	2.46	-381	-7.6	0.08	AFS
91282CDN8			Fixed			12/24	100.00		96.19		-3.8%	2.7	2.64	
T 1 12/15/24	T	5,000	1.000			12/15/24	5,000	1.00	4,809	2.46	-191	-7.6	0.08	AFS
91282CDN8			Fixed			12/24	100.00		96.19		-3.8%	2.7	2.64	
T 1 12/15/24	T	5,000	1.000			12/15/24	5,000	1.00	4,809	2.46	-191	-7.6	0.08	AFS
9128283P3			Fixed			12/24	100.00		99.42		-0.6%	2.7	2.64	
T 2 1/4 12/31/24	T	3,000	2.250			12/31/24	3,000	2.25	2,983	2.47	-17	-7.6	0.09	AFS
912828N30			Fixed			12/22	100.00		100.50		0.5%	0.8	0.76	
T 2 1/8 12/31/22	T	3,000	2.125			12/31/22	3,000	2.13	3,015	1.46	15	-2.2	0.01	AFS
9128284S6			Fixed			05/23	100.00		100.98		1.0%	1.2	1.16	
T 2 3/4 05/31/23	T	2,815	2.750			05/31/23	2,815	2.75	2,843	1.89	28	-3.4	0.02	AFS
9128285T3			Fixed			12/25	100.00		100.45		0.5%	3.6	3.54	
T 2 5/8 12/31/25	T	3,000	2.625			12/31/25	3,000	2.62	3,014	2.50	14	-10.1	0.15	AFS
9128285T3			Fixed			12/25	100.00		100.45		0.5%	3.6	3.54	
T 2 5/8 12/31/25	T	5,000	2.625			12/31/25	5,000	2.62	5,023	2.50	23	-10.1	0.15	AFS
9128286F2			Fixed			02/26	100.00		99.97		0.0%	3.8	3.71	
T 2 1/2 02/28/26	T	3,000	2.500			02/28/26	3,000	2.50	2,999	2.51	-1	-10.5	0.16	AFS
Treasury							100.00		98.38		-1.6%	2.3	2.24	
		73,815	1.570				73,815	1.57	72,617	2.30	-1,198	-6.5	0.07	
3135G06G3			Fixed			11/25	100.00		93.19		-6.8%	3.6	3.53	
FNMA 0 1/2 11/07/25	FNMA	3,000	0.500			11/07/25	3,000	0.50	2,796	2.49	-204	-10.0	0.14	AFS

Agency - CUSIP Detail

CUSIP Security Description	Ticker	Par	Cpn Type Coupon	Next Call Dt Call Type	Step Date Step Cpn	Maturity Proj. Final	Book Price Value	 Yield	Market Price Value	 bp⟶ call Yield	Gain/(Loss) % $	% Px Δ -100 +300	Eff. Dur Cvx	ESG/Gr Intent
3133EKPT7			Fixed			06/23	100.00		100.27		0.3%	1.2	1.18	
FFCB 2 1/8 06/05/23	FFCB	5,000	2.125			06/05/23	5,000	2.12	5,013	1.89	13	-3.5	0.02	AFS
3133EJYM5			Fixed			09/25	100.00		101.66		1.7%	3.3	3.25	
FFCB 3.02 09/04/25	FFCB	1,000	3.020			09/04/25	1,000	3.02	1,017	2.51	17	-9.2	0.12	AFS
3133EJYM5			Fixed			09/25	100.00		101.66		1.7%	3.3	3.25	
FFCB 3.02 09/04/25	FFCB	2,000	3.020			09/04/25	2,000	3.02	2,033	2.51	33	-9.2	0.12	AFS
Agency Bullet							100.00		98.72		-1.3%	2.4	2.36	
		11,000	1.926				11,000	1.93	10,859	2.22	-141	-6.8	0.08	
3133ENJC5			Fixed	12/22/23		07/26	100.00		94.08	-177	-5.9%	3.9	4.00	
FFCB 1.29 12/22/26	FFCB	5,000	1.290	Anytime		12/22/26	5,000	1.29	4,704	2.76	-296	-12.2	-0.24	AFS
3134GWUG9			Fixed	06/24/22		09/25	100.00		93.52	-247	-6.5%	3.3	3.30	
FHLMC 0.57 09/24/25	FHLMC	10,000	0.570	Quarterly		09/24/25	10,000	0.57	9,352	2.53	-648	-9.6	0.01	AFS
3134GXBM5			Fixed	05/12/22		11/25	100.00		93.32	-252	-6.7%	3.4	3.40	
FHLMC 0.6 11/12/25	FHLMC	1,150	0.600	Quarterly		11/12/25	1,150	0.60	1,073	2.55	-77	-9.9	0.00	AFS
3130AMRQ7			Fixed	06/30/22		12/25	100.00		94.03	-227	-6.0%	3.4	3.42	
FHLB 0 7/8 12/30/25	FHLB	3,000	0.875	Quarterly		12/30/25	3,000	0.87	2,821	2.55	-179	-10.1	-0.15	AFS
3130AN5C0			Fixed	04/29/22		01/26	100.00		94.13	-210	-5.9%	3.5	3.61	
FHLB 1.05 04/29/26	FHLB	4,000	1.050	Quarterly		04/29/26	4,000	1.05	3,765	2.67	-235	-10.9	-0.16	AFS
3133EMUP5			Fixed	04/13/22		04/25	100.00		94.79	-235	-5.2%	2.8	2.83	
FFCB 0.71 04/01/25	FFCB	5,000	0.710	Anytime		04/01/25	5,000	0.71	4,740	2.52	-260	-8.3	-0.05	AFS
3133ENHW3			Fixed	04/13/22		01/25	100.00		95.73	-187	-4.3%	2.8	2.91	
FFCB 1.17 06/23/25	FFCB	10,000	1.170	Anytime		06/23/25	10,000	1.17	9,573	2.76	-427	-8.8	-0.11	AFS
3133ELK37			Fixed	04/13/22		04/25	100.00		94.64	-227	-5.4%	3.0	3.00	
FFCB 0.78 06/16/25	FFCB	5,000	0.780	Anytime		06/16/25	5,000	0.78	4,732	2.62	-268	-8.8	-0.07	AFS
3136G4ZP1			Fixed	04/30/22		07/25	100.00		93.96	-246	-6.0%	3.1	3.14	
FNMA 0.65 07/30/25	FNMA	3,500	0.650	Quarterly		07/30/25	3,500	0.65	3,288	2.55	-212	-9.2	-0.02	AFS
3133EL2X1			Fixed	04/13/22		04/24	100.00		96.06	-229	-3.9%	2.0	2.04	
FFCB 0.42 05/06/24	FFCB	2,000	0.420	Anytime		05/06/24	2,000	0.42	1,921	2.44	-79	-6.0	0.01	AFS
3130AMQR6			Fixed	06/07/22		06/24	100.00		95.69	-234	-4.3%	2.1	2.13	
FHLB 0.35 06/07/24	FHLB	3,000	0.350	Quarterly		06/07/24	3,000	0.35	2,871	2.38	-129	-6.2	0.02	AFS
3130AMHH8			Fixed	06/01/22		06/24	100.00		95.46	-236	-4.5%	2.3	2.27	
FHLB 0.41 08/01/24	FHLB	4,000	0.410	Quarterly		08/01/24	4,000	0.41	3,818	2.58	-182	-6.6	0.02	AFS
3130AQDY6			Fixed	06/30/22		10/24	100.00		96.04	-193	-4.0%	2.5	2.55	
FHLB 1 12/30/24	FHLB	6,750	1.000	Anytime		12/30/24	6,750	1.00	6,483	2.60	-267	-7.6	-0.06	AFS

Agency - CUSIP Detail

CUSIP Security Description	Ticker	Par	Cpn Type Coupon	Next Call Dt Call Type	Step Date Step Cpn	Maturity Proj. Final	Book Price Value	 Yield	Market Price Value	 bp⟶ call Yield	Gain/(Loss) % $	% Px Δ -100 +300	Eff. Dur Cvx	ESG/Gr Intent
3134GWNG7			Fixed	05/27/22		11/24	100.00		94.93	-234	-5.1%	2.6	2.57	
FHLMC 0 1/2 11/27/24	FHLMC	2,000	0.500	Quarterly		11/27/24	2,000	0.50	1,899	2.48	-101	-7.5	0.01	AFS
3130AQEA7			Fixed	04/14/22		10/24	100.00		96.07	-185	-3.9%	2.5	2.59	
FHLB 1.05 01/14/25	FHLB	7,000	1.050	Quarterly		01/14/25	7,000	1.05	6,725	2.66	-275	-7.7	-0.08	AFS
Callable Agency							100.00		94.91		-5.1%	2.9	2.95	
		71,400	0.836				71,400	0.84	67,764	2.61	-3,636	-8.7	-0.07	
Total							100.00		96.82		-3.2%	2.6	2.57	
		156,215	1.260				156,215	1.26	151,240	2.43	-4,975	-7.5	0.01	

Corporate - CUSIP Detail

CUSIP Security Description	Sector Subsector	Par Value	Cpn	Maturity	Index Margin	Rating S&P Moody's	Book Price Value	Yield	Market Price Value	Yield	Gain/(Loss) % $	% Px Δ -100 +300	Eff. Dur Cvx	ESG/Gr Intent
92826CAC6	Finance					AA-	100.00		100.79		0.8%	0.6	0.59	
V 2.8 12/14/22	Other Financial	1,500	2.800	12/14/22		Aa3	1,500	2.80	1,512	1.33	12	-2.0	-0.06	AFS
Finance						AA-	100.00		100.79		0.8%	0.6	0.59	
		1,500	2.800			Aa3	1,500	2.80	1,512	1.33	12	-2.0	-0.06	
037833BF6	Industrial					AA+	100.00		100.19		0.2%	0.1	0.12	
AAPL 2.7 05/13/22	Manufacturing	1,000	2.700	05/13/22		Aaa	1,000	2.69	1,002	1.08	2	-0.4	0.00	AFS
594918BH6	Industrial					AAA	100.00		100.54		0.5%	0.5	0.48	
MSFT 2.65 11/03/22	Manufacturing	1,000	2.650	11/03/22		Aaa	1,000	2.65	1,005	1.38	5	-1.7	-0.06	AFS
037833DE7	Industrial					AA+	100.00		100.69		0.7%	0.7	0.75	
AAPL 2.4 01/13/23	Manufacturing	1,000	2.400	01/13/23		Aaa	1,000	2.40	1,007	1.41	7	-2.3	-0.04	AFS
30231GAR3	Industrial					AA-	100.00		100.73		0.7%	0.8	0.84	
XOM 2.726 03/01/23	Energy Company	1,000	2.726	03/01/23		Aa2	1,000	2.73	1,007	1.75	7	-2.6	-0.04	AFS
30231GBL5	Industrial					AA-	100.00		99.65		-0.3%	1.1	1.04	
XOM 1.571 04/15/23	Energy Company	5,000	1.571	04/15/23		Aa2	5,000	1.57	4,983	1.91	-17	-3.1	0.01	AFS
166764BV1	Industrial					AA-	100.00		98.87		-1.1%	1.1	1.11	
CVX 1.141 05/11/23	Energy Company	2,075	1.141	05/11/23		Aa2	2,075	1.14	2,052	2.17	-23	-3.3	0.02	AFS
Industrial						AA	100.00		99.83		-0.2%	0.9	0.87	
		11,075	1.869			Aa1	11,075	1.87	11,056	1.77	-19	-2.6	0.00	
Total						AA	100.00		99.94		-0.1%	0.8	0.84	
		12,575	1.980			Aa1	12,575	1.98	12,568	1.72	-7	-2.6	-0.01	

CD - CUSIP Detail

CUSIP Security Description	Ticker	Par Value	Coupon Type Rate	Step Date Rate	Maturity Proj. Final	Book Price Value	Book Yield	Market Price Value	Market Yield	Gain/(Loss) % $	% Px Δ -100 +300	Effective Dur Cvx	ESG/Gr Intent
05580AMR2			Fixed		05/22	100.00		100.23		0.2%	0.1	0.11	
BMW 2.95 05/11/22	BMW	245	2.950		05/11/22	245	2.89	246	0.88	1	-0.3	0.00	AFS
86063QAN5			Fixed		05/22	100.00		100.25		0.3%	0.1	0.13	
SF 2.85 05/16/22	SF	245	2.850		05/16/22	245	2.83	246	0.85	1	-0.4	0.00	AFS
29278TBF6			Fixed		05/22	100.00		100.28		0.3%	0.1	0.13	
Enerbank USA	29278	245	2.950		05/18/22	245	2.97	246	0.85	1	-0.4	0.00	AFS
51210SMT1			Fixed		05/22	100.00		100.18		0.2%	0.2	0.17	
LAKESD 2 05/31/22	LAKESD	245	2.000		05/31/22	245	2.01	245	0.93	0	-0.5	0.00	AFS
02587CFM7			Fixed		05/22	100.00		100.25		0.3%	0.2	0.17	
AXP 2.4 05/31/22	AXP	245	2.400		05/31/22	245	2.40	246	0.90	1	-0.5	0.00	AFS
61747MX30			Fixed		05/23	100.00		101.79		1.8%	1.1	1.10	
MS 3.15 05/10/23	MS	245	3.150		05/10/23	245	3.14	249	1.51	4	-3.3	0.01	AFS
87164WWF1			Fixed		05/23	100.00		101.80		1.8%	1.1	1.10	
SYF 3.15 05/11/23	SYF	245	3.150		05/11/23	245	3.14	249	1.51	4	-3.3	0.02	AFS
17312QL23			Fixed		05/23	100.00		101.80		1.8%	1.1	1.10	
C 3.15 05/11/23	C	245	3.150		05/11/23	245	3.14	249	1.51	4	-3.3	0.02	AFS
20033AYE0			Fixed		05/23	100.00		101.69		1.7%	1.1	1.11	
ADS 3.1 05/15/23	ADS	245	3.100		05/15/23	245	3.12	249	1.58	4	-3.3	0.02	AFS
NCD						100.00		100.92		0.9%	0.6	0.57	
		2,205	2.856			2,205	2.85	2,225	1.17	20	-1.7	0.01	
Total						100.00		100.92		0.9%	0.6	0.57	
		2,205	2.856			2,205	2.85	2,225	1.17	20	-1.7	0.01	

Other - CUSIP Detail

CUSIP	Ticker	Par Value	Coupon Type Rate	Step Date Rate	Maturity Proj. Final	Book Price Value	Book Yield	Market Price Value	Market Yield	Gain/(Loss) % $	% Px Δ -100 +300	Effective Dur Cvx	ESG/Gr Intent
PLMDLCAMP		249	Fixed 0.300		04/22 04/30/22	100.00 249	0.30	100.00 249	0.30	0.0% 0	0.1 -0.2	0.08 0.00	AFS
PLMDLLAIF		17,711	Fixed 0.780		04/22 04/30/22	100.00 17,711	0.78	100.00 17,711	0.78	0.0% 0	0.1 -0.2	0.08 0.00	AFS
PLMDLLAIF		30,095	Fixed 0.780		04/22 04/30/22	100.00 30,095	0.78	100.00 30,095	0.78	0.0% 0	0.1 -0.2	0.08 0.00	AFS
PLMDLLAIF		17,221	Fixed 0.780		04/22 04/30/22	100.00 17,221	0.78	100.00 17,221	0.78	0.0% 0	0.1 -0.2	0.08 0.00	AFS
Cash & Other		65,275	0.778			100.00 65,275	0.78	100.00 65,275	0.78	0.0% 0	0.1 -0.2	0.08 0.00	
Total		65,275	0.778			100.00 65,275	0.78	100.00 65,275	0.78	0.0% 0	0.1 -0.2	0.08 0.00	

Shocked CUSIP Analysis

		-200		-100		Base		+100		+200		+300		+400	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
	2,000	74	3.83%	39	2.05%	0	0.00%	-39	-2.03%	-77	-4.02%	-115	-5.96%	-151	-7.86%
3133EL2X1	0.42	99.74	1.03	98.03	1.75	96.06	2.44	94.11	3.35	92.19	4.35	90.33	5.35	88.51	6.35
FFCB 0.42 05/06/24	05/06/2024		0.43		1.51	2.04	2.01		2.10		2.10		2.10		2.10
	5,000	242	5.11%	133	2.81%	0	0.00%	-135	-2.84%	-267	-5.63%	-395	-8.33%	-519	-10.94%
3133EMUP5	0.71	99.64	1.07	97.46	1.87	94.79	2.52	92.10	3.50	89.46	4.50	86.90	5.50	84.42	6.50
FFCB 0.71 04/01/25	04/01/2025		1.00		2.25	2.83	3.00		3.00		3.00		3.00		3.00
	5,000	254	5.37%	140	2.97%	0	0.00%	-143	-3.01%	-283	-5.97%	-418	-8.84%	-550	-11.61%
3133ELK37	0.78	99.72	1.05	97.45	1.81	94.64	2.62	91.79	3.50	88.99	4.50	86.27	5.50	83.65	6.50
FFCB 0.78 06/16/25	06/16/2025		1.04		2.54	3.00	3.04		3.21		3.21		3.21		3.21
	10,000	445	4.65%	270	2.82%	0	0.00%	-283	-2.96%	-566	-5.91%	-840	-8.78%	-1,106	-11.55%
3133ENHW3	1.17	100.18	-8.01	98.43	1.95	95.73	2.76	92.90	3.52	90.07	4.51	87.33	5.50	84.67	6.51
FFCB 1.17 06/23/25	06/23/2025		0.02		2.06	2.91	2.81		3.23		3.23		3.23		3.23
	5,000	333	7.08%	183	3.88%	0	0.00%	-193	-4.10%	-386	-8.21%	-573	-12.19%	-753	-16.00%
3133ENJC5	1.29	100.74	0.86	97.73	1.95	94.08	2.76	90.23	3.55	86.36	4.53	82.61	5.52	79.03	6.52
FFCB 1.29 12/22/26	12/22/2026		1.73		3.56	4.00	4.31		4.73		4.73		4.73		4.73
	5,000	120	2.40%	60	1.19%	0	0.00%	-59	-1.17%	-117	-2.33%	-174	-3.47%	-231	-4.60%
3133EKPT7	2.13	102.68	-0.14	101.46	0.87	100.27	1.89	99.09	2.91	97.93	3.93	96.79	4.96	95.66	5.99
FFCB 2 1/8 06/05/23	06/05/2023		1.18		1.18	1.18	1.18		1.18		1.18		1.18		1.18
	1,000	69	6.77%	34	3.32%	0	0.00%	-32	-3.19%	-64	-6.27%	-94	-9.22%	-123	-12.07%
3133EJYM5	3.02	108.54	0.50	105.04	1.51	101.66	2.51	98.42	3.51	95.29	4.52	92.29	5.52	89.39	6.52
FFCB 3.02 09/04/25	09/04/2025		3.43		3.43	3.25	3.43		3.43		3.43		3.43		3.43
	2,000	138	6.77%	67	3.32%	0	0.00%	-65	-3.19%	-127	-6.27%	-188	-9.22%	-245	-12.07%
3133EJYM5	3.02	108.54	0.50	105.04	1.51	101.66	2.51	98.42	3.51	95.29	4.52	92.29	5.52	89.39	6.52
FFCB 3.02 09/04/25	09/04/2025		3.43		3.43	3.25	3.43		3.43		3.43		3.43		3.43
	3,000	169	6.00%	95	3.36%	0	0.00%	-97	-3.45%	-193	-6.86%	-286	-10.15%	-376	-13.32%
3130AMRQ7	0.88	99.67	1.14	97.19	1.84	94.03	2.55	90.78	3.52	87.58	4.51	84.48	5.51	81.51	6.51
FHLB 0 7/8 12/30/25	12/30/2025		1.25		3.00	3.42	3.75		3.75		3.75		3.75		3.75
	3,000	118	4.10%	62	2.14%	0	0.00%	-61	-2.12%	-120	-4.19%	-178	-6.20%	-234	-8.17%
3130AMQR6	0.35	99.61	0.92	97.74	1.71	95.69	2.38	93.66	3.38	91.68	4.38	89.75	5.38	87.88	6.38
FHLB 0.35 06/07/24	06/07/2024		0.69		1.69	2.13	2.19		2.19		2.19		2.19		2.19

Shocked CUSIP Analysis

		-200		-100		Base		+100		+200		+300		+400	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
	4,000	165	4.33%	87	2.28%	0	0.00%	-86	-2.25%	-170	-4.46%	-252	-6.60%	-331	-8.68%
3130AMHH8	0.41	99.59	1.03	97.63	1.86	95.46	2.58	93.30	3.42	91.20	4.41	89.16	5.41	87.17	6.41
FHLB 0.41 08/01/24	08/01/2024		0.67		1.67	2.27	2.17		2.34		2.34		2.34		2.34
	6,750	279	4.31%	162	2.50%	0	0.00%	-167	-2.58%	-332	-5.12%	-493	-7.60%	-649	-10.01%
3130AQDY6	1.00	100.17	0.30	98.44	1.87	96.04	2.60	93.56	3.47	91.12	4.47	88.74	5.47	86.43	6.47
FHLB 1 12/30/24	12/30/2024		0.25		1.83	2.55	2.58		2.75		2.75		2.75		2.75
	7,000	283	4.21%	171	2.54%	0	0.00%	-176	-2.61%	-349	-5.20%	-519	-7.71%	-682	-10.15%
3130AQEA7	1.05	100.11	-1.79	98.51	1.90	96.07	2.66	93.56	3.49	91.08	4.49	88.66	5.49	86.32	6.49
FHLB 1.05 01/14/25	01/14/2025		0.04		1.79	2.59	2.54		2.79		2.79		2.79		2.79
	4,000	233	6.19%	133	3.53%	0	0.00%	-138	-3.68%	-276	-7.32%	-409	-10.86%	-536	-14.25%
3130AN5C0	1.05	99.96	1.10	97.45	1.91	94.13	2.67	90.67	3.52	87.24	4.51	83.91	5.51	80.72	6.50
FHLB 1.05 04/29/26	04/29/2026		0.83		3.08	3.61	3.83		4.08		4.08		4.08		4.08
	2,000	92	4.86%	49	2.57%	0	0.00%	-48	-2.55%	-96	-5.04%	-142	-7.45%	-186	-9.80%
3134GWNG7	0.50	99.55	1.00	97.37	1.75	94.93	2.48	92.51	3.47	90.15	4.47	87.86	5.47	85.64	6.47
FHLMC 0 1/2 11/27/24	11/27/2024		0.91		2.16	2.57	2.66		2.66		2.66		2.66		2.66
	10,000	573	6.12%	306	3.28%	0	0.00%	-307	-3.28%	-607	-6.50%	-897	-9.60%	-1,177	-12.58%
3134GWUG9	0.57	99.24	1.01	96.58	1.86	93.52	2.53	90.44	3.51	87.44	4.51	84.54	5.51	81.75	6.51
FHLMC 0.57 09/24/25	09/24/2025		1.73		2.73	3.30	3.48		3.48		3.48		3.48		3.48
	1,150	67	6.29%	36	3.38%	0	0.00%	-36	-3.40%	-72	-6.72%	-107	-9.92%	-140	-13.01%
3134GXBM5	0.60	99.19	1.04	96.47	1.87	93.32	2.55	90.15	3.53	87.05	4.52	84.06	5.52	81.18	6.53
FHLMC 0.6 11/12/25	11/12/2025		1.87		2.87	3.40	3.62		3.62		3.62		3.62		3.62
	3,000	206	7.38%	101	3.61%	0	0.00%	-97	-3.47%	-190	-6.80%	-280	-10.00%	-366	-13.08%
3135G06G3	0.50	100.06	0.48	96.56	1.49	93.19	2.49	89.95	3.49	86.85	4.49	83.87	5.50	81.00	6.50
FNMA 0 1/2 11/07/25	11/07/2025		3.60		3.60	3.53	3.60		3.60		3.60		3.60		3.60
	3,500	190	5.77%	103	3.12%	0	0.00%	-103	-3.14%	-204	-6.21%	-302	-9.19%	-396	-12.05%
3136G4ZP1	0.65	99.38	1.05	96.89	1.89	93.96	2.55	91.01	3.53	88.12	4.53	85.32	5.53	82.63	6.53
FNMA 0.65 07/30/25	07/30/2025		1.58		2.58	3.14	3.33		3.33		3.33		3.33		3.33
	10,000	339	3.51%	168	1.74%	0	0.00%	-165	-1.70%	-326	-3.38%	-484	-5.02%	-639	-6.62%
91282CBA8	0.13	99.91	0.18	98.19	1.20	96.52	2.21	94.87	3.23	93.26	4.26	91.67	5.28	90.12	6.31
T 0 1/8 12/15/23	12/15/2023		1.71		1.71	1.72	1.71		1.71		1.71		1.71		1.71

Shocked CUSIP Analysis

		-200		-100		Base		+100		+200		+300		+400	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
	5,000	169	3.51%	84	1.74%	0	0.00%	-82	-1.70%	-163	-3.38%	-242	-5.02%	-320	-6.62%
91282CBA8	0.13	99.91	0.18	98.19	1.20	96.52	2.21	94.87	3.23	93.26	4.26	91.67	5.28	90.12	6.31
T 0 1/8 12/15/23	12/15/2023		1.71		1.71	1.72	1.71		1.71		1.71		1.71		1.71
	5,000	263	5.47%	129	2.69%	0	0.00%	-125	-2.61%	-247	-5.13%	-364	-7.58%	-478	-9.95%
91282CDN8	1.00	101.45	0.46	98.78	1.46	96.19	2.46	93.68	3.47	91.25	4.47	88.90	5.47	86.62	6.46
T 1 12/15/24	12/15/2024		2.71		2.71	2.64	2.71		2.71		2.71		2.71		2.71
	5,000	263	5.47%	129	2.69%	0	0.00%	-125	-2.61%	-247	-5.13%	-364	-7.58%	-478	-9.95%
91282CDN8	1.00	101.45	0.46	98.78	1.46	96.19	2.46	93.68	3.47	91.25	4.47	88.90	5.47	86.62	6.46
T 1 12/15/24	12/15/2024		2.71		2.71	2.64	2.71		2.71		2.71		2.71		2.71
	10,000	526	5.47%	259	2.69%	0	0.00%	-251	-2.61%	-494	-5.13%	-729	-7.58%	-957	-9.95%
91282CDN8	1.00	101.45	0.46	98.78	1.46	96.19	2.46	93.68	3.47	91.25	4.47	88.90	5.47	86.62	6.46
T 1 12/15/24	12/15/2024		2.71		2.71	2.64	2.71		2.71		2.71		2.71		2.71
	3,000	233	7.76%	114	3.80%	0	0.00%	-109	-3.64%	-213	-7.12%	-314	-10.45%	-409	-13.65%
9128286F2	2.50	107.73	0.51	103.76	1.51	99.97	2.51	96.33	3.51	92.85	4.51	89.52	5.51	86.32	6.51
T 2 1/2 02/28/26	02/28/2026		3.92		3.92	3.71	3.92		3.92		3.92		3.92		3.92
	5,000	208	4.16%	102	2.05%	0	0.00%	-100	-2.00%	-197	-3.95%	-292	-5.85%	-385	-7.71%
9128286R6	2.25	103.95	0.35	101.85	1.35	99.80	2.35	97.80	3.35	95.85	4.35	93.96	5.35	92.11	6.35
T 2 1/4 04/30/24	04/30/2024		2.08		2.08	2.01	2.08		2.08		2.08		2.08		2.08
	4,000	142	3.55%	70	1.76%	0	0.00%	-69	-1.72%	-136	-3.41%	-203	-5.06%	-267	-6.68%
912828V23	2.25	103.58	0.20	101.79	1.22	100.03	2.24	98.31	3.26	96.62	4.28	94.97	5.30	93.35	6.33
T 2 1/4 12/31/23	12/31/2023		1.75		1.75	1.73	1.75		1.75		1.75		1.75		1.75
	5,000	178	3.55%	88	1.76%	0	0.00%	-86	-1.72%	-171	-3.41%	-253	-5.06%	-334	-6.68%
912828V23	2.25	103.58	0.20	101.79	1.22	100.03	2.24	98.31	3.26	96.62	4.28	94.97	5.30	93.35	6.33
T 2 1/4 12/31/23	12/31/2023		1.75		1.75	1.73	1.75		1.75		1.75		1.75		1.75
	3,000	164	5.49%	81	2.70%	0	0.00%	-78	-2.61%	-153	-5.14%	-227	-7.60%	-297	-9.97%
9128283P3	2.25	104.88	0.47	102.11	1.47	99.42	2.47	96.82	3.47	94.31	4.47	91.87	5.48	89.51	6.48
T 2 1/4 12/31/24	12/31/2024		2.75		2.75	2.64	2.75		2.75		2.75		2.75		2.75
	3,000	46	1.53%	23	0.76%	0	0.00%	-23	-0.76%	-45	-1.50%	-68	-2.24%	-90	-2.98%
912828N30	2.13	102.04	-0.58	101.27	0.44	100.50	1.46	99.74	2.48	98.99	3.51	98.24	4.54	97.51	5.57
T 2 1/8 12/31/22	12/31/2022		0.75		0.75	0.76	0.75		0.75		0.75		0.75		0.75

Shocked CUSIP Analysis

		-200		-100		Base		+100		+200		+300		+400	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
	2,815	67	2.37%	33	1.18%	0	0.00%	-33	-1.16%	-65	-2.30%	-97	-3.43%	-129	-4.54%
9128284S6	2.75	103.38	-0.14	102.17	0.88	100.98	1.89	99.81	2.91	98.66	3.94	97.52	4.96	96.40	5.99
T 2 3/4 05/31/23	05/31/2023		1.17		1.17	1.16	1.17		1.17		1.17		1.17		1.17
	5,000	178	3.54%	88	1.75%	0	0.00%	-86	-1.72%	-171	-3.40%	-254	-5.05%	-336	-6.67%
9128285U0	2.63	104.24	0.20	102.44	1.22	100.67	2.24	98.94	3.26	97.25	4.28	95.59	5.30	93.96	6.33
T 2 5/8 12/31/23	12/31/2023		1.75		1.75	1.72	1.75		1.75		1.75		1.75		1.75
	5,000	373	7.43%	183	3.64%	0	0.00%	-175	-3.49%	-343	-6.84%	-505	-10.05%	-660	-13.14%
9128285T3	2.63	107.92	0.49	104.11	1.49	100.45	2.50	96.95	3.50	93.58	4.50	90.36	5.50	87.26	6.51
T 2 5/8 12/31/25	12/31/2025		3.75		3.75	3.54	3.75		3.75		3.75		3.75		3.75
	3,000	224	7.43%	110	3.64%	0	0.00%	-105	-3.49%	-206	-6.84%	-303	-10.05%	-396	-13.14%
9128285T3	2.63	107.92	0.49	104.11	1.49	100.45	2.50	96.95	3.50	93.58	4.50	90.36	5.50	87.26	6.51
T 2 5/8 12/31/25	12/31/2025		3.75		3.75	3.54	3.75		3.75		3.75		3.75		3.75
Treasury/Agency	156,215	7,425	4.91%	3,892	2.57%	0	0.00%	-3,879	-2.56%	-7,676	-5.08%	-11,360	-7.51%	-14,925	-9.87%
	1.26	101.57	-0.11	99.31	1.55	96.82	2.43	94.33	3.39	91.90	4.39	89.54	5.40	87.26	6.40
			1.65		2.33	2.57	2.65		2.73		2.73		2.73		2.73
	1,000	15	1.47%	8	0.74%	0	0.00%	-8	-0.77%	-16	-1.54%	-23	-2.32%	-31	-3.08%
037833DE7	2.40	102.17	-0.68	101.44	0.35	100.69	1.41	99.92	2.52	99.14	3.65	98.36	4.55	97.59	5.58
AAPL 2.4 01/13/23	01/13/2023		0.70		0.70	0.75	0.70		0.70		0.70		0.79		0.79
	1,000	2	0.24%	1	0.12%	0	0.00%	-1	-0.12%	-2	-0.24%	-4	-0.36%	-5	-0.48%
037833BF6	2.70	100.43	-0.92	100.31	0.08	100.19	1.08	100.07	2.09	99.95	3.10	99.83	4.11	99.71	5.13
AAPL 2.7 05/13/22	05/13/2022		0.12		0.12	0.12	0.12		0.12		0.12		0.12		0.12
	2,075	47	2.27%	23	1.13%	0	0.00%	-23	-1.11%	-45	-2.21%	-67	-3.29%	-89	-4.35%
166764BV1	1.14	101.12	0.14	99.99	1.15	98.87	2.17	97.77	3.19	96.69	4.21	95.62	5.24	94.57	6.26
CVX 1.141 05/11/23	05/11/2023		1.11		1.11	1.11	1.11		1.11		1.11		1.11		1.11
	1,000	9	0.89%	5	0.46%	0	0.00%	-5	-0.52%	-11	-1.09%	-17	-1.68%	-23	-2.26%
594918BH6	2.65	101.44	-0.72	101.00	0.30	100.54	1.38	100.02	2.61	99.44	3.99	98.85	4.63	98.27	5.66
MSFT 2.65 11/03/22	11/03/2022		0.43		0.43	0.48	0.43		0.43		0.43		0.59		0.59
	1,500	17	1.13%	9	0.57%	0	0.00%	-9	-0.63%	-20	-1.30%	-30	-1.99%	-41	-2.68%
92826CAC6	2.80	101.92	-0.75	101.36	0.27	100.79	1.33	100.16	2.50	99.48	3.79	98.78	4.57	98.08	5.60
V 2.8 12/14/22	12/14/2022		0.54		0.54	0.59	0.54		0.54		0.54		0.71		0.71

Shocked CUSIP Analysis

		-200		-100		Base		+100		+200		+300		+400	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
	5,000	106	2.12%	52	1.05%	0	0.00%	-52	-1.04%	-103	-2.07%	-153	-3.08%	-203	-4.08%
30231GBL5	1.57	101.77	-0.12	100.70	0.89	99.65	1.91	98.62	2.93	97.60	3.95	96.59	4.97	95.59	6.00
XOM 1.571 04/15/23	04/15/2023		1.04		1.04	1.04	1.04		1.04		1.04		1.04		1.04
	1,000	16	1.61%	8	0.82%	0	0.00%	-9	-0.86%	-18	-1.75%	-27	-2.64%	-36	-3.53%
30231GAR3	2.73	102.35	-0.39	101.56	0.65	100.73	1.75	99.86	2.92	98.96	4.14	98.07	4.90	97.18	5.92
XOM 2.726 03/01/23	03/01/2023		0.75		0.75	0.84	0.75		0.75		0.75		0.92		0.92
Corporate	12,575	212	1.68%	106	0.84%	0	0.00%	-107	-0.85%	-214	-1.71%	-321	-2.56%	-427	-3.40%
	1.98	101.62	-0.33	100.78	0.68	99.94	1.72	99.09	2.79	98.24	3.90	97.39	4.83	96.54	5.86
			0.82		0.82	0.84	0.82		0.82		0.82		0.87		0.87
	245	6	2.26%	3	1.12%	0	0.00%	-3	-1.11%	-5	-2.20%	-8	-3.28%	-11	-4.34%
20033AYE0	3.10	103.99	-0.44	102.83	0.57	101.69	1.58	100.56	2.60	99.45	3.62	98.36	4.64	97.28	5.67
ADS 3.1 05/15/23	05/15/2023		1.13		1.13	1.11	1.13		1.13		1.13		1.13		1.13
	245	1	0.34%	0	0.17%	0	0.00%	0	-0.17%	-1	-0.34%	-1	-0.51%	-2	-0.68%
02587CFM7	2.40	100.59	-1.14	100.42	-0.12	100.25	0.90	100.08	1.92	99.91	2.95	99.74	3.98	99.57	5.01
AXP 2.4 05/31/22	05/31/2022		0.17		0.17	0.17	0.17		0.17		0.17		0.17		0.17
	245	1	0.23%	0	0.12%	0	0.00%	0	-0.11%	-1	-0.23%	-1	-0.34%	-1	-0.46%
05580AMR2	2.95	100.46	-1.12	100.35	-0.12	100.23	0.88	100.11	1.89	100.00	2.90	99.89	3.91	99.77	4.93
BMW 2.95 05/11/22	05/11/2022		0.11		0.11	0.11	0.11		0.11		0.11		0.11		0.11
	245	6	2.26%	3	1.12%	0	0.00%	-3	-1.10%	-5	-2.19%	-8	-3.27%	-11	-4.33%
17312QL23	3.15	104.10	-0.52	102.94	0.50	101.80	1.51	100.68	2.53	99.57	3.54	98.47	4.57	97.39	5.59
C 3.15 05/11/23	05/11/2023		1.11		1.11	1.10	1.11		1.11		1.11		1.11		1.11
	245	1	0.27%	0	0.13%	0	0.00%	0	-0.13%	-1	-0.27%	-1	-0.40%	-1	-0.53%
29278TBF6	2.95	100.55	-1.15	100.41	-0.15	100.28	0.85	100.15	1.86	100.01	2.86	99.88	3.88	99.75	4.89
Enerbank USA	05/18/2022		0.13		0.13	0.13	0.13		0.13		0.13		0.13		0.13
	245	1	0.34%	0	0.17%	0	0.00%	0	-0.17%	-1	-0.34%	-1	-0.51%	-2	-0.67%
51210SMT1	2.00	100.52	-1.11	100.35	-0.09	100.18	0.93	100.01	1.95	99.84	2.98	99.67	4.00	99.51	5.04
LAKESD 2 05/31/22	05/31/2022		0.17		0.17	0.17	0.17		0.17		0.17		0.17		0.17
	245	6	2.25%	3	1.12%	0	0.00%	-3	-1.10%	-5	-2.19%	-8	-3.26%	-11	-4.32%
61747MX30	3.15	104.08	-0.51	102.93	0.50	101.79	1.51	100.67	2.53	99.56	3.55	98.47	4.57	97.39	5.60
MS 3.15 05/10/23	05/10/2023		1.11		1.11	1.10	1.11		1.11		1.11		1.11		1.11

Shocked CUSIP Analysis

		-200		-100		Base		+100		+200		+300		+400	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
	245	1	0.26%	0	0.13%	0	0.00%	0	-0.13%	-1	-0.25%	-1	-0.38%	-1	-0.51%
86063QAN5	2.85	100.51	-1.15	100.38	-0.15	100.25	0.85	100.12	1.86	99.99	2.87	99.87	3.88	99.74	4.90
SF 2.85 05/16/22	05/16/2022		0.13		0.13	0.13	0.13		0.13		0.13		0.13		0.13
	245	6	2.26%	3	1.12%	0	0.00%	-3	-1.10%	-5	-2.19%	-8	-3.27%	-11	-4.33%
87164WWF1	3.15	104.10	-0.52	102.94	0.50	101.80	1.51	100.68	2.53	99.57	3.54	98.47	4.57	97.39	5.59
SYF 3.15 05/11/23	05/11/2023		1.11		1.11	1.10	1.11		1.11		1.11		1.11		1.11
CD	2,205	26	1.17%	13	0.58%	0	0.00%	-13	-0.57%	-25	-1.14%	-38	-1.70%	-50	-2.26%
	2.86	102.10	-0.84	101.51	0.16	100.92	1.17	100.34	2.18	99.77	3.20	99.20	4.22	98.64	5.24
			0.57		0.57	0.57	0.57		0.57		0.57		0.57		0.57
	249	0	0.17%	0	0.08%	0	0.00%	0	-0.08%	0	-0.17%	-1	-0.25%	-1	-0.33%
PLMDLCAMP	0.30	100.17	-1.69	100.08	-0.70	100.00	0.30	99.92	1.30	99.83	2.31	99.75	3.32	99.67	4.34
CAMP	04/30/2022		0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08
	30,095	50	0.17%	25	0.08%	0	0.00%	-25	-0.08%	-50	-0.17%	-75	-0.25%	-100	-0.33%
PLMDLLAIF	0.78	100.17	-1.22	100.08	-0.22	100.00	0.78	99.92	1.79	99.83	2.80	99.75	3.81	99.67	4.83
LAIF	04/30/2022		0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08
	17,221	29	0.17%	14	0.08%	0	0.00%	-14	-0.08%	-29	-0.17%	-43	-0.25%	-57	-0.33%
PLMDLLAIF	0.78	100.17	-1.22	100.08	-0.22	100.00	0.78	99.92	1.79	99.83	2.80	99.75	3.81	99.67	4.83
LAIF	04/30/2022		0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08
	17,711	30	0.17%	15	0.08%	0	0.00%	-15	-0.08%	-29	-0.17%	-44	-0.25%	-59	-0.33%
PLMDLLAIF	0.78	100.17	-1.22	100.08	-0.22	100.00	0.78	99.92	1.79	99.83	2.80	99.75	3.81	99.67	4.83
LAIF	04/30/2022		0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08
Other	65,275	109	0.17%	54	0.08%	0	0.00%	-54	-0.08%	-109	-0.17%	-163	-0.25%	-217	-0.33%
	0.78	100.17	-1.22	100.08	-0.22	100.00	0.78	99.92	1.78	99.83	2.79	99.75	3.81	99.67	4.83
			0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08
Total	236,270	7,772	3.36%	4,065	1.76%	0	0.00%	-4,053	-1.75%	-8,024	-3.47%	-11,882	-5.14%	-15,620	-6.75%
	1.18	101.19	-0.43	99.62	1.00	97.90	1.92	96.18	2.88	94.50	3.89	92.87	4.88	91.29	5.88
	2		1.16		1.62	1.75	1.82		1.88		1.88		1.88		1.88

Portfolio Changes

New Securities 12/2021-3/2022

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent
3130AQEA7	Treasury/Agency	FHLB 1.05 01/14/25	01/14/2025	1.05	7,000,000	100.00	AFS

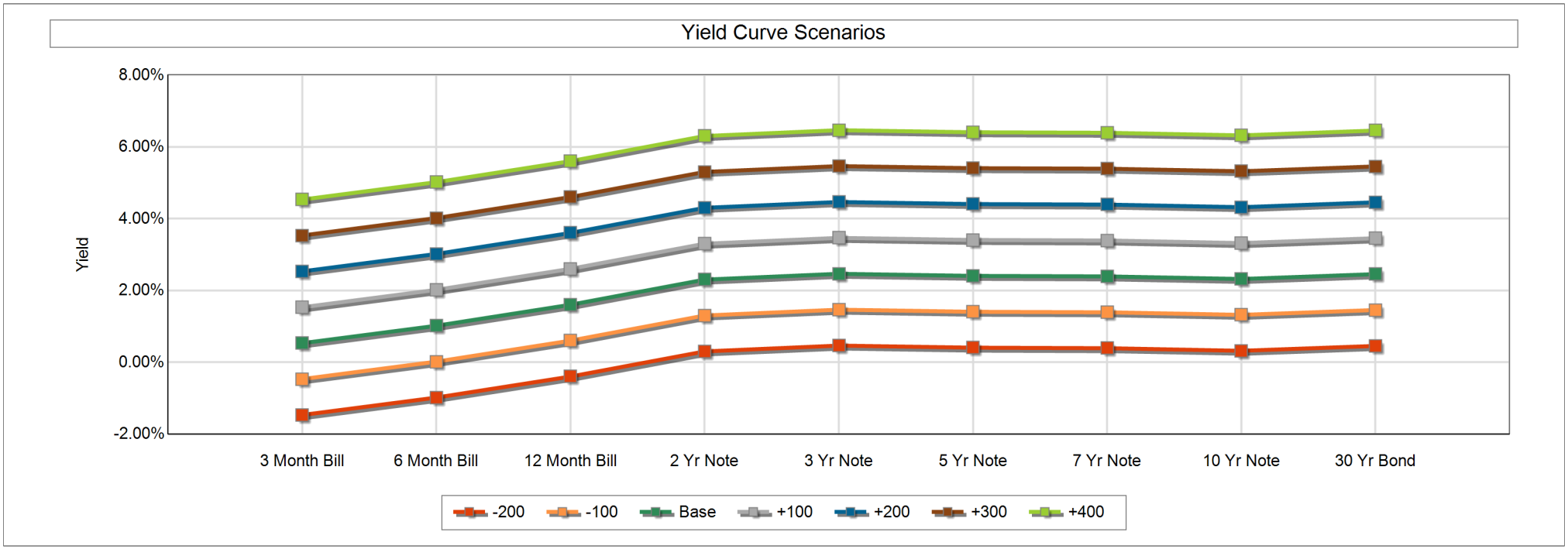
Partial Buy12/2021-3/2022

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent	Redemption Type
PLMDLCAMP	Other	CAMP	04/30/2022	0.30	248,812	100.00	AFS	Same CUSIP buys
PLMDLLAIF	Other	LAIF	04/30/2022	0.78	65,025,968	100.00	AFS	Same CUSIP buys

Shocked Assumptions

Scenarios

	Down 200	Down 100	Base	Up 100	Up 200	Up 300	Up 400
Shift Amount	-200	-100	0	100	200	300	400
Curve Slope Change	0	0	0	0	0	0	0
Shock Horizon	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate
Curve Type	Static	Static	Static	Static	Static	Static	Static
Valuation Date	2022-03-31	2022-03-31	2022-03-31	2022-03-31	2022-03-31	2022-03-31	2022-03-31



Assumptions

Calculation Engine	The Yield Book © and ZM Financial
Cash Flow Model	The Yield Book ©
Curve Date	Same as Portfolio As Of Date
Curve Type Used	Swap Curve
Curve Shape	Immediate Sustained Parallel Shocks
Price Shock Methodology	Constant OAS for fixed rate securities; immediate market shift for floating rate securities
Horizon Period	Immediate Time Horizon
Reinvestment Rate	3 Month T-Bill
Cost of Funds	1.00%
Tax Rate	21.0%

Additional Information

Rolloff Yield - Rolloff Yield is the weighted average yield of the cashflows (maturities, calls and paydowns) that roll off during the noted time period. Ending Book Yield is the weighted average yield of the remaining securities at the noted time period.

Shocked Scenarios - All shocked scenarios are instant and parallel and assume a sustained rate cycle from that point on. LIBOR OAS is held constant in order to generate shocked market scenarios and The Yieldbook was used to generate the projected cash flows. In shocked scenarios, 0.01% is considered the floor.

Bonds Likely to be Called - The page identifies all callable agencies which will either be called or mature in the next 12 months in any of the shocked scenarios. The methodology used to determine the call assumes a small internal margin to account for the "cost to call."

Municipals - For taxable institutions, the above tax rate detailed - along with TEFRA adjustments for BQs - is used to calculate TEY unless otherwise input. Ratings are a blend of Moody's and Standard & Poors.

Duration - Duration in the shocked detail section is generated by Yield Book.

Original Face - If original face was not supplied, original face was estimated by dividing current face by current factor.

Yields- All yields are Yield to Projected Scenario. (Assumes 100% of The Yield Book prepayment model).

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STIFEL | Fixed Income Strategy

Portfolio Review and Analysis Prepared for:

City of Palmdale - Successor Agency

Palmdale, CA

As of Date: 03/31/2022

Pricing as of: 03/31/2022

Date of Analysis: 04/07/2022

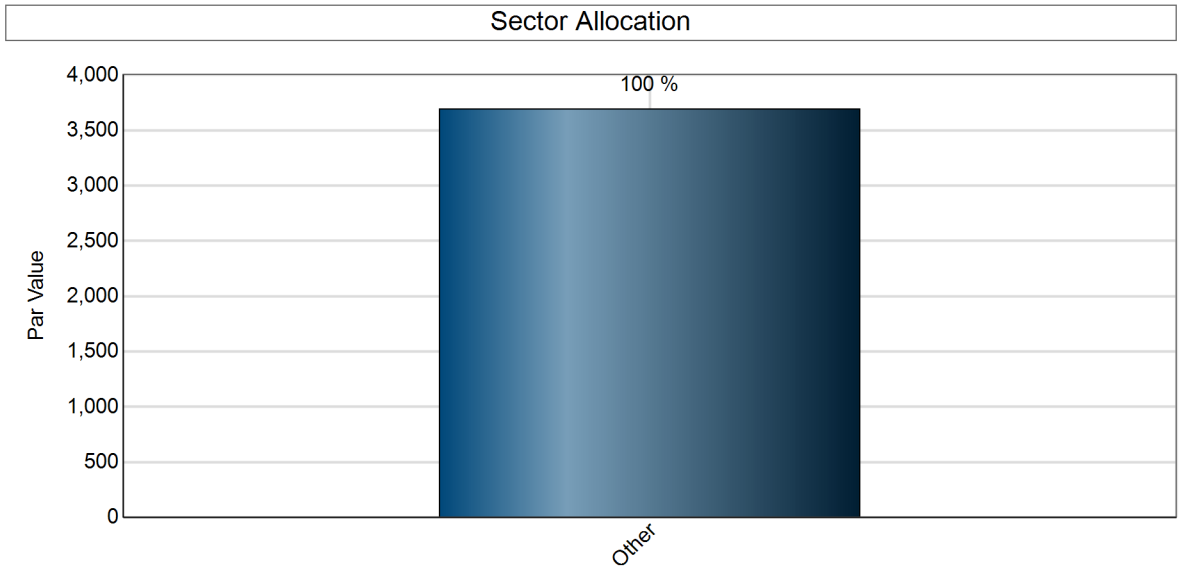
Account Executive: Bill Blackwill

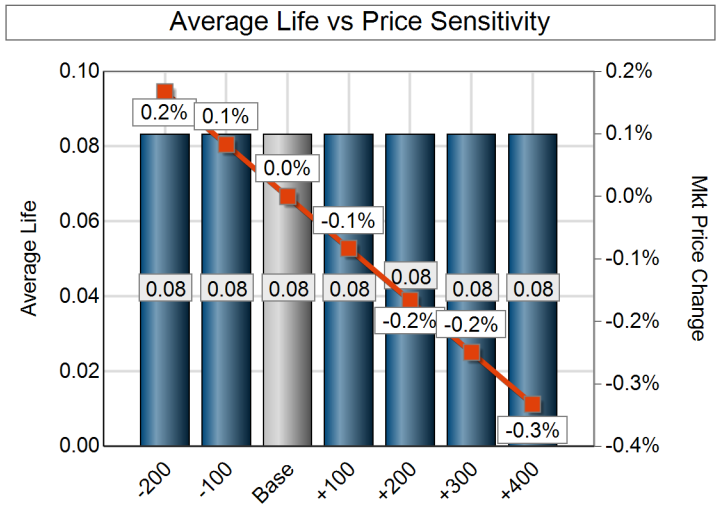
For Distribution to Institutional Clients Only

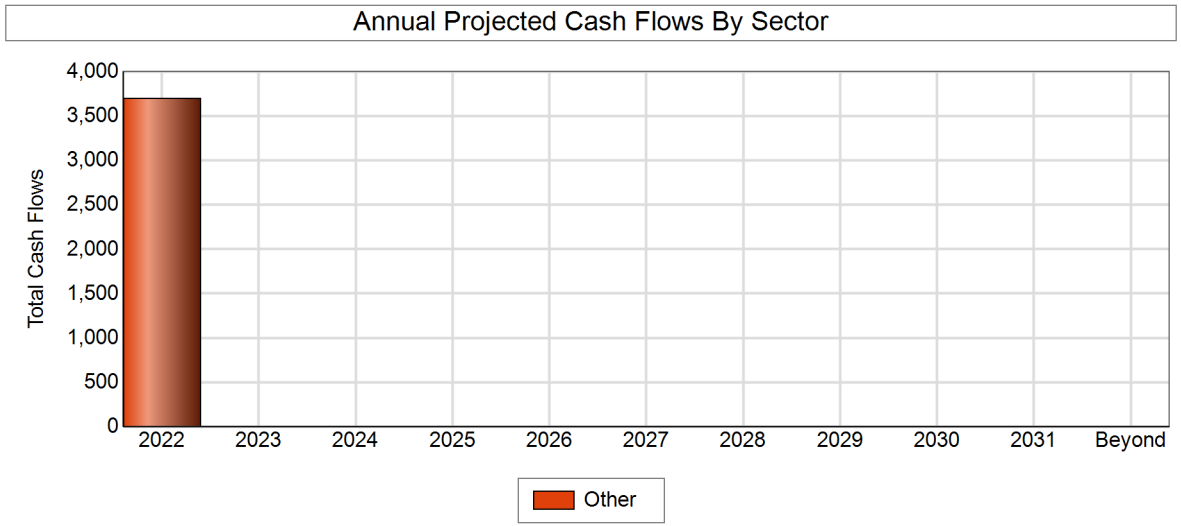
REFER TO THE LAST PAGE OF THIS REPORT FOR STIFEL FIXED INCOME CAPITAL MARKETS DISCLOSURES

Portfolio Overview

Book Value	**3,698**
# Securities	1
Average Size (Book)	3,698
Book Yield	0.78
Market Yield	0.78
$ Gain/Loss	0
% Gain/Loss	0.0%
Average Life	0.08
Average Life +300bps	0.08
% Price Change +100bps	-0.08
% Price Change +300bps	-0.25
Effective Duration	0.08
Effective Convexity	0.00
AFS / HTM%	100% / 0%
Fixed / Floating	100% / 0%
ESG/Green Par (000's)	$0 / $0







Historical Portfolio Overview

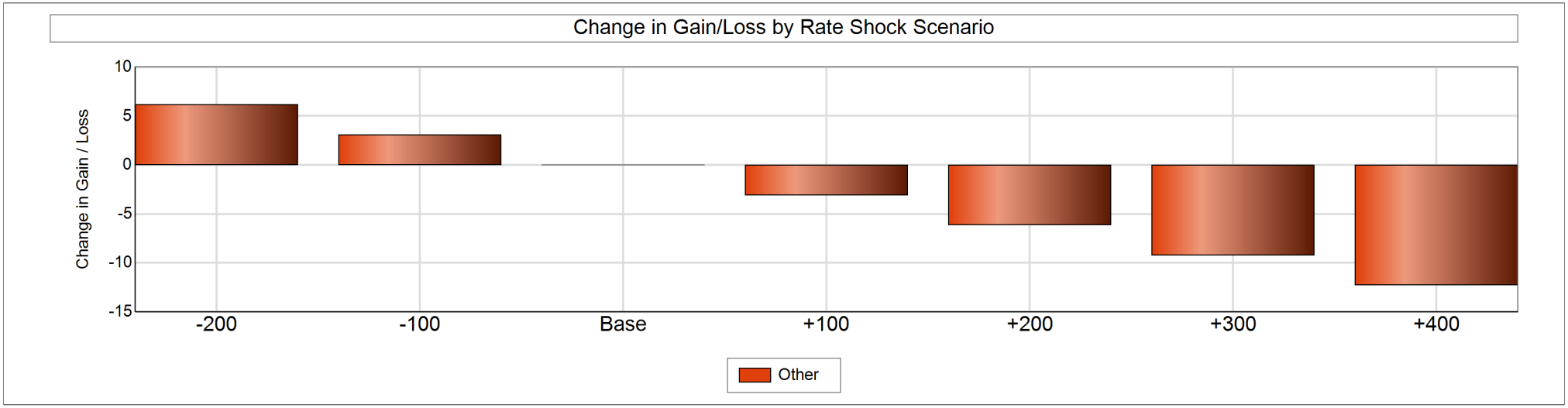
	03/31/2022	12/31/2021	09/30/2021	06/30/2021
Book Value	3,698	3,695	5,192	5,188
Book Yield	0.78	0.78	0.78	0.78
Book Yield (+100)	0.78	0.78	0.78	0.78
Book Yield (+300)	0.78	0.78	0.78	0.78
Book Yield (-100)	0.78	0.78	0.78	0.78
WAL	0.08	0.08	0.08	0.08
WAL (+100)	0.08	0.08	0.08	0.08
WAL (+300)	0.08	0.08	0.08	0.08
WAL (-100)	0.08	0.08	0.08	0.08
% Price Change (+100)	-0.1%	-0.1%	-0.1%	-0.1%
% Price Change (+300)	-0.2%	-0.3%	-0.3%	-0.3%
% Price Change (-100)	0.1%	0.1%	0.1%	0.1%
Effective Duration	0.08	0.09	0.09	0.09
Effective Convexity	0.00	0.00	0.00	0.00
$ Gain/Loss	0	0	0	0
% Gain/Loss	0.0%	0.0%	0.0%	0.0%
Principal Cash Flow 2 yrs out	100%	100%	100%	100%
Principal Cash Flow 2 yrs out (+100)	100%	100%	100%	100%
Principal Cash Flow 2 yrs out (+300)	100%	100%	100%	100%
Principal Cash Flow 2 yrs out (-100)	100%	100%	100%	100%

Portfolio Sector Summary

Sector	Portfolio %	Par Value	Cpn	Maturity	Book Value	Book Yield	Market Value	Market Yield	% Price Change -100	% Price Change +100	% Price Change +300	Gain/(Loss) $	Gain/(Loss) %	Effective WAL	Effective Dur	Effective Cvx	AFS %
Cash & Other (1)	100.0%	3,698	0.78	0.1 yrs	3,698	0.78	3,698	0.78	0.1	-0.1	-0.2	0	0.0%	0.08	0.08	0.00	100 %
Other (1)	100.0%	3,698	0.78	0.1 yrs	3,698	0.78	3,698	0.78	0.1	-0.1	-0.2	0	0.0%	0.08	0.08	0.00	100 %
Total (1)	100.0%	3,698	0.78	0.1 yrs	3,698	0.78	3,698	0.78	0.1	-0.1	-0.2	0	0.0%	0.08	0.08	0.00	100 %

Shocked Analysis

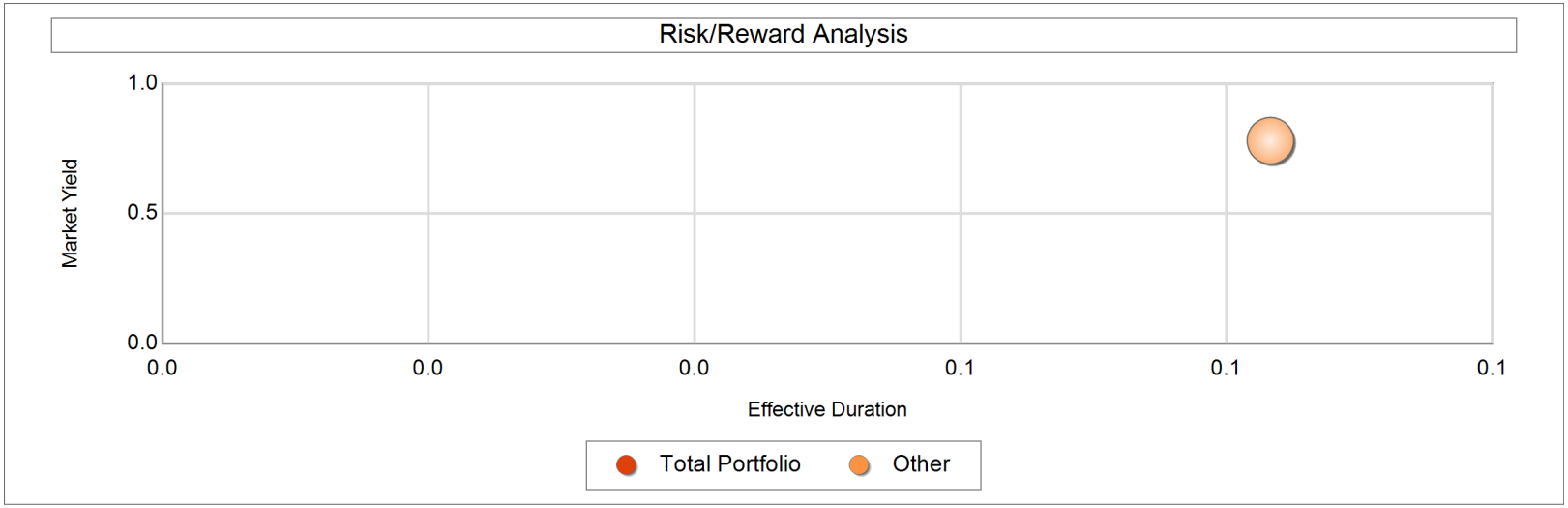
	-200	-100	Base	+100	+200	+300	+400
Par Value	3,698	3,698	3,698	3,698	3,698	3,698	3,698
Book Value	3,698	3,698	3,698	3,698	3,698	3,698	3,698
Market Value	3,704	3,701	3,698	3,695	3,692	3,689	3,685
Gain/(Loss)	6	3	0	-3	-6	-9	-12
Gain/(Loss) %	0.2%	0.1%	0.0%	-0.1%	-0.2%	-0.3%	-0.3%
Gain/(Loss) % - Chg from Base	0.2%	0.1%	0.0%	-0.1%	-0.2%	-0.3%	-0.3%
Book Price	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Book Yield	0.78	0.78	0.78	0.78	0.78	0.78	0.78
Market Price	100.17	100.08	100.00	99.92	99.83	99.75	99.67
Market Yield	-1.22	-0.22	0.78	1.79	2.80	3.81	4.83
WAL	0.08	0.08	0.08	0.08	0.08	0.08	0.08



Price Risk & Market Value Change by Sector

	AFS						HTM					
	% Change in Market Value from Level					Eff	% Change in Market Value from Level					Eff
Sector	-100	Mkt Value	+100	+200	+300	Dur	-100	Mkt Value	+100	+200	+300	Dur
Other	0.1%	3,698	-0.1%	-0.2%	-0.3%	0.1%						
Total	0.1%	3,698	-0.1%	-0.2%	-0.3%	0.1%						
Scenario Market Val	3,701	3,698	3,695	3,692	3,689							
Scenario Gain/Loss	3	0	-3	-6	-9							

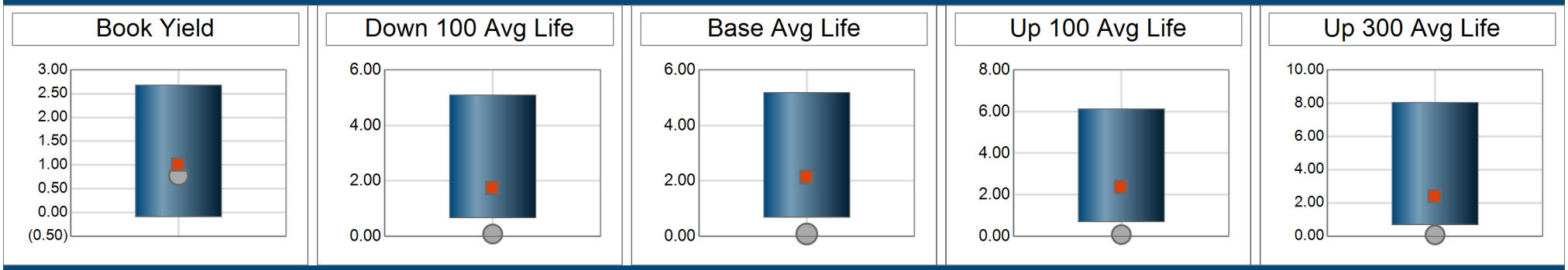
Total Portfolio (AFS + HTM):	
% Change in Market Val from Level	
-200 bps	0.2%
-100 bps	0.1%
Level Market Val	3,698
+100 bps	-0.1%
+200 bps	-0.2%
+300 bps	-0.2%
+400 bps	-0.3%
Effective Duration	*0.08*
Effective Convexity	0.00



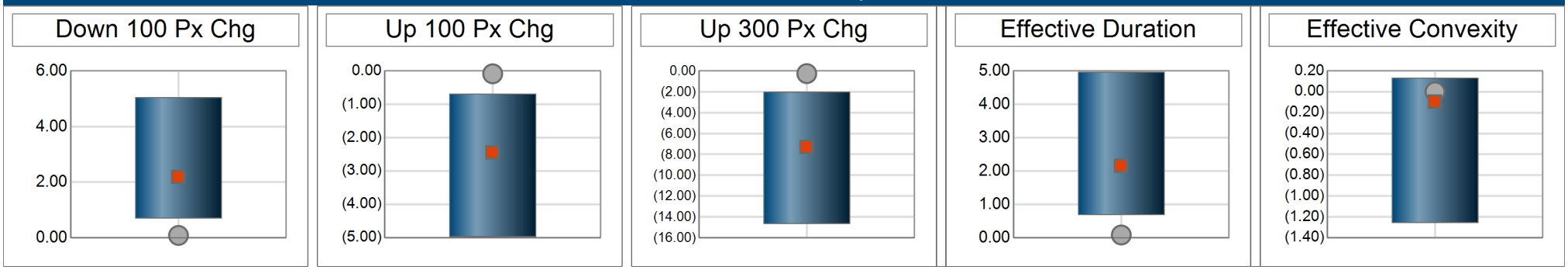
Peer Group Comparison

Peer	As of Date	Book Value	G/L %	Book Yield	Average Life Base	Average Life -100	Average Life +300	% Price Change -100	% Price Change +100	% Price Change +300	Effective Dur	Effective Cvx	UST Agy	Fix MBS	ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD & Oth	% Fixed	% AFS
1	02/22	4,442	-3.9	0.67	3.4	2.1	3.8	3.1	-3.4	-10.1	3.3	-0.2	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
2	12/21	7,541	-0.4	1.31	3.3	3.0	3.5	3.2	-3.3	-9.5	3.3	0.1	17%	0%	0%	0%	0%	0%	0%	0%	0%	3%	79%	100%	100%
3	01/22	7,870	0.1	1.20	5.2	5.1	8.0	5.1	-5.0	-14.7	5.0	0.1	0%	0%	0%	0%	0%	0%	0%	0%	83%	3%	13%	100%	100%
4	02/22	11,000	-3.3	0.81	3.4	1.5	3.8	3.0	-3.4	-10.2	3.3	-0.2	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
5	12/21	11,210	0.6	1.49	0.7	0.7	0.7	0.7	-0.7	-2.0	0.7	0.0	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
6	02/22	13,335	-1.1	1.17	2.2	2.2	2.2	2.2	-2.1	-6.1	2.1	0.1	0%	0%	0%	0%	0%	0%	0%	0%	28%	33%	39%	100%	100%
7	02/22	15,289	-2.4	1.41	3.0	3.0	3.0	3.0	-2.8	-8.2	2.9	0.1	0%	0%	0%	0%	0%	0%	0%	0%	44%	30%	26%	100%	100%
8	02/22	24,842	-0.4	0.98	1.2	0.7	1.3	1.1	-1.3	-3.9	1.3	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
9	02/22	27,113	-2.5	1.02	2.7	1.5	3.6	2.5	-3.0	-9.3	2.9	-0.5	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
10	12/21	28,538	-1.2	-0.10	1.2	1.1	1.5	1.2	-1.4	-4.3	1.3	-0.3	18%	0%	0%	0%	0%	0%	0%	0%	57%	1%	25%	99%	100%
11	02/22	36,078	-3.2	1.00	3.3	1.9	4.0	2.9	-3.4	-10.4	3.2	-0.5	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
12	12/21	39,276	0.1	1.15	2.2	0.9	3.7	1.6	-2.9	-9.2	2.6	-1.3	62%	0%	0%	0%	0%	0%	0%	0%	1%	0%	37%	99%	100%
13	12/21	44,000	1.2	1.88	2.2	2.1	2.5	2.2	-2.3	-6.7	2.2	-0.1	54%	0%	0%	0%	0%	0%	0%	0%	44%	0%	2%	99%	100%
14	12/21	44,873	-1.1	0.82	2.4	1.1	4.0	2.1	-3.0	-9.6	2.8	-0.5	73%	1%	0%	1%	0%	0%	0%	0%	0%	11%	13%	95%	100%
15	02/22	49,923	-0.2	0.93	1.0	0.7	1.1	1.0	-1.1	-3.3	1.1	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
16	01/22	84,587	-0.7	2.68	2.6	2.2	2.7	2.6	-2.6	-7.5	2.6	0.1	61%	0%	0%	0%	0%	0%	0%	0%	0%	2%	37%	100%	100%
17	12/21	107,680	-1.1	0.71	2.2	1.5	2.8	2.1	-2.5	-7.6	2.5	-0.1	37%	0%	0%	0%	0%	0%	0%	0%	0%	29%	34%	100%	100%
18	12/21	123,743	-0.9	0.77	2.2	1.3	3.0	1.8	-2.6	-7.9	2.5	-0.4	57%	0%	0%	0%	0%	0%	0%	0%	15%	18%	11%	99%	100%
19	02/22	130,973	-1.6	0.48	1.6	1.2	1.8	1.5	-1.6	-4.8	1.6	-0.1	28%	0%	0%	0%	0%	0%	0%	0%	35%	1%	36%	100%	34%
20	02/22	136,932	-2.3	1.05	2.5	1.2	3.2	2.4	-2.8	-8.4	2.7	-0.4	99%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	100%	100%
21	01/22	157,643	-0.5	1.27	1.6	1.1	1.8	1.5	-1.6	-4.9	1.6	0.0	87%	0%	0%	0%	0%	0%	0%	0%	6%	0%	7%	100%	100%
22	12/21	186,188	0.4	1.57	2.7	2.6	2.7	2.6	-2.6	-7.4	2.6	0.1	68%	0%	0%	0%	0%	0%	0%	0%	10%	11%	10%	100%	100%
23	03/22	251,581	-3.0	1.80	2.0	2.0	2.0	2.0	-2.0	-5.7	2.0	0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
24	03/22	274,827	-2.0	0.31	1.3	1.1	1.4	1.3	-1.3	-3.9	1.3	0.0	27%	0%	0%	0%	0%	0%	0%	0%	25%	0%	48%	100%	100%
25	03/22	555,473	-4.0	0.69	2.5	2.3	2.6	2.4	-2.4	-6.9	2.4	0.0	62%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	100%	100%
Avg		94,998	-1.3	1.08	2.3	1.8	2.8	2.2	-2.4	-7.3	2.4	-0.2	62%	0%	0%	0%	0%	0%	0%	0%	15%	6%	17%	100%	97%
Port		3,698	0.0	0.78	0.1	0.1	0.1	0.1	-0.1	-0.2	0.1	0.0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%
Diff		-91,301	1.3	-0.30	-2.3	-1.7	-2.8	-2.1	2.4	7.0	-2.3	0.2	-62%	0%	0%	0%	0%	0%	0%	0%	-15%	-6%	83%	0%	3%

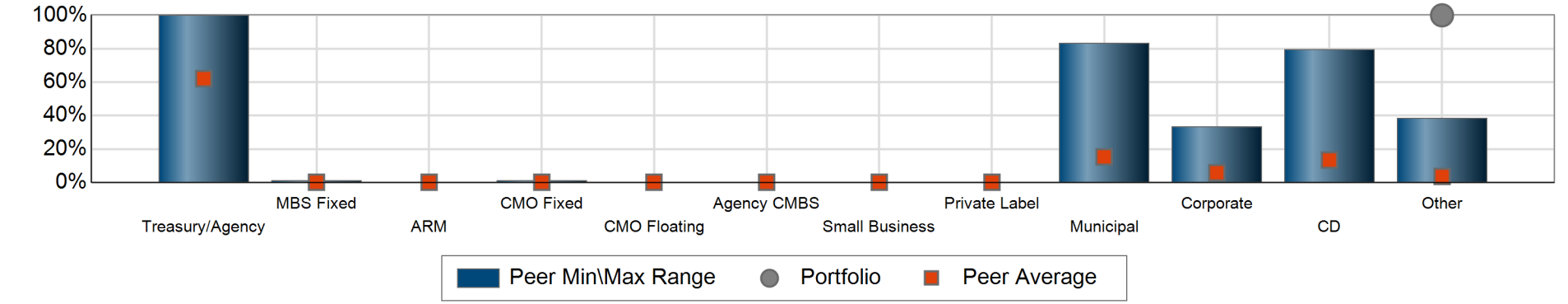
Yield and Average Life Peer Comparison



Price Risk Peer Comparison



Porfolio vs. Peer Allocations

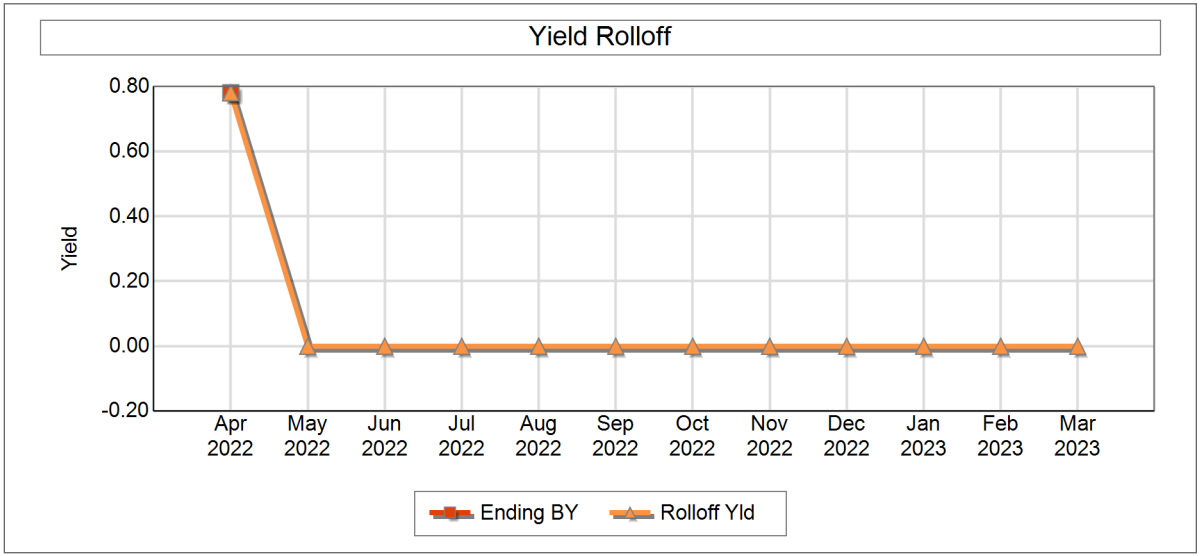


Each box contains the range of your peer group, the top and bottom of the boxes being the max and min. The red box is the avg. of your peers within the range and the gray dot represents your position.

Cash Flow and Yield Rolloff - Next 12 Months

Yield Rolloff

Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Apr 2022	0.78	3,698	0.78	
May 2022		0	0.00	
Jun 2022		0	0.00	
Jul 2022		0	0.00	
Aug 2022		0	0.00	
Sep 2022		0	0.00	
Oct 2022		0	0.00	
Nov 2022		0	0.00	
Dec 2022		0	0.00	
Jan 2023		0	0.00	
Feb 2023		0	0.00	
Mar 2023		0	0.00	



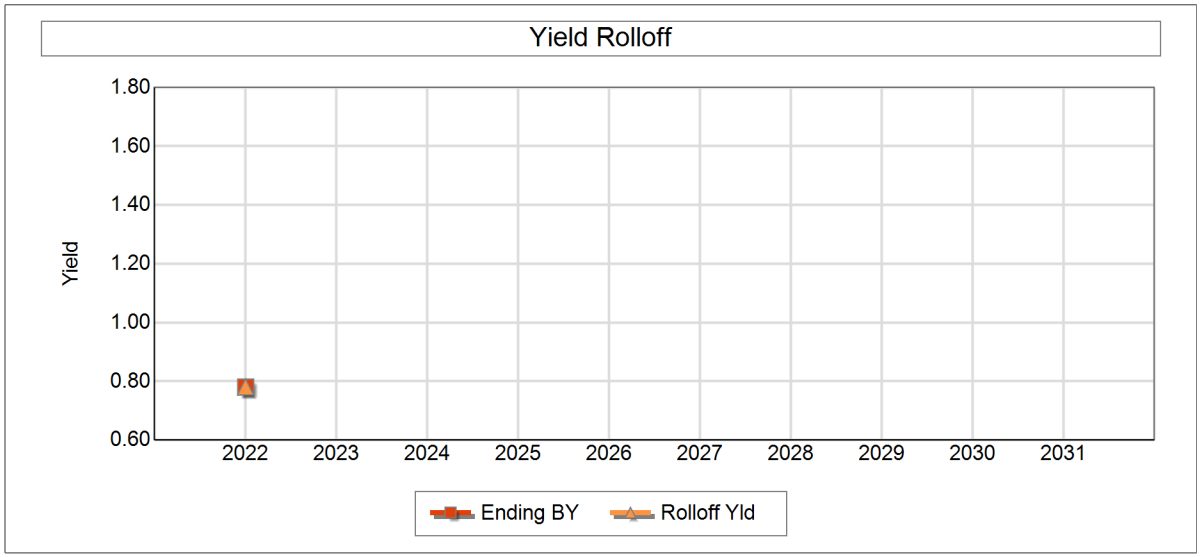
Shocked Principal and Interest Cash Flow Analysis

Year	-200	-100	Base	+100	+200	+300	+400
Apr 2022	3,703	3,703	3,703	3,703	3,703	3,703	3,703

Cash Flow and Yield Rolloff - Next 10 Years

Yield Rolloff

Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2022	0.78	3,698	0.78	
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				

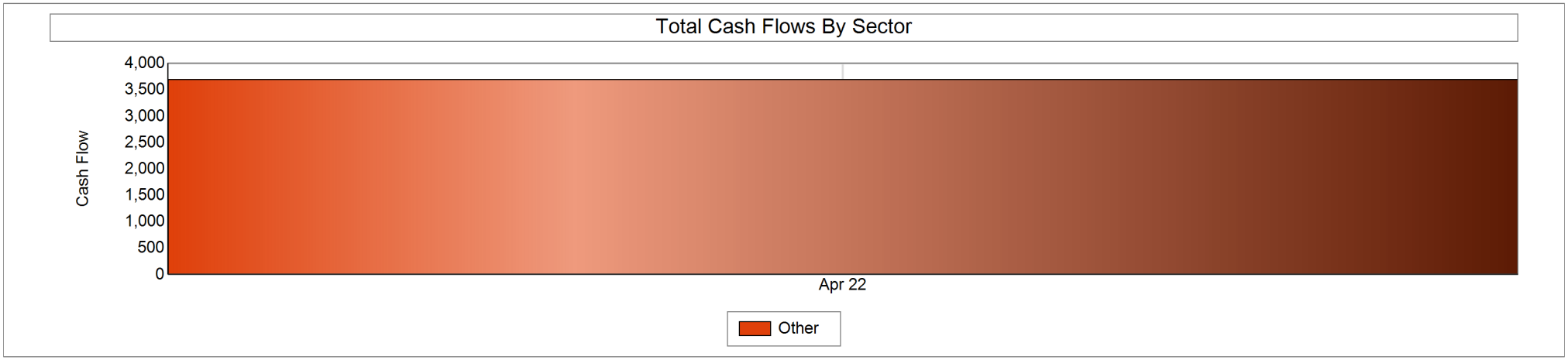


Shocked Principal and Interest Cash Flow Analysis

Year	-200	-100	Base	+100	+200	+300	+400
2022	3,703	3,703	3,703	3,703	3,703	3,703	3,703

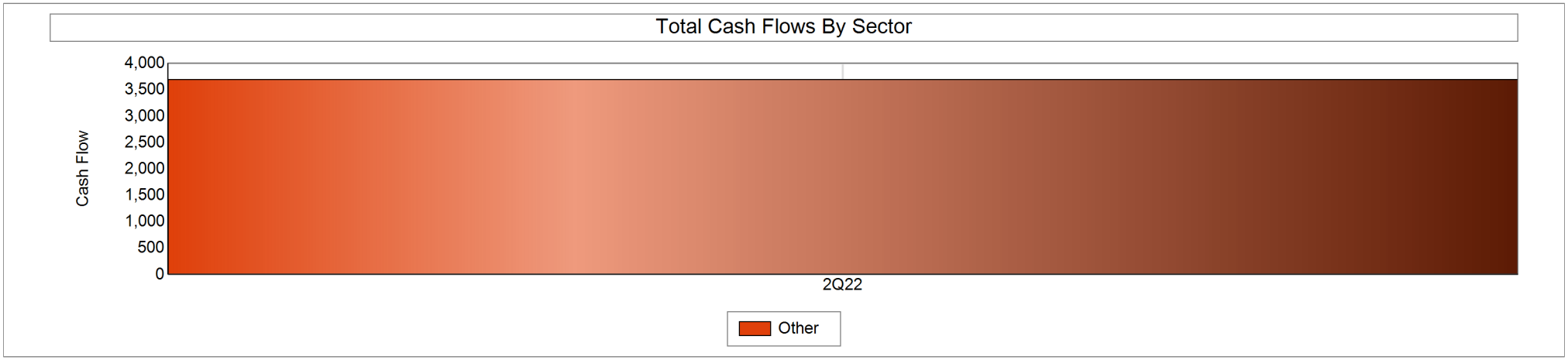
Sector Cash Flow and Yield Rolloff - Next 12 Months

		Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Bk Yld Chg
Other	Cash Flow	3,703	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	3,703	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Sector Cash Flow and Yield Rolloff - Next 3 Years

		2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	Bk Yld Chg
Other	Cash Flow	3,703	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	Cash Flow	3,703	0	0	0	0	0	0	0	0	0	0	0	
	End BY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

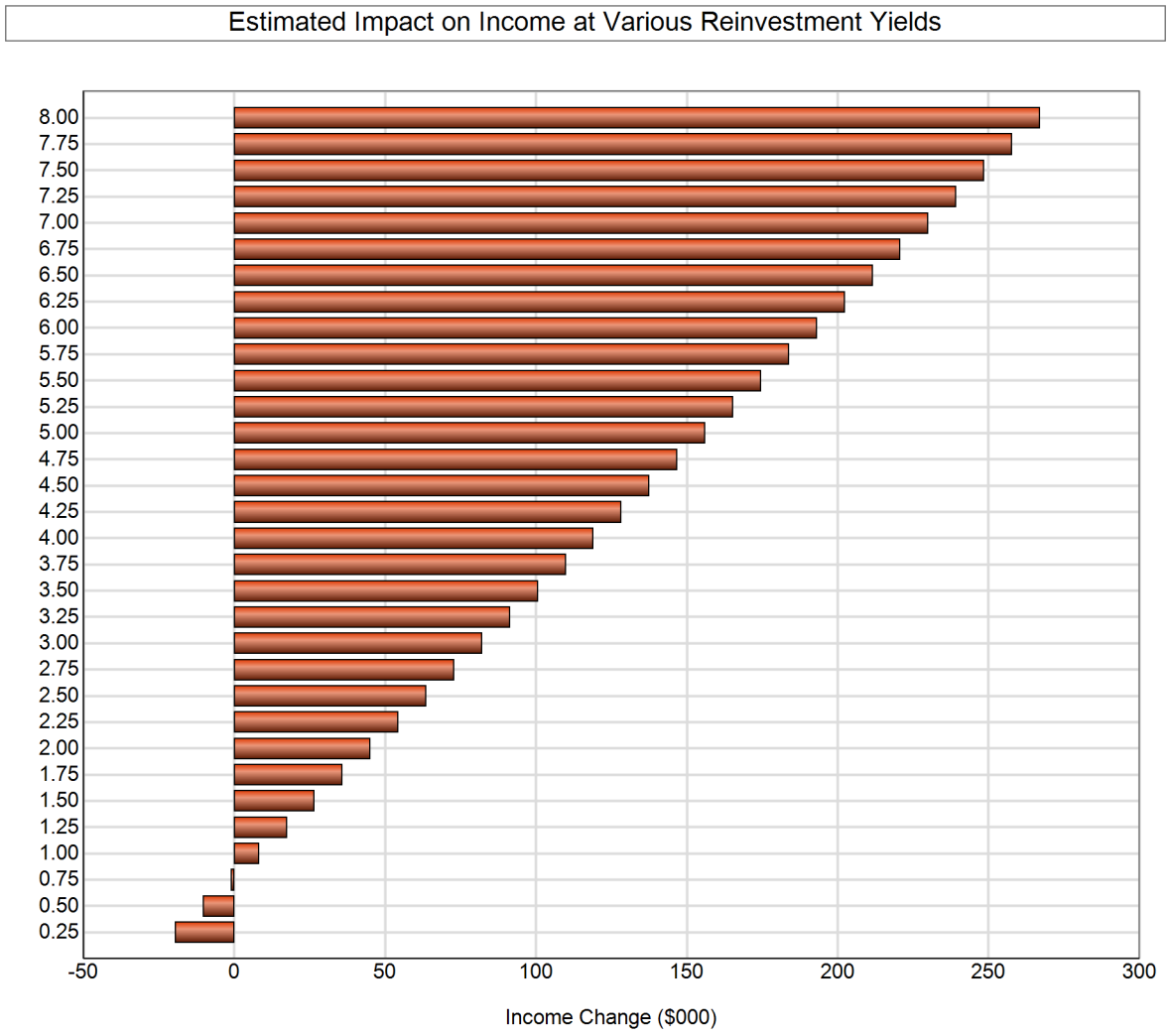


Gap Analysis - Potential Income Impact of Principal Reinvestment

Principal Maturing(12 Mo.Horizon): $3,698

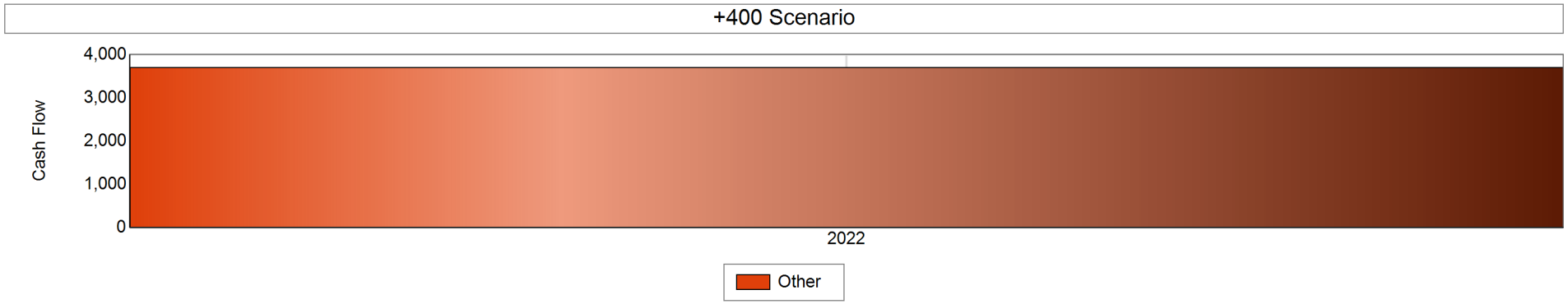
Current Book Yield of Principal Maturing: 0.78%

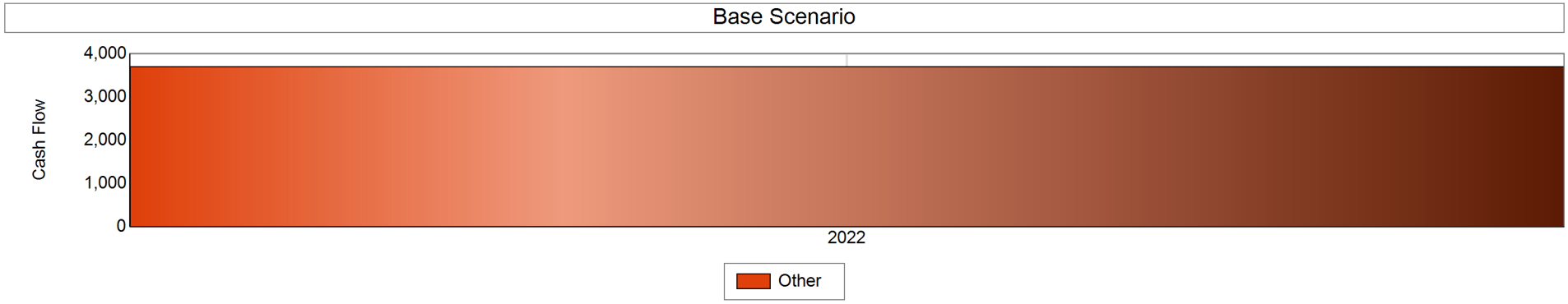
Est. Annual Income at Current Book Yield: $29

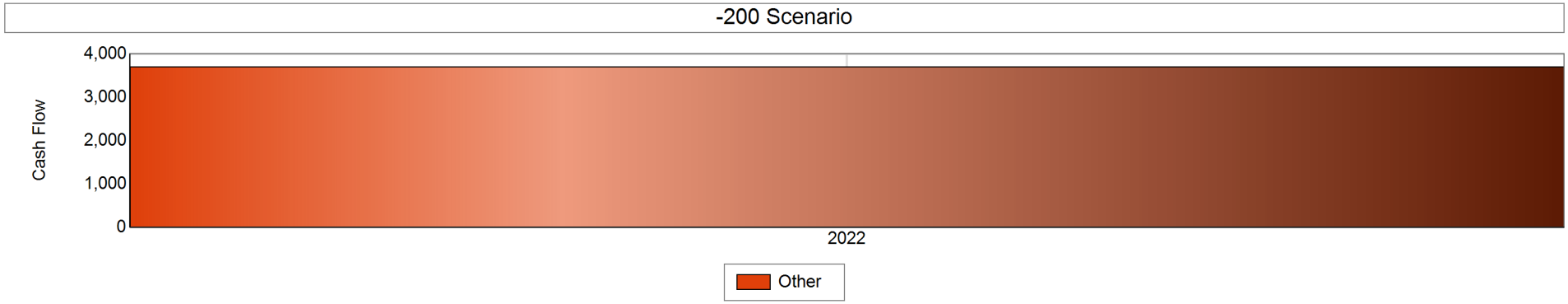


Assumed Reinvestment Yield	Estimated Annualized Income	Income Difference from Current Book	Resulting Book Yield
0.25	9	-20	0.25
0.50	18	-10	0.50
0.75	28	-1	0.75
1.00	37	8	1.00
1.25	46	17	1.25
1.50	55	27	1.50
1.75	65	36	1.75
2.00	74	45	2.00
2.25	83	54	2.25
2.50	92	64	2.50
2.75	102	73	2.75
3.00	111	82	3.00
3.25	120	91	3.25
3.50	129	101	3.50
3.75	139	110	3.75
4.00	148	119	4.00
4.25	157	128	4.25
4.50	166	138	4.50
4.75	176	147	4.75
5.00	185	156	5.00
5.25	194	165	5.25
5.50	203	175	5.50
5.75	213	184	5.75
6.00	222	193	6.00
6.25	231	202	6.25
6.50	240	211	6.50
6.75	250	221	6.75
7.00	259	230	7.00
7.25	268	239	7.25
7.50	277	248	7.50
7.75	287	258	7.75
8.00	296	267	8.00

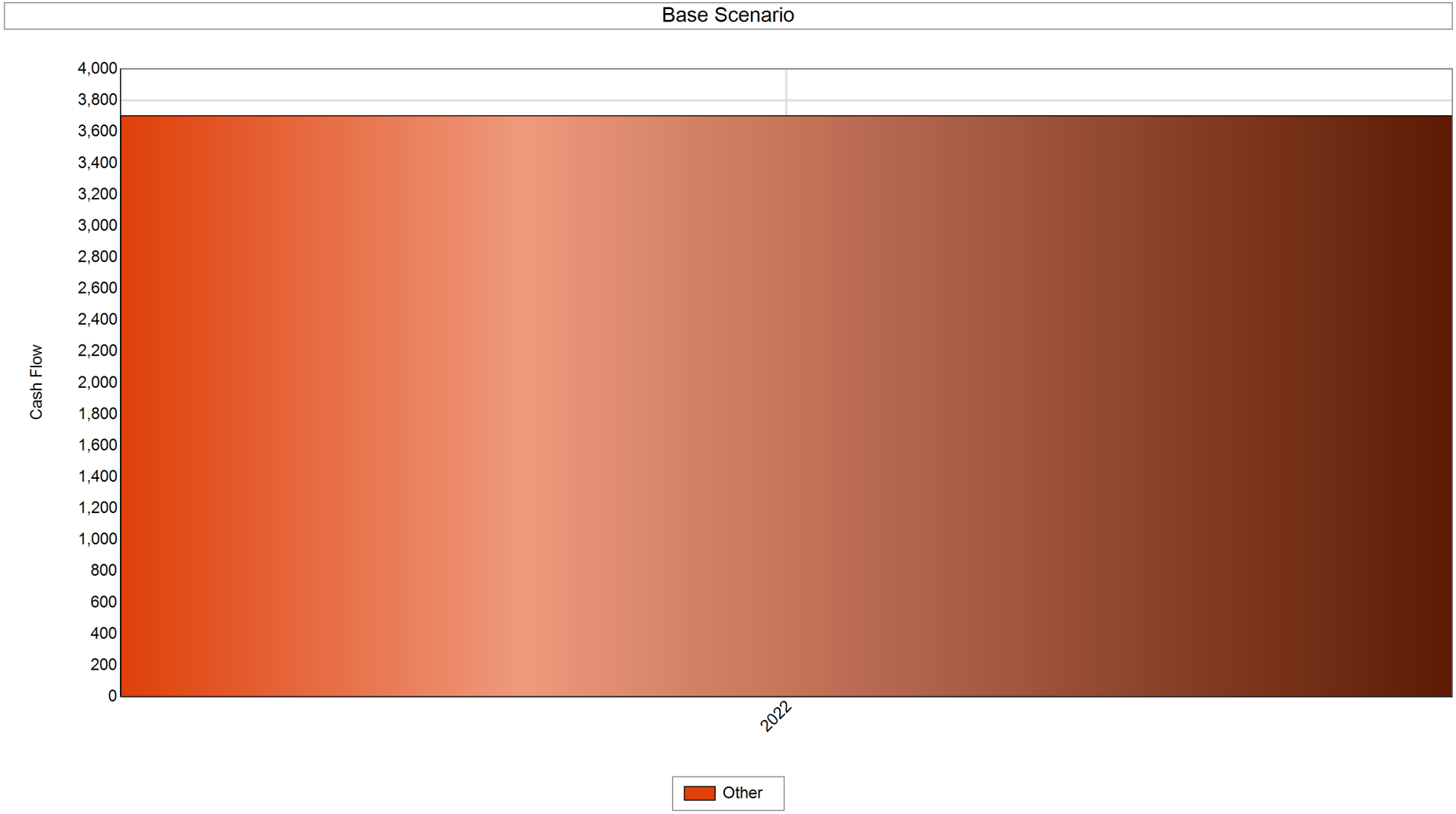
Shocked Cash Flows By Sector - Next 10 Years



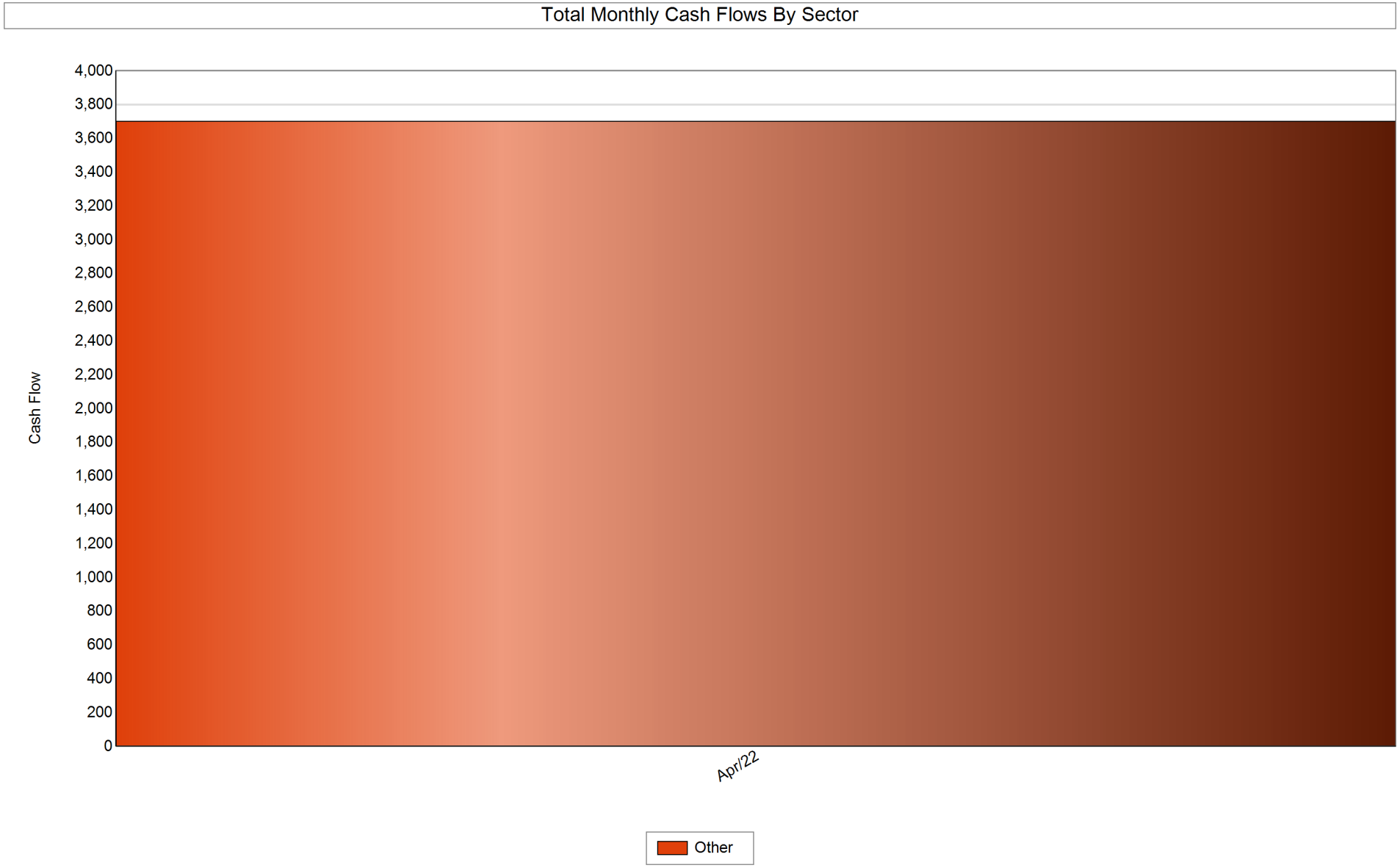




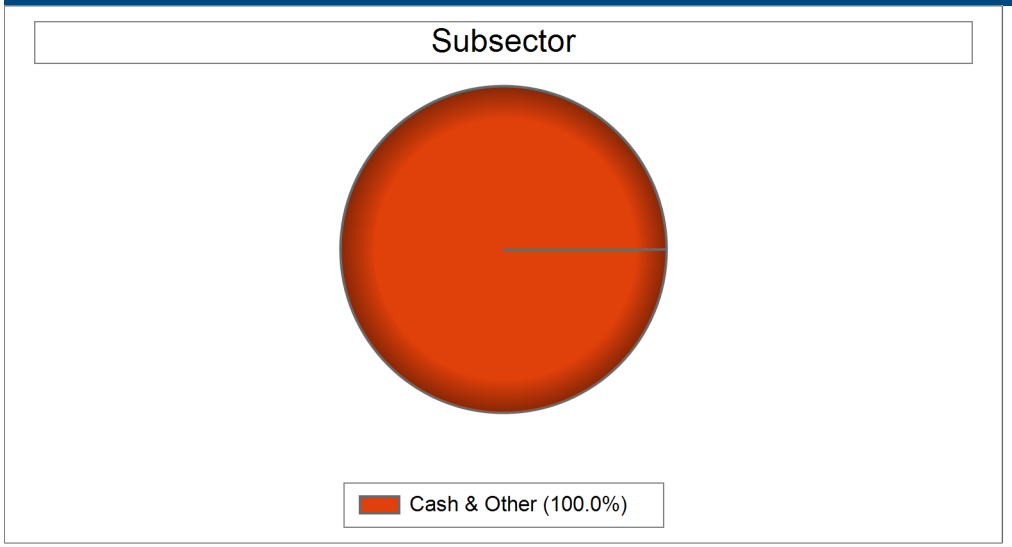
Cash Flows By Sector - Next 30 Years

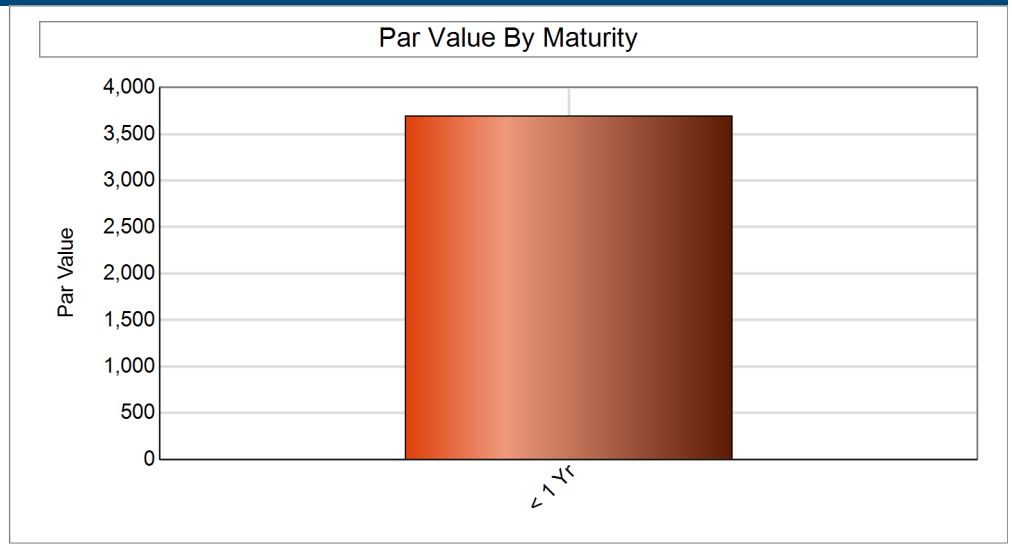


Cash Flow Projection By Month - Next 5 Years



Other - Summary





Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book Price Value	Book Yield	Market Price Value	Market Yield	G/L $ Base + 300	G/L % Base + 300	WAL Base + 300	Px Chg -100 +300	Dur Base	Cvx Base	AFS %
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.08	0.00	
Cash & Other (1)	100.0%	3,698	0.78		3,698	0.78	3,698	0.78	-9	-0.2%	0.08	-0.2			100.0%
				0.1 yrs	100.00		100.00		0	0.0%	0.08	0.1	0.08	0.00	
Total (1)	100.0%	3,698	0.78		3,698	0.78	3,698	0.78	-9	-0.2%	0.08	-0.2			100.0%

Portfolio Considerations

Sector	Cnt	Cpn	Maturity	Par Value	Book Price	Market Price	Gain/ (Loss)	Book Yield	WAL	Eff. Dur	Historical CPR 1 Mo.	Historical CPR 3 Mo.	Historical CPR Life	Proj. CPR Life	Loan Count
Book Yield < 1.5%	1	0.78	0.1 yrs	3,698	100.00	100.00	0	0.78	0.1	0.08					
Cash & Other	1	0.78	0.1 yrs	3,698	100.00	100.00	0	0.78	0.1	0.08					

Key Portfolio Sorts

Top 10 Up 300 Market Value Changes (%)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	04/30/22	3,698	100.00	100.00	0	0.781	0.08	-0.25	-9	-9	0.08	AFS
			0.78		3,698	100.00	100.00	0	0.781	0.08	-0.25	-9	-9	0.08	

Top 10 Up 300 Market Value Changes ($)

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	04/30/22	3,698	100.00	100.00	0	0.781	0.08	-0.25	-9	-9	0.08	AFS
			0.78		3,698	100.00	100.00	0	0.781	0.08	-0.25	-9	-9	0.08	

Key Portfolio Sorts

Top 10 Marked to Market Up 300 Loss Positions

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	WAL	% Px Δ +300	$ Amt Δ +300	G/L +300	Eff. Dur	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	04/30/22	3,698	100.00	100.00	0	0.781	0.08	-0.25	-9	-9	0.08	AFS
			0.78		3,698	100.00	100.00	0	0.781	0.08	-0.25	-9	-9	0.08	

Top 10 Average Life Extension Up 300bps

CUSIP	Sector	Description	Cpn	Maturity	Par Value	Book Price	Market Price	G/L	Book Yield	% Px Δ +300	Eff. Dur	WAL	WAL +300	Chg in WAL	INT
PLMDLLAIF	Cash & Other	LAIF	0.78	04/30/22	3,698	100.00	100.00	0	0.781	-0.25	0.08	0.08	0.08	0.00	AFS
			0.78		3,698	100.00	100.00	0	0.781	-0.25	0.08	0.08	0.08	0.00	

Other - CUSIP Detail

CUSIP	Ticker	Par Value	Coupon Type Rate	Step Date Rate	Maturity Proj. Final	Book Price Value	Book Yield	Market Price Value	Market Yield	Gain/(Loss) % $	% Px Δ -100 +300	Effective Dur Cvx	ESG/Gr Intent
			Fixed		04/22	100.00		100.00		0.0%	0.1	0.08	
PLMDLLAIF		3,698	0.780		04/30/22	3,698	0.78	3,698	0.78	0	-0.2	0.00	AFS
						100.00		100.00		0.0%	0.1	0.08	
Cash & Other		3,698	0.780			3,698	0.78	3,698	0.78	0	-0.2	0.00	
						100.00		100.00		0.0%	0.1	0.08	
Total		3,698	0.780			3,698	0.78	3,698	0.78	0	-0.2	0.00	

Shocked CUSIP Analysis

		-200		-100		Base		+100		+200		+300		+400	
CUSIP Description	Par Value Coupon Maturity	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px Dur	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
	3,698	6	0.17%	3	0.08%	0	0.00%	-3	-0.08%	-6	-0.17%	-9	-0.25%	-12	-0.33%
PLMDLLAIF	0.78	100.17	-1.22	100.08	-0.22	100.00	0.78	99.92	1.79	99.83	2.80	99.75	3.81	99.67	4.83
LAIF	04/30/2022		0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08
Other	3,698	6	0.17%	3	0.08%	0	0.00%	-3	-0.08%	-6	-0.17%	-9	-0.25%	-12	-0.33%
	0.78	100.17	-1.22	100.08	-0.22	100.00	0.78	99.92	1.79	99.83	2.80	99.75	3.81	99.67	4.83
			0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08
Total	3,698	6	0.17%	3	0.08%	0	0.00%	-3	-0.08%	-6	-0.17%	-9	-0.25%	-12	-0.33%
	0.78	100.17	-1.22	100.08	-0.22	100.00	0.78	99.92	1.79	99.83	2.80	99.75	3.81	99.67	4.83
	0		0.08		0.08	0.08	0.08		0.08		0.08		0.08		0.08

Portfolio Changes

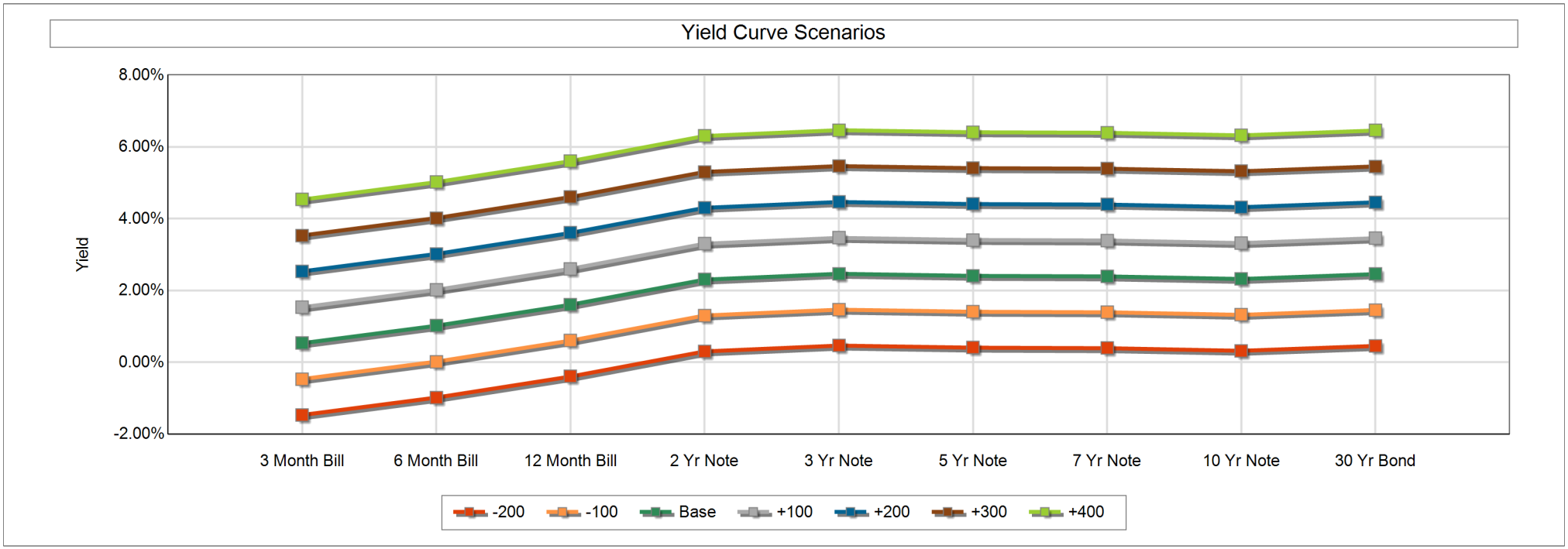
Partial Buy12/2021-3/2022

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent	Redemption Type
PLMDLLAIF	Other	LAIF	04/30/2022	0.78	3,697,774	100.00	AFS	Same CUSIP buys

Shocked Assumptions

Scenarios

	Down 200	Down 100	Base	Up 100	Up 200	Up 300	Up 400
Shift Amount	-200	-100	0	100	200	300	400
Curve Slope Change	0	0	0	0	0	0	0
Shock Horizon	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate
Curve Type	Static	Static	Static	Static	Static	Static	Static
Valuation Date	2022-03-31	2022-03-31	2022-03-31	2022-03-31	2022-03-31	2022-03-31	2022-03-31



Assumptions

Calculation Engine	The Yield Book © and ZM Financial
Cash Flow Model	The Yield Book ©
Curve Date	Same as Portfolio As Of Date
Curve Type Used	Swap Curve
Curve Shape	Immediate Sustained Parallel Shocks
Price Shock Methodology	Constant OAS for fixed rate securities; immediate market shift for floating rate securities
Horizon Period	Immediate Time Horizon
Reinvestment Rate	3 Month T-Bill
Cost of Funds	1.00%
Tax Rate	21.0%

Additional Information

Rolloff Yield - Rolloff Yield is the weighted average yield of the cashflows (maturities, calls and paydowns) that roll off during the noted time period. Ending Book Yield is the weighted average yield of the remaining securities at the noted time period.

Shocked Scenarios - All shocked scenarios are instant and parallel and assume a sustained rate cycle from that point on. LIBOR OAS is held constant in order to generate shocked market scenarios and The Yieldbook was used to generate the projected cash flows. In shocked scenarios, 0.01% is considered the floor.

Bonds Likely to be Called - The page identifies all callable agencies which will either be called or mature in the next 12 months in any of the shocked scenarios. The methodology used to determine the call assumes a small internal margin to account for the "cost to call."

Municipals - For taxable institutions, the above tax rate detailed - along with TEFRA adjustments for BQs - is used to calculate TEY unless otherwise input. Ratings are a blend of Moody's and Standard & Poors.

Duration - Duration in the shocked detail section is generated by Yield Book.

Original Face - If original face was not supplied, original face was estimated by dividing current face by current factor.

Yields- All yields are Yield to Projected Scenario. (Assumes 100% of The Yield Book prepayment model).

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City Council Staff Report

DATE: **May 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE ANNUAL REPORT ON DEVELOPMENT IMPACT FEES FOR FISCAL YEAR ENDED JUNE 30, 2021 AND ADOPT FINDINGS TO COMMIT FUNDS HELD IN THE LITTLEROCK DRAINAGE FEE FUND, FIRE FACILITIES FUND, AND THE SEWER UPGRADE FUND.**

ISSUE

Receive and file the Annual Report on Development Impact Fees for Fiscal Year Ended June 30, 2021 and adopt findings to commit funds held in the Littlerock Drainage Fee Fund, Fire Facilities Fee Fund, and the Sewer Upgrade Fee Fund.

RECOMMENDATION

Staff recommends that the City Council accept the Annual Report on Development Impact Fees for Fiscal Year Ended June 30, 2021 and adopt findings to commit funds held in the Pearland Drainage Fee Fund, Littlerock Drainage Fee Fund, Fire Facilities Fee Fund, and the Sewer Upgrade Fee Fund. Drainage Funds held and totaling $55,380 in the Littlerock Drainage Fee Fund are to be held for projects noted in the City of Palmdale Master Plan of Drainage dated August 1996. Funds held and totaling $2,980,684 in the Fire Facilities Fee Fund will be held for the benefit of the Consolidated Fire Protection District of the Los Angeles County District to benefit area three within the City of Palmdale for future fire station projects. Funds held and totaling $457,440 in the Sewer Upgrade Fee Fund will be held for projects noted in the Ten-Year Capital Improvement Plan.

BACKGROUND

The City of Palmdale is authorized under state law to require development applicants to contribute fees towards the cost of off-site public improvements which are needed as a result of the new development. The fees are charged based upon a pro-rata share of the cost of the new improvements. This report provides information related to the status of these funds for the year ended June 30, 2021.

State law requires the City to provide a public notice that specifies that this report is available for inspection not less than 15 days before the public meeting. The public notice was issued and the report was available for inspection on April 18, 2022.

Government Code Section 66001 (AB1600) requires the City to review on an annual basis the status of collected development impact and mitigation fees. In the event that any fees remain unexpended and unencumbered for more than five years, the City may retain the fees if the City Council adopts certain findings which substantiate the need for retaining such funds. In the event that the findings are not adopted to support the retention of the funds, the unexpended fees must be returned to the current owner(s) of the subject property.

DISCUSSION

The attached schedule provides a breakdown of accounts for the year ending June 30, 2021. All the accounts presently maintain positive cash positions and were allocated interest earnings on a pro-rata basis as prescribed by state law. The statute also specifies that the report include the following:

•The amount of each development fee.
•The beginning and ending fund balance for each development fee account.
•The amount of funds expended on each project for the year just ended.
•The amount of developer fees collected and interest earned for the year just ended.
•A description of each interfund transfer or loan made from each development fee account.
•If applicable, the amount of refunds made pursuant to the Government Code Section 66001.

As of June 30, 2021, the Littlerock Drainage Fee Fund, Fire Facilities Fund, and the Sewer Upgrade Fee Fund hold funds that are five years old. Based on this report, $55,380 of the $61,373 balance in the Littlerock Drainage Fee Fund, $2,980,684 of the $7,500,136 in the Fire Facilities Fee Fund, and $457,440 of the $522,114 balance in the Sewer Upgrade Fee Fund have been held for longer than five years. At this time, the City Council can make a finding that these uncommitted funds have a specified purpose and that there is a reasonable relationship between the fee and the purpose for which it was charged. Unless this finding is made, the collected fees will need to be refunded to the current record owner or owners of lots or units of the development project.

The funds being accumulated in the Littlerock Drainage Fund are to be used for several large first priority drainage projects. The funds being accumulated in the Fire Facilities Fee Fund are to be used for fire facility projects. The funds being

accumulated in the Sewer Upgrade Fund are to be used for sewer upgrade projects. Presently, there are not funds available to commence any of the projects.

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.

Prepared by:	Gohar Avetisyan, Financial Analyst
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Annual Report on Development Impact Fees for Year Ended June 30, 2021

EideBailly

CPAs & BUSINESS ADVISORS

City of Palmdale
Annual Report
On
Development Impact Fees
For
Fiscal Year Ended
June 30, 2021

Prepared by
Eide Bailly, LLP
Rancho Cucamonga, California
March 23, 2021

EideBailly

CPAs & BUSINESS ADVISORS

March 23, 2021

Keith Kang, Finance Manager
City of Palmdale
38300 N. Sierra Highway
Palmdale, CA 93550

Re: **Acceptance of Annual Report on Development Impact Fees and Adopt Findings to Commit Funds Held in the Littlerock Drainage Fee Fund, Fire Facilities Fee Fund and the Sewer Upgrade Fee Fund**

Dear Mr. Kang:

The firm of Eide Bailly, LLP, recently completed an analysis of the City's accounting records for completing the City's annual report on development impact fees. This correspondence and accompanying schedules comprises the annual report and should be made available for public inspection.

The City of Palmdale is authorized under state law to require development applicants to contribute fees towards the cost of off-site public improvements which are needed as a result of the new development. The fees are charged based upon a pro-rata share of the cost of the new improvements. This report provides information related to the status of these funds for the year ended June 30, 2021. State law requires the City to provide a public notice that specifies that this report is available for inspection.

Government Code Section 66001 (AB1600) requires the City to review on an annual basis the status of collected development impact and mitigation fees. In the event that any fees remain unexpended and unencumbered for more than five years, the City may retain the fees if the City Council adopts certain findings which substantiate the need for retaining such funds. In the event that the findings are not adopted to support the retention of the funds, the unexpended fees must be returned to the current owner(s) of the subject property.

The attached schedule provides a breakdown of accounts for the year ending June 30, 2021. All the accounts maintaining positive cash positions were allocated interest earnings on a pro-rata basis as prescribed by state law. The statues also specify that the report include the following:

- The amount of each development fee
- The beginning and ending fund balance for each development fee account
- The amount of funds expended on each project for the year just ended
- The amount of developer fees collected and interest earned for the year just ended
- A description of each interfund transfer or loan made from each development fee account
- If applicable, the amount of refunds made pursuant to the Government Code Section 66001

As of June 30, 2021, the following accounts holds funds that are over five years old:

Littlerock Drainage Fee Fund	$ 55,380
Fire Facilities Fee Fund	2,980,684
Sewer Upgrade Fee Fund	457,440

At this time, the City Council can make a finding that these uncommitted funds have a specified purpose and that there is a reasonable relationship between the fee and the purpose for which it was charged. Unless this finding is made, the collected fees will need to be refunded to the current record owner or owners of lots or units of the development project.

The funds being accumulated in the Littlerock Drainage Fee Fund are to be used for large drainage projects. Funds being accumulated in the Fire Facilities Fee Fund are being accumulated for fire facility projects and the funds being accumulated in the Sewer Upgrade Fee Fund are to be used for large sewer upgrade projects. Presently, there are not funds available to commence the projects. City staff recommends that the City Council specify that the uncommitted funds in the Littlerock Drainage Fee Fund are to be used for the projects noted in the City of Palmdale Master Plan of Drainage dated August 1996. That the uncommitted funds in the Fire Facilities Fee Fund will be held for the benefit of the Consolidated Fire Protection District of Los Angeles County District Area 3 for future fire station projects. And the uncommitted funds held in the Sewer Upgrade Fee Fund will be held for projects noted in the Ten-Year Capital Improvement Plan.

Action To Be Taken By City Council

1. At the recommendation of City Management accept the Annual Report on Development Impact Fees held longer than five years and adopt the following findings.

2. That the Drainage funds held and totaling $55,380 in the Littlerock Drainage Fee Fund are to be held for projects noted in the City of Palmdale Master Plan of Drainage dated August 1996. That the funds held totaling $2,980,684 in the Fire Facilities Fee Fund will be held for the benefit of the Consolidated Fire Protection District of the Los Angeles County District Area 3 for future fire station projects. And that the funds totaling $457,440 in the Sewer Upgrade Fee Fund will be held for projects noted in the Ten-Year Capital Improvement Plan.

Our firm appreciates the assistance and cooperation your City staff extended to us during our work. If you or any City officials have questions regarding this report, I can be contacted at (909) 466-4410.

Sincerely yours,

Roger Alfaro, CPA
Of Eide Bailly LLP

Attachments

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Traffic Impact Fee (Fund 209/221)											
Street Signal Debt Service	$ 864,848		$ 864,848								
Ave R 45th St E Traffic Signal	18,452		18,452								
Totals	$ 883,300	$ -	$ 883,300	$ -	$ 806,342	$ 3,544	$ -	$ -	$ -	$ 2,868,142	$ 2,794,728

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Interest Expense General Fund Advance	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Parks Development Fee (Fund 208/220)												
Playhouse HVAC Upgrade	$ 176,054			$ 176,054								
Marie Kerr Park Development	159			159								
Courson Connection Infrastructure	15,670			15,670								
Sam Yellen Park	159,362			159,362								
Massari Renovations	103,030			103,030								
Mcadam Park Restroom Upgrade	17,396			17,396								
Rancho Vista Park	1,372,505			1,372,505								
Arnie Quinones Park	840			840								
Oasis Park Improvements	14,680			14,680								
Mk Park TOT Lot ADA	(1,398)			(1,398)								
Totals	$ 1,858,298	$ -	$ -	$ 1,858,298	$ -	$ 2,089,872	$ 6,701	$ -	$ 5,000,000	$ -	$ 2,600,555	$ 7,838,830

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Amargosa Drainage Fee (Fund 212/222)											
Drainage Admin	$ 45,956		$ 45,956								
Amargosa Creek Upper Rechg	10,249		10,249								
Totals	$ 56,205	$ -	$ 56,205	$ -	$ 454,401	$ -	$ -	$ -	$ -	$ (19,162)	$ 379,034

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Interest Expense Interfund Drainage	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Anaverde Drainage Fee (Fund 213/223)												
Drainage Admin	$ 6,000			$ 6,000								
Amargosa Crk Upper Rechg Proj	1,685			1,685								
	$ 7,685	$ -	$ 30,360	$ 7,685	$ -	$ 470,882	$ 1,978	$ -	$ 4,500,000	$ -	$ (8,720,721)	$ (3,785,906)

Note: Ending balance includes the following:
Loan payable due to Pearland Drainage Fund of $2,136,221.

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Interest Expense Interfund Drainage	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Portal Ridge Drainage Fee (Fund 214/224)												
Drainage Admin	$ 6,000			$ 6,000								
	$ 6,000	$ -	$ -	$ 6,000	$ -	$ 41,499	$ -	$ -	$ -	$ -	$ (44,737)	$ (9,238)

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Pearland Drainage Fee (Fund 215/225)											
Drainage Admin	$ 6,000		$ 6,000								
Amargosa Creek Upper Rechg	29,916		29,916								
	$ 35,916	$ -	$ 35,916	$ -	$ 380,490	$ 36,946	$ -	$ -	$ -	$ 9,907,992	$ 10,289,512

Note: Ending balance includes loan receivable due from Anaverde Drainage Fund of $2,136,221 and $4,400,000 from the Sewer Maintenance Fund.
Note: There is no finding in the Pearland Fund, since the loan reduced the cash balance of the fund.

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Littlerock Drainage Fee (Fund 216/226)											
Drainage Admin	$ 6,000		$ 6,000								
	$ 6,000	$ -	$ 6,000	$ -	$ -	$ 120	$ -	$ -	$ -	$ 67,253	$ 61,373

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Fire Facilities Impact Fee (Fund 217/227)											
City Admin Charges	$ 44,598		$ 44,598								
	$ 44,598	$ -	$ 44,598	$ -	$ 892,001	$ 12,388	$ -	$ -	$ -	$ 6,640,345	$ 7,500,136

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Sewer Upgrade Impact Fee (Fund 225/228)											
Sewer Upgrd-45th E/Ave R to S	$ 247,062		$ 247,062								
	$ 247,062	$ -	$ 247,062	$ -	$ -	$ 1,098	$ -	$ -	$ -	$ 768,078	$ 522,114

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Public Facilities Impact Fee (Fund 247/229)											
City Facilities	$ 10,635		$ 10,635								
Cultural Center Lighting Impr	93,215		93,215								
	$ 103,850	$ -	$ 103,850	$ -	$ 488,205	$ 1,469	$ -	$ -	$ -	$ 594,744	$ 980,568

City of Palmdale
Summary of Local Agency Improvement Fees
(AB1600 Development Impact Fees)
Report for Fiscal Year Ended June 30, 2021

Project	Project Amount Expended	Non AB 1600 Revenue 2020-2021	Total AB1600 Expenditures 2020-2021	Non AB1600 Expenditures 2020-2021	Developer Fees Collected 2020-2021	Interest Income 2020-2021	Other Income 2020-2021	Transfers In	Transfers Out	Beginning Balance 7/1/2020	Ending Balance 6/30/2021
Big Rock Drainage Impact Fee (Fund 230)											
Drainage Admin	$ 6,000		$ 6,000								
Amargosa Creek Upper Rechg Proj	44,371		44,371								
	$ 50,371	$ -	$ 50,371	$ -	$ -	$ 118	$ -	$ -	$ -	$ 68,516	$ 18,263

City Council Staff Report

DATE: **May 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **All**

SUBJECT: **APPROVE AGREEMENT A-7933, THE POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA) VOLUNTARY ALLOCATION OF LONG-TERM RENEWABLE ENERGY PORTFOLIO FROM SOUTHERN CALIFORNIA EDISON (SCE), AND AUTHORIZE THE INTERIM CITY MANAGER TO EXECUTE THE VOLUNTARY ALLOCATION AGREEMENT ON BEHALF OF ENERGY FOR PALMDALE'S INDEPENDENT CHOICE (EPIC).**

ISSUE

Approve agreement A-7933, the Power Charge Indifference Adjustment (PCIA) Voluntary Allocation of Long-Term Renewable Energy Portfolio from Southern California Edison (SCE), and Authorize the Interim City Manager to Execute the Voluntary Allocation Agreement on behalf of Energy for Palmdale's Independent Choice (EPIC).

RECOMMENDATION

Staff recommends that the City Council:

1. Approve the Power Charge Indifference Adjustment (PCIA) Voluntary Allocation of Long-Term Renewable Energy Portfolio from Southern California Edison (SCE); and
2. Authorize the Interim City Manager to Execute the Voluntary Allocation Agreement on behalf of Energy for Palmdale's Independent Choice (EPIC).

BACKGROUND

Approval of this agreement will lower the PCIA fee for rate payers. The PCIA is an exit fee charged by SCE to customers that choose another provider of electricity generation service through direct access or Community Choice Aggregators (CCA). The fee is designed to cover the difference in the market value of energy resources that were already contracted on a customer's behalf by SCE and the cost of those resources. In the past, CCA customers paid these above-market costs through the PCIA, CCAs were not able to count the PCIA resources in their portfolios.

In 2021, the California Public Utilities Commission (CPUC) ordered the Investor Owned Utilities (IOUs) to offer CCAs voluntary allocations of PCIA eligible renewable resources and to sell any unallocated resources through an annual market offer process.

EPIC now has the opportunity to accept voluntary allocations of PCIA-eligible renewable resources from SCE at the Market Price Benchmark, which is established by the current market price in any given year and is the same price used to set the renewable energy portion of the PCIA. The ability to accept these allocations promotes cost stability and supports reaching EPIC's long-term resources compliance requirements.

In order to secure the voluntary allocations, EPIC must participate in SCE's enrollment process, which closes May 13, 2022, and then enter into a voluntary allocation agreement. A portion of the PCIA-eligible renewable energy resources includes long-term contracts of ten (10) years or greater. EPIC's allocation is based on its most recent load forecast. SCE provided EPIC with a list of contracts and an indicative forecast of each resource's generation output that would be available to EPIC.

DISCUSSION

The long-term resources are comprised primarily of wind and solar and will help satisfy a portion of EPIC's long-term renewable contracting requirement as mandated by Senate Bill 350. (SB 350). SB 350 requires that all load-serving entities, including CCAs, enter into renewable energy contracts with energy delivery to begin by the 2021 – 2024 compliance period. EPIC will begin serving electricity to customers in October 2022 and is required to meet the requirements of SB 350.

FISCAL IMPACT

$863,684 beginning in 2023 decreasing annually to $15,042 in 2042, for a total of $11,096,323 over a twenty (20) year period. Sufficient revenues will be generated to cover operating expenses, including power procurement.

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
Goal III: Invest in infrastructure to improve community livability.
B. Implement and administer environmentally sustainable programs.

Prepared by:	Tammy Salt, Energy Resource Manager
Certified as to the availability of Funds:	Janelle Samson, Finance Director
Approved by:	Ronda Perez, Interim City Manager

Approved as to form: Christopher Beck, City Attorney

ATTACHMENTS

Voluntary Allocation Agreement Template

VOLUNTARY ALLOCATION AGREEMENT

between

{COUNTERPARTY LEGAL NAME}

and

SOUTHERN CALIFORNIA EDISON COMPANY

(Contract ID #)

This Voluntary Allocation Agreement, including all appendices, exhibits, schedules, attachments, and any supplements hereto (the "**Agreement**") is entered into as of *{date}* (the "**Effective Date**"), between *{Counterparty's Legal Name}*, a *{insert state and form of formation or incorporation}* ("**Counterparty**") and Southern California Edison Company, a California corporation ("**SCE**"), each individually a "Party" and together the "Parties". Capitalized terms used but not otherwise defined in this Agreement have the meanings ascribed to them in the CAISO Tariff as of the date hereof.

RECITALS

WHEREAS, the CPUC adopted the power charge indifference adjustment ("**PCIA**") in order for customers ("**Departed Load Customers**") of investor-owned utilities ("**IOUs**") who later depart IOU service to remain responsible for costs incurred by IOUs on their behalf;

WHEREAS, the IOUs have a portfolio of contracts with third parties for the procurement of California RPS-Eligible Electric Energy which is subject to the PCIA (the "**RPS PCIA Portfolio**");

WHEREAS, the CPUC in CPUC Decision 21-05-030 provides for the allocation of the California RPS-Eligible Electric Energy and associated Green Attributes generated from an IOU's RPS PCIA Portfolio to certain Load Serving Entities ("**LSE**") whose customers include the IOU's Departed Load Customers ("**PCIA-Eligible LSEs**"), with the exception of certain California RPS-Eligible Electric Energy and associated Green Attributes that are (1) generated under agreements that do not have a termination date (i.e., evergreen contract), (2) generated by resources owned by IOUs, or (3) cannot be allocated due to: (a) there being no associated Renewable Energy Credits created pursuant to Sections 399.21(a)(4) – (5) of the California Public Utilities Code, or (b) the requirement that an electrical corporation utilize certain procured California RPS-Eligible Electric Energy and associated Green Attributes to meet its own renewables portfolio standard annual procurement target pursuant to Section 399.20 of the California Public Utilities Code, such as under contracts signed pursuant to the Public Utility Regulatory Policies Act and the Renewable Market Adjusting Tariff ("**Eligible RPS PCIA Portfolio**");

WHEREAS, Counterparty is a PCIA-Eligible LSE that provides electric services to some of SCE's Departed Load Customers and desires to receive certain percentages, as elected in this Agreement, of its Load Share Percentage of the Product from SCE's Eligible RPS PCIA Portfolio; and

WHEREAS, SCE and the Counterparty desire to enter into this Agreement for the transfer of the Product from SCE's Eligible RPS PCIA Portfolio in accordance with the terms and conditions of this Agreement; and

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

ARTICLE 1. TERM AND VOLUNTARY ALLOCATION TERMS

1.1 Term

The "**Term**" of this Agreement shall commence upon the Effective Date and shall continue until all the obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to an Event of Default; provided, however, that such termination shall not affect or excuse the performance of either Party under any provision of this Agreement that by its terms survives any such termination.

1.2 Voluntary Allocation Terms

Product	The "**Product**" is the Contract Quantity of California RPS-Eligible Electric Energy and associated Green Attributes from the Projects.
Project	Each of the generating facilities listed in Appendix B shall be a "**Project**" subject to the generating facility no longer being a Project upon: (a) the Project being removed from SCE's Eligible RPS PCIA Portfolio in accordance with Section 2.5; (b) the conclusion of the applicable Delivery Period for the Projects designated as "Short-Term" on Appendix B, and (c) the conclusion of the delivery term for a Project designated as "Long-Term" on Appendix B.
Contract Quantity	The "**Contract Quantity**" shall be the sum of the Project Contract Quantities. For each Project, the "**Project Contract Quantity**" shall equal the total California RPS-Eligible Electric Energy generated by such Project and measured at the CAISO revenue meter, multiplied by Counterparty's Load Share Percentage in the PCIA Vintage Year which the Project is a part of, and further multiplied by the applicable Long-Term Election Percentage or Short-Term Election Percentage.

Load Share Percentage	Counterparty's Load Share Percentage shall be the same for each Project in the same PCIA Vintage Year and will be as noted in Appendix B. Counterparty's Load Share Percentage may be updated after the Parties annual Meet and Confer Process in accordance with Section 2.6.
Percentage Election of Counterparty's Load Share	Long-Term Election Percentage: [•] Short-Term Election Percentage: [•] *{SCE Note: The Long-Term Election Percentage and the Short-Term Election Percentage must be in 10% increments.}*
Delivery Period	The "**Delivery Period**" shall be the period commencing on the later of (a) CPUC Approval of this Agreement if required, and (b) [January 1, 2023][•] and continuing through: (x) for the Projects designated as "Long-Term" on Appendix B, the end of the longest delivery term of the Projects, as shown in Appendix B; and (y) for the Projects designated as "Short-Term" on Appendix B, [•]. *{SCE Note: The Delivery Period for the initial Voluntary Allocation Agreements will start on January 1, 2023 and for subsequent Voluntary Allocation Agreements will start on January 1st of every subsequent RPS compliance period. The end of the Delivery Period for "Short-Term" elections will be the end of the applicable RPS compliance period for which these allocations are applicable.}*
Delivery Point	The "**Delivery Point**" shall be the Pricing Node applicable to each Project.
Contract Price	The "**Contract Price**" shall be the sum of the Energy Price and the REC Price.

ARTICLE 2. DELIVERY OBLIGATIONS

2.1 SCE's Conveyance of Electric Energy and Green Attributes

(a) Beginning on the first day of the Delivery Period and throughout all applicable months of the Delivery Period, SCE shall deliver, or cause to be delivered, and Counterparty shall receive, or cause to be received, at the Delivery Point, the Contract Quantity of the California RPS-Eligible Electric Energy associated with the Product, for the Contract Price and subject to the terms and conditions of this Agreement. SCE shall be responsible for any costs or charges imposed on or associated with the California RPS-Eligible Electric Energy or its delivery up to the Delivery Point. Counterparty shall be responsible for any costs or charges imposed on or associated with the California RPS-Eligible Electric Energy or its receipt at and from the Delivery Point.

(b) SCE, or a qualified third party designated or otherwise agreed to by SCE, shall act as Scheduling Coordinator for the Projects. Counterparty

authorizes SCE, or its third party Scheduling Coordinator designee, to deliver the California RPS-Eligible Electric Energy associated with the Product to the CAISO at the Delivery Point as an agent on Counterparty's behalf.

(c) Title to and risk of loss related to the California RPS-Eligible Electric Energy shall transfer from SCE to Counterparty upon satisfaction of the delivery obligations in this Article 2. SCE warrants that it will deliver to Counterparty the Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to delivering such Product in accordance with this Article 2.

(d) During the Delivery Period, SCE, at its own cost and expense, shall maintain its registration with WREGIS. All Green Attributes transferred by Seller hereunder shall be California RPS-compliant, subject to confirmation by the CEC. SCE shall, at its sole expense, use WREGIS as required pursuant to the WREGIS Operating Rules to effectuate the transfer of Green Attributes to Counterparty in accordance with WREGIS reporting protocols and WREGIS Operating Rules.

(e) For each applicable month of the Delivery Period, SCE shall deliver and convey the Green Attributes associated with the California RPS-Eligible Electric Energy delivered pursuant to Section 2.1(a) above within thirty (30) days: (a) of the creation of the WREGIS Certificates for the Green Attributes for the Projects where SCE is the WREGIS Account Holder or (b) of SCE's receipt of the WREGIS Certificates for the Projects for which SCE is not the WREGIS Account Holder. SCE shall deliver and convey such Green Attributes by properly transferring such WREGIS Certificates, in accordance with the rules and regulations of WREGIS, equivalent to the quantity of Green Attributes, to Counterparty into Counterparty's WREGIS account such that all right, title and interest in and to the WREGIS Certificates shall transfer from SCE to Counterparty; provided further, that if SCE fails to properly transfer such WREGIS Certificates to Counterparty in accordance with the above due to an error or omission of an administrative or clerical nature and if such failure can be cured with no harm to Counterparty, then SCE may cure such failure within thirty (30) days after notice of such failure.

(f) In addition to its other obligations under this Section 2.1, SCE shall convey to Counterparty WREGIS Certificates from the Projects that are of the same Vintage Year as the California RPS-Eligible Electric Energy that was provided under Section 2.1(a) of this Agreement.

2.2 Mutual Indemnification

Each Party shall indemnify, defend and hold harmless the other Party from and

against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Product is vested in such Party. Each Party shall indemnify, defend and hold harmless the other Party against any Governmental Charges for which such Party is responsible under this Agreement. Neither Party shall be liable with respect to any Claim to the extent that such Claim resulted from the negligence, willful misconduct, or bad faith of the indemnified Party.

2.3 Force Majeure

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the "**Claiming Party**") gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

2.4 Remedy for Failure to Make Timely Payment

(a) Stopping Deliveries. If Counterparty fails to make timely payment for the Product in accordance with the terms of this Agreement, and regardless of whether such failure is an Event of Default or SCE has designated an Early Termination Date, SCE shall immediately stop all deliveries of Product to Counterparty and shall have no obligation to restart deliveries of the Product until Counterparty has made all outstanding payments to SCE. Further, SCE shall have no obligation to provide Counterparty additional Product to make-up for Product not delivered pursuant to this Section 2.4(a) and the amount of Contract Quantity of Product to be delivered to the Counterparty shall be deemed reduced by the amount of Product not delivered pursuant to this Section 2.4(a).

(b) Retention of WREGIS Certificates. For avoidance of doubt, SCE shall have the right to retain and sell any WREGIS Certificates associated with California RPS-Eligible Electric Energy previously delivered to the Counterparty and not paid for by Counterparty.

2.5 Removal of Project from SCE's Eligible RPS PCIA Portfolio

The Parties acknowledge and agree that SCE has the right, at any time and in its sole discretion, to optimize its Eligible RPS PCIA Portfolio by modifying, including, but not limited to, reducing any purchases of energy or capacity, terminating, or assigning to a third party any contract in its Eligible RPS PCIA

Portfolio. If a contract in SCE's Eligible RPS PCIA Portfolio is terminated or assigned to a third party, the Project corresponding to such contract shall cease to be a Project under this Agreement.

2.6 Load Share Percentage

The Parties acknowledge that at the conclusion of each annual Meet and Confer Process there may be updates ("**Revised Load Share Percentages**") to the Load Share Percentages for the PCIA Vintage Years shown in Appendix B. The Parties agree that upon SCE sending a letter to the Counterparty with the Revised Load Share Percentages, in accordance with the notice provisions of Section 9.3, the Load Share Percentages will be deemed updated to the Revised Load Share Percentages, as stated in the letter, as of January 1st of each year following the annual Meet and Confer Process, and that the Contract Quantity of Product to be delivered by SCE to Counterparty will be updated accordingly.

ARTICLE 3. PAYMENT

3.1 Monthly Payment

Counterparty shall pay SCE the "Monthly Cash Settlement Amount", in arrears, for each Calculation Period in the amount equal to the sum, of (A) plus (B) minus (C), where:

A = the sum, over all hours of the Calculation Period, of (i) the applicable Energy Price for each hour of Delivered Energy within the applicable CAISO market (i.e. integrated forward market, fifteen minute, and/or Real-Time Market) multiplied by (ii) the quantity of Delivered Energy during the time interval in each respective market; and

B = the REC Price multiplied by the quantity of Green Attributes (in MWhs) that will be conveyed as described in Section 2.1 and that are associated with the Delivered Energy in the Calculation Period; and

C = the sum, over all hours of the Calculation Period, of (i) the applicable Energy Price for each hour of Delivered Energy within the applicable CAISO market (i.e. integrated forward market, fifteen minute, and/or Real-Time Market) multiplied by (ii) the quantity of Delivered Energy during the time interval in each respective market.

Such Monthly Cash Settlement Amount constitutes payment for the Product, including the Green Attributes, for such applicable Calculation Period. Counterparty shall be obligated to make such payments with respect to each applicable Calculation Period notwithstanding the fact that the Green Attributes associated with a particular Calculation Period may be delivered or credited to

SCE's WREGIS account subsequent to the conclusion of the applicable Calculation Period in accordance with Section 2.1(e), provided that if SCE fails to comply with the provisions of Section 2.1(e), Counterparty shall be entitled to exercise all rights and remedies available to Counterparty under this Agreement for SCE's failure to deliver the Product.

3.2 True-up of REC Price

If the CPUC publishes the "Calculation of the Market Price Benchmarks for the Power Charge Indifferent Adjustment Forecast and True Up" which has a final "RPS Adder" for a calendar year that differs from the REC Price invoiced to and paid by the Counterparty for the Product for that same calendar year, SCE will adjust future invoices to account for such differences. Subject to the other terms of this Agreement, no interest shall be paid on the amount of any adjustments due to the publishing of a final "RPS Adder." If this Agreement has terminated and a final "RPS Adder" is published that results in a Party owing a payment to the other Party, then the Party shall make such payment in accordance with Section 3.4.

3.3 Billing Period

The calendar month shall be the standard period for all payments under this Agreement (other than Termination Payments and as otherwise specified in this Agreement). As soon as practicable after the end of each month, each Party will render to the other Party an invoice for the payment obligations, if any, determined hereunder for the preceding month.

3.4 Timeliness of Payment

All invoices under this Agreement shall be due and payable in accordance with each Party's invoice instructions on or before the later of the twentieth (20th) day of each month, or tenth (10th) day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

3.5 Disputes and Adjustments of Invoices

A Party may adjust any invoice rendered by it under this Agreement to correct any arithmetic or computational error or to include additional charges or claims within twenty-four (24) months after the close of the month in which the obligations being invoiced arose. A receiving Party may, in good faith, dispute the correctness of any invoice or of any adjustment to any invoice previously

rendered to it by providing notice to the other Party on or before the later of (i) twelve (12) months of the date of receipt of such invoice or adjusted invoice, or (ii) twenty-four (24) months after the close of the month in which the obligation being invoiced arose. Failure to provide such notice within the time frame set forth in the preceding sentence waives the dispute with respect to such invoice. A Party disputing all or any part of an invoice or an adjustment to an invoice previously rendered to it may pay only the undisputed portion of the invoice when due, provided such Party provides notice to the other Party of the basis for and amount of the disputed portion of the invoice that has not been paid. The disputed portion of the invoice must be paid within two (2) Business Days of resolution of the dispute, along with interest accrued at the Interest Rate from and including the original due date of the invoice to but excluding the date the disputed portion of the invoice is actually paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment but excluding the date repaid or deducted by the Party receiving such overpayment. An invoice can only be adjusted or amended after it was originally rendered within the time frames set forth in this Section. If an invoice is not rendered within twenty-four (24) months after the close of the month in which the payment obligations arose, the right to payment for that month under this Agreement is waived.

3.6 Netting

The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other as of the same date through netting, in which case all amounts owed by each Party to the other Party during the monthly billing period under this Agreement, including damages, payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it. If the Parties enter into additional agreements for an allocation from SCE's Eligible RPS PCIA Portfolio ("**New Voluntary Allocation Agreements**"), SCE may, in its sole discretion, net any payment owed to Counterparty under this Agreement against any amount owed to SCE by Counterparty arising out of, or related to, such New Voluntary Allocation Agreements.

3.7 Payment

All amounts paid hereunder shall be rendered in the form of immediately available dollars. Payment, as applicable, shall be made by ACH, or in other form reasonably requested, to the following accounts:

SCE:
Bank:
ABA No.:
Account No.:

Counterparty:
Bank:
ABA No.:
Account No.:

ARTICLE 4. OTHER SCE AND COUNTERPARTY REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Mutual Representations and Warranties

On the Effective Date, each Party represents and warrants to the other Party that:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses;

(e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

(f) there is not pending or, to its knowledge, threatened against it or any of its Affiliates (for purposes of this Section, SCE shall be deemed to have no Affiliates) any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(g) no Event of Default or Potential Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or

proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;

(i) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code;

(j) it is an "eligible commercial entity" within the meaning of the Commodity Exchange Act, as otherwise amended, updated or modified from time to time;

(k) it is an "eligible contract participant" within the meaning of the Commodity Exchange Act, as otherwise amended, updated or modified from time to time;

(l) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Products referred to in the Agreement;

(m) it is a producer, processor, commercial user or merchant handling the Product, and it is entering into the Agreement for purposes related to its business as such; and

(n) the Agreement is not executed or traded on a "trading facility" as defined in the Commodity Exchange Act, as otherwise amended, updated or modified from time to time, and is subject to individual negotiation by the Parties.

4.2 <u>SCE's Representations, Warranties and Covenants</u>

(a) SCE, and, if applicable, its successors, represents and warrants that throughout the Term of this Agreement:

(i) a Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource as such term is defined in Public Utilities Code Section 399.12 or Section 399.16;

(ii) a Project's output delivered to Counterparty qualifies under the requirements of RPS;

(iii) all necessary steps to allow the Renewable Energy Credits transferred to Counterparty to be tracked in the WREGIS will be taken prior to the first delivery under this Agreement;

(iv) it has the right to sell all right, title, and interest in the Product agreed to be delivered hereunder;

(v) SCE has not sold the Product to be delivered under this Agreement to any other person or entity;

(vi) at the time of delivery, all rights, title, and interest in the Product to be delivered under this Agreement are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever;

(vii) the electric energy generated with the Green Attributes delivered under this Agreement was not and will not be separately sold, marketed, reported, or otherwise represented as renewable energy, renewable electricity, clean energy, zero-emission energy, or in any similar manner; and

(viii) a Project either (A) has a first point of interconnection with a California balancing authority, or a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area; or (B) has an agreement to dynamically transfer electricity to a California balancing authority; or, if (A) or (B) are not applicable, a Project and the agreement executed by SCE for such Project meet the conditions in California Public Utilities Code Section 399.16(d).

(b) SCE and, if applicable, its successors, represents and warrant that throughout the Delivery Period the Renewable Energy Credits transferred to Counterparty conform to the definition and attributes required for compliance with RPS, as set forth in CPUC Decision 08-08-28, and as may be modified by subsequent decision of the CPUC or by subsequent legislation.

SCE makes no representation, warranty or covenant with respect to any portfolio content category designation pursuant to California Public Utilities Code Section 399.16 nor any eligibility of the Product to qualify as excess procurement pursuant to California Public Utilities Code Section 399.13(a)(4)(B).

To the extent a change in law occurs after execution of this Agreement that causes SCE's representation and warranty in Sections 4.2(a)(i)-(ii) and Section 4.2(b) to be materially false or misleading, it shall not be an Event of Default if SCE has used commercially reasonable efforts to comply with such change in law. "Commercially reasonable efforts" shall not require SCE to incur out-of-pocket expenses in excess of $25,000 in the aggregate in any one calendar year.

4.3 [Counterparty's Representations, Warranties and Covenants if Governmental Entity or Public Power System

(a) On the Effective Date and as a condition to the obligations of SCE under

this Agreement, Counterparty shall provide SCE certified copies of all ordinances, resolutions, public notices and other documents evidencing the necessary authorizations with respect to the execution, delivery and performance by Counterparty of this Agreement.

(b) As of the Effective Date and continuing through the Term, with respect to this Agreement, Counterparty represents and warrants to the SCE: (i) all acts necessary to the valid execution, delivery and performance of this Agreement, including without limitation, competitive bidding, public notice, election, referendum, prior appropriation or other required procedures has or will be taken and performed as required under the Act and the Counterparty's ordinances, bylaws or other regulations, (ii) all persons making up the governing body of the Counterparty are the duly elected or appointed incumbents in their positions and hold such positions in good standing in accordance with the Act and other applicable law, (iii) entry into and performance of this Agreement by Counterparty are for a proper public purpose within the meaning of the Act and all other relevant constitutional, organic or other governing documents and applicable law, (iv) the Term of this Agreement does not extend beyond any applicable limitation imposed by the Act or other relevant constitutional, organic or other governing documents and applicable law, (v) the Counterparty's obligations to make payments hereunder are unsubordinated obligations and such payments are (A) operating and maintenance costs (or similar designation) which enjoy first priority of payment at all times under any and all bond ordinances or indentures to which it is a party, the Act and all other relevant constitutional, organic or other governing documents and applicable law or (B) otherwise not subject to any prior claim under any and all bond ordinances or indentures to which it is a party, the Act and all other relevant constitutional, organic or other governing documents and applicable law and are available without limitation or deduction to satisfy all Counterparty's obligations hereunder or (C) are to be made solely from a Special Fund, (vi) entry into and performance of this Agreement and by the Counterparty will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any obligation of Counterparty otherwise entitled to such exclusion, and (vii) obligations to make payments hereunder do not constitute any kind of indebtedness of Counterparty or create any kind of lien on, or security interest in, any property or revenues of Counterparty which, in either case, is proscribed by any provision of the Act or any other relevant constitutional, organic or other governing documents and applicable law, any order or judgment of any court or other agency of government applicable to it or its assets, or any contractual restriction binding on or affecting it or any of its assets.

(c) Counterparty warrants and covenants that with respect to its contractual obligations hereunder and performance thereof, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its

revenues or assets from (i) suit, (ii) jurisdiction of court (including a court located outside the jurisdiction of its organization), (iii) relief by way of injunction, order for specific performance or recovery of property, (iv) attachment of assets, or (v) execution or enforcement of any judgment.

(d) With respect to the transactions contemplated under this Agreement, Counterparty shall either: (i) have created and set aside a Special Fund or (ii) upon execution of this Agreement and prior to the commencement of each subsequent fiscal year of Counterparty during any Delivery Period, Counterparty shall have obtained all necessary budgetary approvals and certifications for payment of all of its obligations under this Agreement for such fiscal year. Any breach of this provision shall be deemed to have arisen during a fiscal period of Counterparty for which budgetary approval or certification of its obligations under this Agreement is in effect and, notwithstanding anything to the contrary in this Agreement, an Early Termination Date shall automatically and without further notice occur hereunder as of such date and Counterparty shall be treated as the Defaulting Party. Counterparty shall have allocated to the Special Fund or its general funds a revenue base that is adequate to cover Counterparty's payment obligations hereunder throughout the entire Delivery Period.] *{SCE Note: Section 4.3 is only included if Counterparty is a Governmental Entity or Public Power System.}*

4.4 <u>CPUC Approval</u>

(a) Within ninety (90) days after the Effective Date, if CPUC Approval of this Agreement is required by the CPUC, SCE shall file with the CPUC the appropriate request for CPUC Approval of this Agreement. SCE shall expeditiously seek CPUC Approval, including promptly responding to any requests for information related to the request for CPUC Approval. As requested by SCE, Counterparty shall use commercially reasonable efforts to support SCE in obtaining CPUC Approval. SCE has no obligation to seek rehearing or to appeal a CPUC decision which fails to provide CPUC Approval of this Agreement or which contains findings required for CPUC Approval with conditions or modifications unacceptable to SCE.

(b) Either Party, in its sole discretion, on or before the ninetieth (90th) day after SCE files the request for CPUC Approval, has the right to terminate this Agreement upon notice in accordance with <u>Section 9.3</u> of this Agreement, which such notice will be effective one (1) Business Day after such notice is given, if: (i) the CPUC issues a final and non-appealable order regarding this Agreement which contains conditions or modifications unacceptable to either Party, or (ii) CPUC Approval of this Agreement has not been obtained on or before the date that is sixty (60) days after the date that SCE files the request for CPUC Approval.

(c) Notwithstanding any other provision in this Agreement, SCE will have no obligation to transfer Product to Counterparty and Counterparty shall have no obligation to receive or pay for the Product unless and until SCE and Counterparty have obtained or waived, in their sole discretion, if required by the CPUC, CPUC Approval of this Agreement.

(d) Failure to obtain CPUC Approval in accordance with this provision will not be deemed to be or cause an Event of Default by either Party. No Termination Payment will be due or owing by either Party upon termination of this Agreement due solely to failure to obtain CPUC Approval.

ARTICLE 5. EVENTS OF DEFAULT, REMEDIES

5.1 Events of Default

An "**Event of Default**" shall mean, with respect to a Party (a "**Defaulting Party**"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;

(b) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;

(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default,) if such failure is not remedied within three (3) Business Days after written notice;

(d) such Party becomes Bankrupt;

(e) the failure of such Party to satisfy the creditworthiness/collateral requirements agreed to pursuant to Article 7 hereof or any other credit arrangement related to this Agreement;

(f) a Merger Event occurs with respect to such Party;

(g) the occurrence and continuation of (i) a default, event of default or other similar condition or event in respect of such Party, under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than the applicable Cross Default Amount, which results in such indebtedness becoming, or becoming capable at such time of being declared, immediately due and payable or (ii) a default by such Party, in making on the due date therefor one or more payments, individually or collectively, in an aggregate amount of not less than the applicable Cross Default Amount. Counterparty's Cross Default Amount shall be *[insert amount is words and*

numerically]. SCE's Cross Default Amount shall be *[insert amount is words and numerically]*;

(h) an event of default occurs (howsoever determined) under a Specified Energy Transaction with respect to such Party and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of that Specified Energy Transaction; or

(i) the Party disaffirms, disclaims, repudiates, or rejects, in whole or in part, or challenges the validity of, this Agreement executed and delivered by that Party.

5.2 Declaration of an Early Termination Date and Calculation of Settlement Amounts

(a) If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the "**Non-Defaulting Party**") shall have the right to (i) designate a day and time of day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as an early termination date ("**Early Termination Date**") to accelerate all amounts owing between the Parties and to liquidate and terminate this Agreement, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for this Agreement as of the Early Termination Date and the Termination Payment payable in connection with this Terminated Agreement shall be calculated in accordance with this Section 5.2 and with Section 5.3 below.

(b) The Non-Defaulting Party shall determine its Gains and Losses by determining the Market Quotation Average Price for the transactions under this Agreement. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts, to obtain the Market Quotation Average Price, then the Non-Defaulting Party shall calculate its Gains and Losses for the transactions under this Agreement in a commercially reasonable manner by calculating the arithmetic mean of at least three (3) Forward Price Assessments for transactions substantially similar to the transactions contemplated under this Agreement. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts to obtain at least three (3) Forward Price Assessments, then the Non-Defaulting Party shall calculate its Gains and Losses in a commercially reasonable manner by reference to information supplied to it by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads, or other relevant market data in the relevant markets; provided, however, that the provider of such information shall not be an Affiliate of either Party. Only in the event the Non-Defaulting

Party is not able, after using commercially reasonable efforts, to obtain such third party information, then the Non-Defaulting Party may calculate its Gains and Losses in a commercially reasonable manner using relevant market data it has available to it internally.

5.3 Termination Payment

The Non-Defaulting Party shall net out (a) the Settlement Amount due to the Defaulting Party, if any, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 7, plus any or all other amounts due to the Defaulting Party under this Agreement, against (b) the Settlement Amount due to the Non-Defaulting Party, if any, any cash then available to the Defaulting Party pursuant to Article 7, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the "**Termination Payment**") payable by one Party to the other. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate.

5.4 Notice of Payment of Termination Payment

As soon as practicable after a liquidation, but in no event more than fifteen (15) Business Days following the Early Termination Date, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be made by the Party that owes it within two (2) Business Days after such notice is effective.

5.5 Disputes With Respect to Termination Payment

If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within two (2) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-Defaulting Party in an amount equal to the Termination Payment.

5.6 Closeout Setoffs

After calculation of a Termination Payment in accordance with Section 5.3, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to set-off against such Termination Payment any amounts due and owing by the Defaulting Party to the

Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party with respect to the Specified Energy Transactions. The remedy provided for in this Section shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise). Notwithstanding anything to the contrary contained in this Agreement, or in any other agreement, instrument, or undertaking between the Parties with respect to a Specified Energy Transaction, if an Early Termination Date has been designated pursuant to Section 5.2, then, in addition to the other remedies provided in this Agreement, the Non-Defaulting Party may accelerate, liquidate and terminate all, but not less than all, Specified Energy Transactions between the Parties.

5.7 Suspension of Performance

Notwithstanding any other provision of this Agreement, if (a) an Event of Default or (b) a Potential Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon written notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement; provided, however, in no event shall any such suspension continue for longer than ten (10) Business Days unless an Early Termination Date shall have been declared and notice thereof pursuant to Section 5.2 given, and (ii) to the extent an Event of Default shall have occurred and be continuing to exercise any remedy available at law or in equity.

ARTICLE 6. LIMITATIONS

THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION SET FORTH IN THIS AGREEMENT OR OTHERWISE; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION

SHALL AFFECT THE ENFORCEABILITY OF SECTIONS 5.2 AND 5.3 OF THIS AGREEMENT. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

ARTICLE 7. CREDIT AND COLLATERAL REQUIREMENTS

7.1 Financial Information

If requested by SCE, the Counterparty shall deliver:

(a) Annual Reports. Within one hundred twenty (120) days following the end of each fiscal year, a copy of its annual report containing audited consolidated financial statements for such fiscal year. If only unaudited financial statements are available, they must include a Responsible Officer certification attesting to the accuracy of such statements.

(b) Quarterly Reports. Within sixty (60) days after the end of each of its first three (3) fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter.

(c) Reports. In all cases the reports shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the producing Party diligently pursues the preparation, certification and delivery of the statements.

7.2 Counterparty's Collateral Requirements

Counterparty will not be required to post collateral at the execution of this Agreement. If there is an Event of Default under this Agreement due to Counterparty's failure to make timely payments for the Product, SCE may require that, in addition to paying all outstanding amounts owed to SCE, and in consideration for SCE not exercising its rights to terminate this Agreement, Counterparty post collateral in an amount and form acceptable to SCE in its sole discretion.

7.3 SCE's Collateral Requirements

Under no circumstances shall SCE be required to post collateral under this Agreement.

7.4 [Uniform/California] Commercial Code Waiver.

This Agreement sets forth the entirety of the agreement of the Parties regarding credit, collateral and adequate assurances. Except as expressly set forth herein, neither Party:

(a) has or will have any obligation to post margin, provide letters of credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, nor

(b) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the relevant provisions of Article 7 of this Agreement; and

all implied rights relating to financial assurances arising from Section [2-609 of the Uniform] [2609 of the California] Commercial Code or case law applying similar doctrines, are hereby waived.

ARTICLE 8. MARKET BASED RATE AUTHORITY AND GOVERNMENTAL CHARGES

8.1 Cooperation

Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

8.2 Governmental Charges

SCE shall pay or cause to be paid all taxes, charges, or fees imposed by any government authority ("**Governmental Charges**") on or with respect to the Product arising prior to the Delivery Point. Counterparty shall pay or cause to be paid all Governmental Charges on or with respect to the Product at and from the Delivery Point (other than ad valorem, franchise or income taxes which are related to the sale of the Product and are, therefore, the responsibility of the SCE). In the event SCE is required by law or regulation to remit or pay Governmental Charges which are Counterparty's responsibility hereunder, Counterparty shall promptly reimburse SCE for such Governmental Charges. If Counterparty is required by law or regulation to remit or pay Governmental Charges which are SCE's responsibility hereunder, Counterparty may deduct the amount of any such

Governmental Charges from the sums due to SCE under Article 3 of this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.

ARTICLE 9. MISCELLANEOUS

9.1 Assignment

Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion.

9.2 Governing Law; Dispute Resolution

(a) Governing Law and Venue: THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. The Parties hereby consent to conduct all dispute resolution, judicial actions or proceedings arising directly, indirectly or otherwise in conjunction with, out of, related to, or arising from this Agreement in Los Angeles County, California. [NOTWITHSTANDING THE FOREGOING, IN RESPECT OF THE APPLICABILITY OF THE ACT AS HEREIN PROVIDED, THE LAWS OF THE STATE OF CALIFORNIA SHALL APPLY.] *{SCE Note: The bracketed provision is only included if Counterparty is a Governmental Entity or Public Power System.}*

(b) Dispute Resolution:

(1) Mediation. The Parties agree that any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to this Agreement, or to either Party's performance or failure of performance under this Agreement, which disputes, claims, or controversies the Parties have been unable to resolve by informal methods after undertaking a good faith effort to do so, shall first be submitted to Judicial Arbitration and Mediation Services, Inc. ("**JAMS**"), its successor, or any other mutually agreeable neutral (the "**Mediator**") for mediation, and if the matter is not resolved through mediation, then it shall be submitted as provided below for final and binding arbitration.

The Parties agree that there will be no interlocutory appellate relief (such as writs) available. Any dispute resolution process pursuant to this Section shall be commenced within one (1) year of the date of the occurrence of the facts giving rise to the dispute, without regard to the date such facts are discovered; *provided*, if the facts giving rise to the dispute were not reasonably capable of being discovered at the time of their occurrence, then such one (1) year period shall commence on the earliest date that such facts were reasonably capable of being discovered, and in no event more than four (4) years after the occurrence of the facts giving rise to the dispute. If any dispute resolution process pursuant to this Section with respect to a dispute is not commenced within such one (1) year time period, such dispute shall be waived and forever barred, without regard to any other limitations period set forth by law or statute.

Either Party may initiate the mediation by providing to the other Party a written request for mediation setting forth the subject of the dispute and the relief requested.

The Parties will cooperate with one another in selecting the Mediator from the JAMS' panel of neutrals, or in selecting a mutually acceptable non-JAMS Mediator, and in scheduling the time and place of the mediation.

Such selection and scheduling will be completed within forty-five (45) days after a Party provides a written request for mediation.

Unless otherwise agreed to by the Parties, the mediation will not be scheduled for a date that is greater than one hundred twenty (120) days after a Party provides a written request for mediation.

The Parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs (other than each Party's individual attorneys' fees and costs related to the Party's participation in the mediation, which fees and costs will be borne by such Party).

All offers, promises, conduct and statements, whether oral or written, made in connection with or during the mediation by either of the Parties, their agents, representatives, employees, experts and attorneys, and by the Mediator or any of the Mediator's agents, representatives and employees, will not be subject to discovery and will be confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding between or involving the Parties, or either of them, *provided,* evidence that is otherwise admissible or discoverable will not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

(2) Arbitration. Either Party may initiate binding arbitration with respect to the matters first submitted to mediation by making a written demand for binding arbitration before a single, neutral arbitrator (the "**Arbitrator**") within sixty (60) days following the unsuccessful conclusion of the mediation provided for in Section (ii) above. If a written demand for arbitration is not provided by either Party within sixty (60) days following the unsuccessful conclusion of the mediation provided for in Section (i) above, the dispute resolution process shall be deemed complete and further resolution of such dispute shall be barred, without regard to any other limitations period set forth by law or statute.

The Parties will cooperate with one another in promptly selecting the Arbitrator and shall further cooperate in scheduling the arbitration to commence no later than one hundred eighty (180) days from the date of the initial written demand for binding arbitration.

If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually acceptable Arbitrator, the Arbitrator shall be appointed as provided for in California Code of Civil Procedure Section 1281.6.

Unless otherwise agreed to by the Parties, the individual acting as the Mediator shall be disqualified from serving as the Arbitrator in the dispute, although the Arbitrator may be another member of the JAMS panel of neutrals or such other panel of neutrals from which the Parties have agreed to select the Mediator.

Upon a Party's written demand for binding arbitration, such dispute, claim or controversy submitted to arbitration, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regards to principles of conflicts of laws.

Except as provided for herein, the arbitration shall be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated.

Absent the existence of such rules and procedures, the arbitration shall be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section 1280 et seq and California procedural law (including the Code of Civil Procedure, Civil Code, Evidence Code and Rules of Court, but excluding local rules).

Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration shall be in Los Angeles County, California.

Also, notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, discovery will be limited as follows:

(1) Before discovery commences, the Parties shall exchange an initial disclosure of all documents and percipient witnesses which they intend to rely upon or use at any arbitration proceeding (except for documents and witnesses to be used solely for impeachment);

(2) The initial disclosure will occur within thirty (30) days after the initial conference with the Arbitrator or at such time as the Arbitrator may order;

(3) Discovery may commence at any time after the Parties' initial disclosure;

(4) The Parties will not be permitted to propound any interrogatories or requests for admissions;

(5) Discovery will be limited to twenty-five (25) document requests (with no subparts), three (3) lay witness depositions, and three (3) expert witness depositions (unless the Arbitrator holds otherwise following a showing by the Party seeking the additional documents or depositions that the documents or depositions are critical for a fair resolution of the Dispute or that a Party has improperly withheld documents);

(6) Each Party is allowed a maximum of three (3) expert witnesses, excluding rebuttal experts;

(7) Within sixty (60) days after the initial disclosure, or at such other time as the Arbitrator may order, the Parties shall exchange a list of all experts upon which they intend to rely at the arbitration proceeding;

(8) Within thirty (30) days after the initial expert disclosure, the Parties may designate a maximum of two (2) rebuttal experts;

(9) Unless the Parties agree otherwise, all direct testimony will be in form of affidavits or declarations under penalty of perjury; and

(10) Each Party shall make available for cross examination at the arbitration hearing its witnesses whose direct testimony has been so submitted.

Subject to Article 6 (Limitations), the Arbitrator will have the authority to grant any form of equitable or legal relief a Party might recover in a court action. The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of the Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to specific performance and injunctive or other equitable relief as a remedy for a breach of Section 9.9 of this Agreement.

Judgment on the award may be entered in any court having jurisdiction.

The Arbitrator shall, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs shall be borne by such Party), including the fees of the Arbitrator, against the Party who did not prevail.

Until such award is made, however, the Parties shall share equally in paying the costs of the arbitration.

At the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to each Party a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall also have the authority to resolve claims or issues in advance of the arbitration hearing that would be appropriate for a California superior court judge to resolve in advance of trial. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision may be vacated or corrected on appeal to a California court of competent jurisdiction for such error. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party bearing one-half of the court reporter's fees.

9.3 Notices

All notices, requests, statements or payments shall be made as specified in this Appendix C. Notices (other than scheduling requests) shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service or facsimile. Notice by facsimile or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day. Notice by overnight

United States mail or courier shall be effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

9.4 General

This Agreement constitutes the entire agreement between the Parties relating to the subject matter. Notwithstanding the foregoing, any collateral, credit support or margin agreement or similar arrangement between the Parties shall, upon designation by the Parties, be deemed part of this Agreement and shall be incorporated herein by reference. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. Each Party agrees if it seeks to amend any applicable wholesale power sales tariff during the term of this Agreement, such amendment will not in any way affect outstanding transactions under this Agreement without the prior written consent of the other Party. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change (individually or collectively, such events referred to as "**Regulatory Event**") will not otherwise affect the remaining lawful obligations that arise under this Agreement; and provided, further, that if a Regulatory Event occurs, the Parties shall use their best efforts to reform this Agreement in order to give effect to the original intention of the Parties. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only. All indemnity and audit rights shall survive the termination of this Agreement for two (2) years. This Agreement shall be binding on each Party's successors and permitted assigns.

9.5 Audit

Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no

adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of twelve (12) months from the rendition thereof, and thereafter any objection shall be deemed waived.

9.6 Bankruptcy Issues

The Parties intend that (i) this Agreement constitutes a "forward contract" within the meaning of the United States Bankruptcy Code (the "**Bankruptcy Code**") or a "swap agreement" within the meaning of the Bankruptcy Code; (ii) all payments made or to be made by one Party to the other Party pursuant to this Agreement constitute "settlement payments" within the meaning of the Bankruptcy Code; (iii) all transfers of Performance Assurance by one Party to the other Party under this Agreement constitute "margin payments" within the meaning of the Bankruptcy Code; (iv) this Agreement constitutes a "master netting agreement" within the meaning of the Bankruptcy Code; and (v) each of SCE and Counterparty are "forward contract merchants" within the meaning of the Bankruptcy Code.

Each Party further agrees that, for purposes of this Agreement, the other Party is not a "utility" as such term is used in 11 U.S.C. Section 366, each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding wherein such Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort to the extent such term relates to 11 U.S.C. Section 366 or another provision of 11 U.S.C. Section 101-1532.

9.7 Confidentiality

(a) Neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates' officers, directors, employees, lenders, counsel, accountants, advisors, or rating agencies who have a need to know such information and have agreed to keep such terms strictly confidential and to take reasonable precautions to protect against disclosure of such terms) except (i) in order to comply with any applicable law, order, regulation, ruling, summons, subpoena, exchange rule, or accounting disclosure rule or standard, or to make any showing required by any applicable governmental authority; (ii) to the extent necessary for the enforcement of this Agreement; (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the non-disclosing Party in making such disclosure; (iv) to the extent such information is or becomes generally available to the public prior to such disclosure by a Party; (v) when required to be released in connection with any regulatory proceeding (provided that the releasing Party makes reasonable efforts to obtain confidential treatment of the information being released); (vi) with respect to SCE, as may be furnished to its duly authorized regulatory and governmental agencies or entities, including

without limitation the CPUC and all divisions thereof, and to SCE's Procurement Review Group, a group of participants including members of the CPUC and other governmental agencies and consumer groups established by the CPUC in D.02-08-071 and D.03-06-071; provided, SCE shall have no liability to Counterparty in the event of any unauthorized use or disclosure by such entities; or (vii) each Party may disclose the terms of this Agreement to WREGIS. The existence of this Agreement is not subject to this confidentiality obligation; provided that neither Party shall make any public announcement relating to this Agreement unless required pursuant to subsection (i) or (vi) of the foregoing sentence of this Section. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) With respect to information provided under this Agreement, this obligation shall survive for a period of three (3) years following the expiration or termination of this Agreement. [For the purposes of this Section, "Affiliate" for Counterparty shall mean [•] and "Affiliate" for SCE shall mean Edison International.] *{SCE Note: Bracketed provision only applicable if Counterparty has Affiliates that have energy trading operations.}*

9.8 <u>No Agency</u>

Except as otherwise provided explicitly herein, in performing their respective obligations under this Agreement, neither Party is acting, or is authorized to act, as the other Party's agent.

9.9 <u>Mobile Sierra Doctrine</u>

(a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting *sua sponte*, shall be the 'public interest' standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co*., 350 U.S. 348 (1956), and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish,* 554 U.S. 527 (2008), and *NRG Power Marketing LLC v. Maine Public Utility Commission*, 558 U.S. 527 (2010) (the 'Mobile Sierra' doctrine).

(b) Notwithstanding any provision of Agreement, and absent the prior written agreement of the Parties, each Party, to the fullest extent permitted by applicable laws, for itself and its respective successors and assigns, hereby also expressly and irrevocably waives any rights it can or may have, now or in the future, whether under Sections 205, 206, or 306 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or

indirectly (through complaint, investigation, supporting a third party seeking to obtain or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any Section of this Agreement specifying any rate or other material economic terms and conditions agreed to by the Parties.

9.10 Multiple Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission, Portable Document Format (i.e., PDF) or by other electronic means constitutes effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.

9.11 Independent Contractors

The Parties are independent contractors. Nothing contained herein shall be deemed to create an association, joint venture, or partnership relationship between the Parties or to impose any partnership obligations or liability on either Party in any way.

9.12 Severability

If any term, section, provision or other part of this Agreement, or the application of any term, section, provision or other part of this Agreement, is held to be invalid, illegal or void by a court or regulatory agency of proper jurisdiction, all other terms, sections, provisions or other parts of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or regulatory agency holds that the provisions are not separable from all other provisions of this Agreement.

9.13 Rules of Construction

(a) The word "or" when used in this Agreement includes the meaning "and/or" unless the context unambiguously dictates otherwise.

(b) Where days are not specifically designated as Business Days, they will be considered as calendar days.

(c) All references to time shall be in PPT unless stated otherwise.

(d) Headings are included for convenience only and are not to be considered in interpretation.

(e) References in the singular include references to the plural and vice versa, pronouns having masculine or feminine gender include the other, and words denoting natural persons include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities, whether or not having a separate legal personality.

(f) Other grammatical forms of defined words or phrases have corresponding meanings.

(g) Unless otherwise specified herein, where the consent of a Party is required, such consent may not be unreasonably withheld, conditioned or delayed.

(h) References to any natural person, Governmental Authority, publication, website, market price index, regulatory proceeding, corporation, partnership or other legal entity include successors and lawful assigns.

(i) All references to money or dollars are to U.S. dollars.

(j) Examples are for purposes of illustration of the applicable concept only and are not intended to constitute a representation, warranty or covenant concerning the example itself or the matters assumed for purposes of such example.

(k) If there is a conflict between an example and the text hereof, the text will govern.

(l) Each term hereof is to be construed simply according to its fair meaning and not strictly for or against either Party.

(m) No term hereof is to be construed against a Party on the ground that the Party is the author or drafter of that provision.

(n) Each Party expressly agrees to not utilize in any dispute hereunder any rule of construction that resolves the interpretation of any provision against the drafting Party.

[Remainder of Page Intentionally Left Blank]

In WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date first written:

{COUNTERPARTY LEGAL NAME},	**SOUTHERN CALIFORNIA EDISON COMPANY,**
a *{type of organization}*.	a California corporation.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

APPENDIX A
DEFINED TERMS

["Act" means [•].] *{SCE Note: Cite the state enabling and other relevant statutes applicable to Governmental Entity or Public Power System. Defined term is only included if Counterparty is a Governmental Entity or Public Power System.}*

"Affiliate" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Agreement" has the meaning specified in the introductory paragraph hereof.

"Arbitrator" has the meaning provided in Section 9.2(b)(2).

"Automated Clearing House", or "ACH" means that specific electronic network for financial transactions and fund transfers managed by the Automated Clearing House Network.

"Bankrupt" means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

"Bankruptcy Code" has the meaning provided in Section 9.6.

"Business Day" means any day except a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday immediately following the U.S. Thanksgiving holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

"CAISO" means the California Independent System Operator Corporation, or any successor entity performing the same functions.

"CAISO Tariff" means the California Independent System Operator Corporation Tariff, Business Practice Manuals (BPMs), Operating Agreements, and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time to time and approved by FERC, if applicable.

"Calculation Period" means each calendar month during the Delivery Period.

"California RPS-Eligible Electric Energy" means electric energy from an Eligible Renewable Energy Resource, as such term is defined in Public Utilities Code Section 399.12 and 399.16.

"CEC" means the California Energy Commission or its regulatory successor.

"Claims" means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

"Claiming Party" has the meaning provided in Section 2.3.

"Contract Price" shall have the meaning provided in Section 1.2.

"Contract Quantity" shall have the meaning provided in Section 1.2.

"Energy Price" shall be Index.

"Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace the transactions contemplated under the Agreement; and all reasonable expenses (excluding attorneys' fees) incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

"CPUC" means the California Public Utilities Commission.

"CPUC Approval" means a decision of the CPUC that (i) is final and no longer subject to appeal, which approves the Agreement in full and in the form presented on terms and conditions acceptable to SCE in its sole discretion, including without limitation terms and conditions related to cost recovery and cost allocation of amounts paid to SCE or to Counterparty under the Agreement; and (ii) does not contain conditions or modifications unacceptable to SCE, in SCE's sole discretion.

"Credit Rating" means with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancements) by the Ratings Agencies. If no rating is assigned to such entity's unsecured, senior long-term debt or deposit obligations the Ratings Agencies, then "Credit Rating" shall mean the general corporate credit rating or long-term issuer rating assigned to such entity by the Ratings Agencies. If any entity is rated by more than one Ratings Agency and the ratings are at different levels, then "Credit Rating" means the lowest such rating.

"Day-Ahead Market" has the meaning set forth in the Tariff.

"Defaulting Party" has the meaning provided in Section 5.1.

"Delivered Energy" means the California RPS-Eligible Electric Energy from a Project that is delivered and scheduled into either the Real Time-Market and/or Day-Ahead Market by SCE on behalf of Counterparty at the Delivery Point.

"Delivery Point" has the meaning provided in Section 1.2.

"Delivery Period" has the meaning provided in Section 1.2.

"Departed Load Customers" has the meaning provided in the Recitals.

"Early Termination Date" has the meaning provided in Section 5.2.

"Effective Date" has the meaning provided in the introductory paragraph of this Agreement.

"Eligible RPS PCIA Portfolio" has the meaning provided in the Recitals.

"Event of Default" has the meaning set forth in Section 5.1.

"Federal Funds Effective Rate" means, for any given month, the average of the annual interest rates reported for all weekdays in the month opposite the caption "Federal funds (effective)" as set forth in the H.15 release, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Force Majeure" means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the Effective Date, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of Counterparty's markets; (ii) Counterparty's inability economically to use or resell the Product purchased hereunder; (iii) the loss or failure of SCE's supply; or (iv) SCE's ability to sell the Product at a price greater than the Contract Price. Neither Party may raise a claim of Force Majeure based in whole or in part on curtailment by a Transmission Provider unless (i) such Party has contracted for firm transmission with a Transmission Provider for the Product to be delivered to or received at the Delivery Point and (ii) such curtailment is due to "force majeure" or "uncontrollable force" or a similar term as defined under the Transmission Provider's tariff; provided, however, that existence of the foregoing factors shall not be sufficient to conclusively or presumptively prove the existence of a Force Majeure absent a showing of other facts and circumstances which in the aggregate with such factors establish that a Force Majeure as defined in the first sentence hereof has occurred. [If the Claiming Party is a Governmental Entity or Public Power System, Force Majeure does

not include any action taken by the Governmental Entity or Public Power System in its governmental capacity.] *{SCE Note: Bracketed sentence is only included if Counterparty is a Governmental Entity or Public Power System.}*

"Forward Price Assessments" means quotations solicited or obtained in good faith from regularly published and widely-distributed forward price assessments from a broker that is not an Affiliate of either Party and who is actively participating in markets for the relevant Products.

"Gains" means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement, determined in a commercially reasonable manner in accordance with Section 5.2.

"Governmental Authority" means any: (a) federal, state, local, municipal or other government; (b) governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (c) court or governmental tribunal.

"Governmental Charges" shall have the meaning provided in Section 8.3(b).

["Governmental Entity or Public Power System" means a municipality, county, governmental board, public power authority, public utility district, joint action agency, or other similar political subdivision or public entity of the United States, one or more States or territories or any combination thereof.] *{SCE Note: Defined term is only included if Counterparty is a Governmental Entity or Public Power System.}*

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from a Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

(1) Any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants;

(2) Any avoided emissions of carbon dioxide (CO_2), methane (CH_4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;[1]

[1] Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

(3) The reporting rights to these avoided emissions, such as Green Tag Reporting Rights.

Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy.

Green Attributes do not include:

(i) Any energy, capacity, reliability or other power attributes from a Project,

(ii) Production tax credits associated with the construction or operation of a Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,

(iii) Fuel-related subsidies or "tipping fees" that may be paid to SCE to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or

(iv) Emission reduction credits encumbered or used by a Project for compliance with local, state, or federal operating and/or air quality permits.

If a Project is a biomass or biogas facility and SCE receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Counterparty with sufficient Green Attributes to ensure that there are zero (0) net emissions associated with the production of electricity from such Project.

"Index" means, for each Scheduling Period, the applicable CAISO market price for the CAISO Pricing Node for the applicable portion of a Project for each applicable period as published by the CAISO on the CAISO website; or any successor thereto, unless a substitute publication and/or index is mutually agreed to by the Parties.

"Interest Rate" means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

"IOUs" has the meaning provided in the Recitals.

"JAMS" has the meaning provided in Section 9.2(b)(1).

"Load Share Percentage" means a percentage which reflects a Counterparty's forecasted annual load share, as has been determined through the annual Meet and Confer Process for each PCIA Vintage Year.

"Losses" means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of the Agreement, determined in a commercially reasonable manner in accordance with Section 5.2.

"LSE" has the meaning provided in the Recitals.

"Market Quotation Average Price" means the arithmetic mean of the quotations solicited in good faith from not less than three (3) Reference Market-Makers; provided, however, that the Party obtaining the quotes shall use reasonable efforts to obtain good faith quotations from at least five (5) Reference Market-Makers and, if at least five (5) such quotations are obtained, the Market Quotation Average Price shall be determined by disregarding the highest and lowest quotations and taking the arithmetic mean of the remaining quotations. The quotations shall be based on the offers to sell or bids to buy, as applicable, obtained for transactions substantially similar to those contemplated under this Agreement. The quote must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. Each quotation shall be obtained in good faith by such Party, to the extent reasonably practicable, as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date, such day and time as of which those quotations will be selected shall be specified in accordance with Section 5.2. If fewer than three (3) quotations are obtained, it will be deemed that the Market Quotation Average Price in respect of this terminated Agreement cannot be determined.

"Mediator" has the meaning provided in Section 9.2(b)(1).

"Meet and Confer Process" shall mean the annual meetings between the Counterparty and SCE where the Parties determine the Load Share Percentage for each PCIA Vintage Year among other things.

"Merger Event" means, with respect to a Party, that such Party consolidates or amalgamates with, merges into or with, or transfers substantially all its assets to another entity and (i) the resulting entity fails to assume all the obligations of such Party hereunder, or (ii) the benefits of any credit support provided by such Party pursuant to Article 7, fail to extend to the performance of such resulting, surviving or transferee entity's obligations hereunder, or (iii) the resulting entity's creditworthiness is materially weaker than that of such Party immediately prior to such action. The creditworthiness of the resulting entity shall not be deemed to be 'materially weaker' so long as the resulting entity maintains a Credit Rating of at least that of the applicable Party, as the case may be, immediately prior to the consolidation, merger or transfer.

"Monthly Cash Settlement Amount" has the meaning provided in Section 3.1.

"Moody's" means Moody's Investor Services, Inc. or its successor.

"MW" means megawatt (or 1,000 kilowatts) of alternating current electric energy generating capacity.

"New Voluntary Allocation Agreements" has the meaning provided in Section 3.6.

"Non-Defaulting Party" has the meaning provided in Section 5.2.

"PCIA" has the meaning provided in the Recitals.

"PCIA-Eligible LSEs" has the meaning provided in the Recitals.

"PCIA Vintage Year" means the calendar year that the contracts in SCE's RPS PCIA Portfolio are executed.

"Performance Assurance" means all collateral that is provided by one Party to another Party, whether in the form of cash, letters of credit, or combination thereof.

"Potential Event of Default" means an event which, with notice or passage of time or both, would constitute an Event of Default.

"Pricing Node" has the meaning set forth in the Tariff.

"Product" has the meaning provided in Section 1.2.

"Project" has the meaning provided in Section 1.2.

"Project Contract Quantity" has the meaning provided in Section 1.2.

"Ratings Agency" means any of S&P and Moody's, and any other ratings agency agreed by the Parties (collectively the "Rating Agencies").

"Real-Time Market" has the meaning set forth in the Tariff.

"REC Price" means the "RPS Adder" for the calendar year in which the RECs are generated, published by the Energy Division of the CPUC as the "Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up", which may be revised in future publications by the CPUC as the final "RPS Adder."

"Reference Market-Maker" means a leading dealer in the relevant market that is not an Affiliate of either Party and that is selected by a Party in good faith among dealers of the highest credit standing which satisfy all the criteria that such Party applies generally at the time in deciding whether to offer or to make an extension of credit. Such dealer may be represented by a broker.

"Regulatory Event" has the meaning provided in Section 9.4.

"Renewable Energy Credit" or "REC" has the meaning set forth in CPUC Decision 08-08-028, as such definition may be modified by the CPUC or applicable law from time to time.

"Responsible Officer" shall mean the Chief Financial Officer, Treasurer or any Assistant Treasurer.

"Revised Load Share Percentages" has the meaning provided in Section 2.6.

"RPS" means the California Renewables Portfolio Standard Program as codified at California Public Utilities Code Section 399.11 *et seq.*, and any decisions by the CPUC related thereto.

"RPS PCIA Portfolio" has the meaning provided in the Recitals.

"S&P" means the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

"Scheduling Period" means each hour of the Delivery Period for a Project.

"Settlement Amount" means, with respect to this Agreement and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such party incurs as a result of the liquidation of the Agreement pursuant to Section 5.2.

["Special Fund" means a fund or account of the Governmental Entity or Public Power System set aside and or pledged to satisfy the Governmental Entity's or Public Power System's obligations hereunder out of which amounts shall be paid to satisfy all of the Governmental Entity's or Public Power System's obligations under this Agreement for the entire Delivery Period.] *{SCE Note: Defined term is only included if Counterparty is a Governmental Entity or Public Power System.}*

"Specified Energy Transaction" means any transaction (including an agreement with respect to any such transaction) or agreement now existing or hereafter entered into between SCE and Counterparty, which is a transaction under the Edison Electric Institute Master Power Purchase and Sale Agreement, International Swaps and Derivatives Association Master Agreement, the North American Energy Standards Board Base Contract for Purchase and Sale of Natural Gas, the WSPP Agreement, or under any other agreement with respect to the purchase, sale, or transfer of (a) wholesale physical electric energy, capacity, ancillary services or resource adequacy benefits; (b) wholesale physical natural gas; (c) transmission services or capacity, (d) emissions (including greenhouse gas emissions) related credits, allowances or offsets, or (e) financial derivative products related to any of the foregoing.

"Term" has the meaning specified in Section 1.1.

"Termination Payment" has the meaning provided in Section 5.3.

"Transmission Provider" means any entity or entities transmitting or transporting the Product on behalf of SCE to the Delivery Point under this Agreement.

"Vintage Year" means the calendar year the WREGIS Certificate is associated with through the generation of electric energy.

"WREGIS" means the Western Renewable Energy Generation Information System or other process recognized under applicable laws for the registration, transfer or ownership of Green Attributes.

"WREGIS Account Holder" means "Account Holder" as defined by WREGIS in the WREGIS Operating Rules.

"WREGIS Certificate" means "Certificate" as defined by WREGIS in the WREGIS Operating Rules.

"WREGIS Operating Rules" means the operating rules and requirements adopted by WREGIS, as amended, supplemented or replaced from time to time.

APPENDIX B
PROJECTS

[A spreadsheet resulting from the Meet and Confer Process will be attached and will include the following information for each Project:

- Contract ID
- Project Name
- PCIA Vintage Year
- Resource Type
- PCC
- In-State/Out of State
- Resource ID
- CEC ID
- WREGIS ID
- Total Yearly Available Allocation (MWh) per vintage
- LSE's Yearly Available Allocation (MWh) per vintage
- Load Share Percentage; and
- End of Delivery Term]

APPENDIX C
NOTICES

{Counterparty Legal Name}	**Southern California Edison Company**
All Notices: Street: _____ City: _____Zip: _____	**All Notices:** 2244 Walnut Grove Ave., G.O.1, Quad 1C Rosemead, CA 91770
Attn: Phone: _____ Email: _____ Duns: _____ Federal Tax ID Number: _____	Attn: Director, Energy Contracts Management Phone: (707) 595-0451 Electronic Facsimile: (732) 289-9854 Email: Energycontracts@sce.com Duns: 006908818 Federal Tax ID Number: 95-1240335
Invoices: Attn: _____ Phone: _____ Email: _____	**Invoices** Attn: EPM & Contract Settlements Phone: (626) 302-8908 Email: PPFDPowerSettle@sce.com
Trading: Attn: _____ Phone: _____ Email: _____	**Trading:** Attn: [•] Phone: (626) 307-4425 (Day Ahead) or (626) 307-4453 (Real Time) Facsimile: [•] E-mail: [•]
Scheduling: Attn: _____ Phone: _____ Email: _____	**Scheduling:** Attn: Manager or Day Ahead Operations Phone: (626) 307-4425 (Day Ahead) or (626) 307-4453 (Real Time) Facsimile: (626) 307-4413 E-mail: presched@sce.com
Payments: Attn: _____ Phone: _____ Email: _____	**Payments:** Attn: EPM & Contract Settlements Phone: 626-302-8908 E-mail: PPFDPowerSettle@sce.com
Credit and Collections: Attn: _____ Phone: _____ Email: _____	**Credit:** Attn: Manager of Credit Risk Phone: (626) 302-3672
	Collateral: Southern California Edison Company Attn: Manager of Risk Operations & Collateral Management 2244 Walnut Grove Avenue, GO1 Quad 2B Rosemead, CA 91770 Phone: (626) 302-0023 Email: SCECollateral@sce.com

With additional Notices of an Event of Default or Potential Event of Default to: Attn: _____ Phone: _____ Email: _____	**With additional Notices of an Event of Default or Potential Event of Default to**: Attn: Director and Managing Attorney Power Procurement Section E-mail: PPLegalNotice@sce.com

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER'S OFFICE**

FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-049, 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 2021-089.**

ISSUE

Adopt Resolution No. CC 2022-049, 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 2021-089.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2022-049 designating by title and name those officials who are authorized to sign checks and warrants, and repeal Resolution No. CC 2021-089.

DISCUSSION

Resolution No. CC 2022-049 will reflect the hiring, appointment, or deletion of the following, and add or delete these individuals as authorized signers of checks and warrants for the City of Palmdale.

Laura Bettencourt, Mayor Pro-Tem- Deleting
Richard Loa, Mayor Pro-Tem- Adding
Ronda Perez, Interim City Manager- Adding
Janelle Samson, Director of Finance- Adding
Janelle Samson, City Treasurer- Adding
Keith Kang, Finance Manager – Deleting
TBD, Finance Manager - Adding
TBD, Deputy City Treasurer - 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, Director of Finance
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-049

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-049

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 2021-089.

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	- RICHARD LOA
or	
Interim City Manager	- RONDA PEREZ
or	
Assistant City Manager	- TBD
or	
Director of Finance	- JANELLE SAMSON
or	
City Treasurer	- JANELLE SAMSON
or	
Finance Manager	- TBD
or	
Deputy City Treasurer	- TBD

SECTION 2. Resolution No. CC 2022-049 is repealed in its entirety.

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

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

_____
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 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORTS FOR THE YEAR ENDED JUNE 30, 2021 FOR THE CITY OF PALMDALE.**

ISSUE

Receive and file the Annual Comprehensive Financial Report for the Year Ended June 30, 2021 for the City of Palmdale, the Housing Authority of the City of Palmdale, the Palmdale Civic Authority, the Palmdale Financing Authority, and the Palmdale Community Foundation.

RECOMMENDATION

Staff recommends that the City Council receive and file the independent auditor's unmodified (clean) report for the City's Annual Comprehensive Financial Report for the Year Ended June 30, 2021 for the City of Palmdale, the Housing Authority of the City of Palmdale, the Palmdale Civic Authority, the Palmdale Financing Authority, and the Palmdale Community Foundation.

BACKGROUND

The Annual Comprehensive Financial Report (ACFR) communicates the City's financial condition and activity for the Year Ended June 30, 2021. Overall, the City's operations show signs of stability, a result of the prudent and sound management practices and efforts of the City of Palmdale. The most important fact to note is that management will remain diligent and continue to recommend caution during this time of uncertainty. The following is an explanation of some key indicators shown in the ACFR.

The City contracted with Eide Bailly, LLP to perform the annual audit of the City's financial transactions for the Year Ending June 30, 2021. The independent auditors' unmodified (clean) report provides the assurance that the ACFR and audited information within, present fairly the City's financial position for the Year Ended June 30, 2021.

The ACFR is used to communicate the City's financial condition and activity in a transparent and organized manner. The report presents historical and comparative information that can be useful to City staff, elected officials, and external users, such as debt rating agencies, businesses, other public agencies and the City's residents. The most recent ACFR and several prior year reports are available at the City library and on the City's website at: https://cityofpalmdale.org/293/Financial-Reports.

The quality of the City's work and the ACFR is measured in two ways: (1) a clean audit report by the independent auditors; and (2) the Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers' Association of the United States and Canada (GFOA). The attainment of the latter is the highest form of recognition in governmental accounting and financial reporting. A clean audit report is defined as one without audit-related findings. The City of Palmdale has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers' Association of the United States and Canada for thirty-one consecutive years.

The format and content of the ACFR document is largely prescribed in order to meet governmental accounting standards. In an effort to make this complicated and large document more user-friendly, staff has provided a more in-depth explanation of the ACFR in the staff report.

DISCUSSION

The City's ACFR includes the following major sections and information:

Introductory Section

- Letter of Transmittal (Pages i-vi) – prepared by management and used to communicate information on areas that may have an impact on the City's finances now and in the future. This includes economic factors as well as budget and management factors.

Financial Section (the main body of the ACFR for current year information)

- Independent Auditor's Report (pages 1-3) – The City's report card on the content of the ACFR.

- Management's Discussion and Analysis (MD&A) (pages 4-14) – provides an analytical overview of the City's financial status.

- Basic Financial Statements – show finances at a point in time (assets – liabilities) and throughout the year (revenues – expenses, and budget to actual revenues and expenditures).
    - City-Wide Statements (pages 15-16) – overview of financial information.
    - Fund Financial Statements (pages 17-21) – a detailed look at funds, showing Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.
    - Budget to Actual Comparisons (pages 22-24) – for the General Fund and other select major funds.
    - Proprietary Fund Financial Statement (pages 25-27) – show finances for Internal Service Funds.
    - Fiduciary Fund Financial Statement (pages 28-30) – show finances for Custodial Funds, Retiree Health Premium Trust Funds and Private-purpose Trust Funds.
    - Notes to the Financial Statements (pages 31-88) – (Notes) a narrative explanation that accompanies the Basic Financial Statements.

Required Supplementary Information Sections

- Pension Information (pages 89-90) – information on changes in Net Pension Liability and related ratios and schedule of contributions.
- Other Post Employment Defined Benefit information (OPEB) (pages 91-92) – information on changes in Net OPEB Liability and related ratios and schedule of investment returns.
- Combining Financial Statements (pages 96-109) - A detail schedule of the non-major individual funds for funds that were presented in a cumulative manner in the Financial Section.
- Budget to Actual Comparisons (pages 110-147) – for the non-major funds cumulated in the Financial Section.
- Combining Financial Statements (pages 148-150) – for internal service funds presented in a cumulative manner in the Financial Section.
- Combining Financial Statements (pages 151-157) – for fiduciary funds presented in a cumulative manner in the Financial Section.

Statistical Section (current and historical information starting at page 158 – up to 10 years)

- Financial Trends
- Revenue Capacity Information
- Debt Capacity Information
- Demographic and Economic Information
- Operating Information

Overview of the Citywide Net position

The Statement of Net position, similar to a balance sheet, shows total assets and liabilities of the City as of June 30, 2021. The total net position (assets less liabilities) was $881.0 million. Net position is broken out into three categories: capital, restricted and unrestricted.

- **Net Investment in Capital Assets** *($635.7 million)*

  Capital is the largest of the three categories and is net of depreciation and debt. Capital assets include land, buildings, improvements, infrastructure and utility systems and construction in progress.

- **Restricted Net Position** *($206.1 million)*

  These assets are subject to agreements with creditors, developers, grantors, or laws or regulations of other governments. Approximately 28.6 percent of this amount is restricted for affordable housing, and 66.0 percent is restricted for committed projects such as streets, sewer and drainage public service projects. The remaining amount is committed to debt obligations and community projects.

- **Unrestricted Net Position** *($39.2 million)*

  These assets may be used to meet government's ongoing obligations to citizens and creditors. These assets are made up of positive unrestricted balances of $31,731,246 in the General Fund; offset overall by negative unrestricted balances reported in Housing Authority Mobile Home Parks, Federal Funds, State Grant Funds, Miscellaneous/Developer Contribution Funds, and SAVES Grant Funds. The negative balances are expected to be resolved in the future years.

- **Liabilities and Deferred Inflows of Resources** *($172.7 million)*

- The short-term liabilities totaling $22.3 million are considered current and payable within a year and consist of unpaid expenditures, accrued salaries, and principal and interest to be paid on long-term debt owed at the financial date and within the year. The long-term liabilities totaling $71.6 million are due after a year and are the largest component of the City's liabilities.

- The long-term liabilities consist of $52.6 million balances owed on bonds issued to fund redevelopment projects, and various city, building, and park improvement. The remainder of the long-term liabilities was comprised of Notes Payable for Streetlight Acquisition totaling $9.3 million, Capital Leases Payable for Equipment Leases, Section 108 HUD Loan, HOME Loan, On Bill Financing with Southern California Edison, and $4.0 million on unpaid liability claims and compensated balances. More information on the debt can be found in the Notes to the Financial Statements (Notes) section starting at page 54. The second largest component of long-term liabilities consists of the Net Pension Liabilities totaling $51.5 million for future unpaid retirement benefits due employees. A detailed explanation of the net pension liability is included in the Notes section. *(Note 15, pages 69 through 72).*

- Schedules of Changes in Net pension Liability and Related Ratios and Schedule of Contributions can be found at pages 89 and 90 of the Required Supplementary Information Section. Schedules of Changes in the City's Net Other Postemployment Benefits (OPEB) Liability and Related Ratios can be found at pages 91 and 92 of the Required Supplementary Information Section. The remaining amount consists of refundable deposits, unearned revenue and deferred inflows of resources in amount of $23.0 million. The deferred inflows of resources related to pensions and other postemployment benefits in the amount of $188 thousand consist of changes in assumptions, and differences between expected and actual experiences. This amount is recognized as a reduction of pension expense over a five-year period.

- **Cash and Investments**

  The ACFR also includes detailed information on the City's cash and investments. As of June 30, 2021, the City had $281.6 million in total cash and investments. More information on cash and investments can be found in the Notes Section starting at page 40.

- **General Fund Balance**

  The General Fund balance is a good measure of the City's financial health. As presented in the Basic Financial Statements, the City's General Fund (page 18)

had a balance of $58.5 million as of June 30, 2021. The balance consists of several categories, as follows:

- $2.4 million nonspendable, resources not in a spendable form such as permit held for development, prepaids, and long-term receivables.
- $2.9 million restricted resources subject to externally enforceable legal restrictions such as donations and grants.
- $21.5 million assigned resources that are constrained by the City's intent to be used for a specific purpose such as covering the City's self-insured liability claims and healthcare claims liabilities, and unpaid accrued employee compensated absence balances.
- $31.7 million in unassigned resources that can be used for ongoing obligations of the City.

The City's 2021-22 budget projects continuing operating revenues aligning with the continuing operating expenditures while the unassigned fund balance resources are used to maintain an operating reserve and also setting aside reserves for purposes considered to be most volatile and hard to forecast. It is the City's policy to maintain a minimum General Fund reserve of 20 percent of operating expenditures. The operating reserve is projected to be 20 percent at June 30, 2023, while reserves are also being set aside for future contingent liability requirements, capital replacement requirements, information technology replacements, infrastructure improvement requirements.

Once approved, the Annual Comprehensive Financial Report will be mailed to all of the trustees for bond issues, Moody's, Standard and Poor's, State of California, County of Los Angeles, and any other agencies requesting the information.

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.

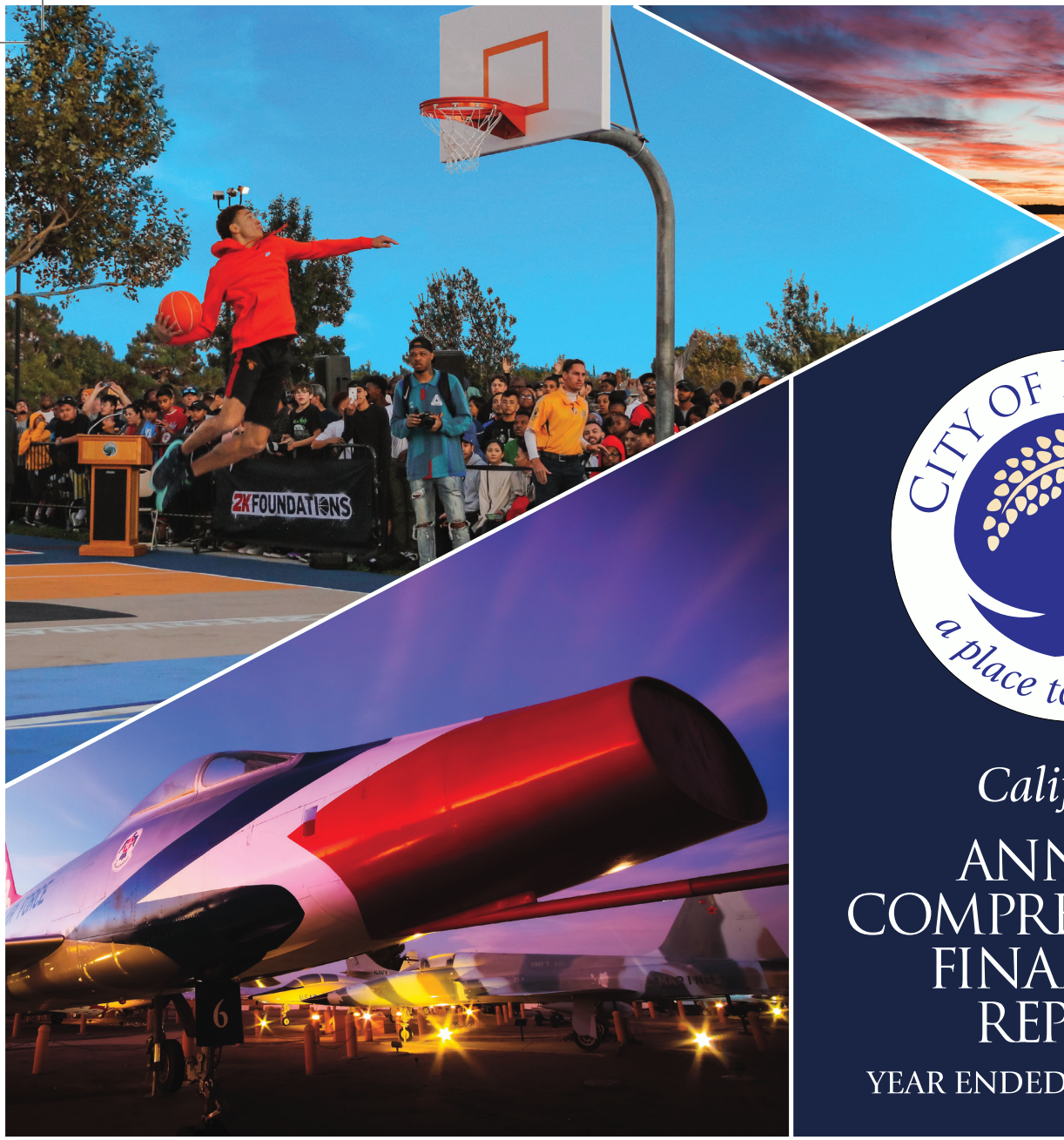
B. Manage resources, costs and liabilities to ensure the City's long-term fiscal health.
C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Willy Galindo, Sr. Financial Analyst
Certified as to availability of Funds:	Janelle Samson, Director of Finance

Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. City of Palmdale Annual Comprehensive Financial Report for the Year Ended June 30, 2021.
2. Auditor's Letter to City Council



CITY OF PALMDALE

a place to call home®

California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

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Introductory Section

Palmdale, California

Year Ended June 30, 2021

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PALMDALE

a place to call home

STEVEN D. HOFBAUER
Mayor

RICHARD J. LOA
Mayor Pro Tem

LAURA BETTENCOURT
Councilmember

AUSTIN BISHOP
Councilmember

JUAN CARRILLO
Councilmember

38300 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5100

Fax: 661/267-5122

TDD: 661/267-5167

April 13, 2022

Honorable Mayor, Members of the City Council,
and Citizens of the City of Palmdale:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Palmdale for the fiscal year ended June 30, 2021. This report is published in accordance with local ordinance and the state law requirements that financials statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Palmdale. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Palmdale has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Palmdale's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Palmdale's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Palmdale's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to opine on whether the financial statements of the City of Palmdale for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examination on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Palmdale's basic financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The City of Palmdale's Management's Discussion and Analysis (MD&A) can be found immediately following the report of the independent auditors.

Auxiliary aids provided for

communication accessibility

upon 72 hours notice and request.

Palmdale Profile

The City of Palmdale was incorporated on August 24, 1962 and became a charter City in November 2009. The City is located 60 miles north of Los Angeles and is situated in the high desert at an elevation of 2,600 feet with an average mean temperature of 72 degrees Fahrenheit. Palmdale is an upper-middle class community, with a median household income of $85,565 in 2020, which is comparable to Los Angeles at $75,624 Palmdale residents enjoy a comfortable hometown feel with a strong family orientation, excellent education system and abundant opportunities in a safe environment.

There are eighty-eight cities in Los Angeles County with a total population of 10 million. Palmdale is the sixth largest and one of the fastest growing cities in the county. The City currently occupies a land area of 104 square miles and serves a population of 156,074. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Palmdale is a Charter City governed under the council/manager form of local government. The five-member City Council consists of an elected at large Mayor who serves a two-year term. Beginning with the November 2016 General Municipal Election, the Councilmembers are elected by four (4) geographic districts. Registered Voters voted for one (1) Councilmember to represent their district. Council District seats have four (4) year terms. The Mayor Pro Tem is selected from among the City Council members. The City Manager serves at the pleasure of the City Council and administers the City's affairs and carries out policies established by the City Council. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing various department heads. The City provides the following municipal services:

Building Services	Parks, Recreation, and Culture	Public Safety
Economic Development	Human Resources	Public Works & Utilities
Engineering	Planning & Zoning	Environmental Programs
Finance	Library	Affordable Housing

The annual budget serves as the foundation for the City of Palmdale's financial planning and control. All departments of the City of Palmdale are required to submit requests for appropriation to the City Manager on or before March 31 each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to May 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than July 1. The appropriated budget is by fund and department. Department heads may make transfers of appropriations within a department.

The accompanying Annual Comprehensive Financial Report includes the financial activities of the City of Palmdale, the primary government, and its component units, which are the Palmdale Civic Authority, the Palmdale Financing Authority, the Housing Authority of the City of Palmdale, the Palmdale Community Foundation and the Industrial Development Authority of the City of Palmdale. Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment with which the City of Palmdale operates.

Local Economy

In March of 2020, it became apparent the spread of the novel coronavirus was going to severely disrupt the economy. This disruption did not spare the City of Palmdale, but the severity of the impact has not been as deep as expected. The City has enjoyed higher than average retail sales when compared to other cities partially due to the City's early action to stimulate the local retail sales especially auto sales through the incentive program "Operation Jump Start". Overall, sales taxes had large increases from the budgeted projections that were not expected due to the accelerated pace of online sales in response to pandemic. The City of Palmdale received higher property tax revenue as the assessment value continued to increase during the pandemic. Offsetting the increased revenue from sales taxes and property taxes, however, were lower transient occupancy tax (TOT) revenue and decreased fees for the City services, especially in the Parks and Recreation part of the City services.

During the Fiscal Year 2020-21 the City began experiencing a huge demand for industrial and commercial space as several new development projects are currently in the entitlement process. The largest project is a new one million square foot warehouse facility located on the Southeast corner of 10th Street West and Avenue M. The project is expected to break ground by the end of April 2022 and is anticipated to create hundreds of new employment opportunities for Palmdale residents. Additionally, Lockheed Martin and Northrop Grumman continued to expand their industrial facilities in large scales. The City has also entered into escrows to sell several of its government-owned land to spur additional interest in commercial and residential development.

Retail business is also booming in Palmdale with the opening of Juice It Up, Wing Stop, The Original Karen's Kitchen, Chipotle, Boss Jays, Los Cipotes Salvadorean Grill and Bakery and many more. Palmdale experienced 335 new businesses opening in Fiscal Year 2020-21. During the Fiscal Year 2021-22, the City will also be welcoming Sprouts Farmers Market, Dutch Bros, Pier 88, Xevichez Sushi Bar, and Nothing Bundt Cakes.

The demand for new housing is also on the upswing. Joshua Ranch constructed 59 new homes with another 47 under construction. Ana Verde and Ritter Ranch received approvals for the first phases of their master plan developments. The projects will be adding over 2,400 new homes. Construction is anticipated to begin before the end of 2022. Much needed new multi-housing development is also coming to Palmdale. LaTerra's project will include 344 units of apartment housing next to the Antelope Valley Mall and Palmdale Terrance Apartments is under construction at 25th Street East and Q-12. This project will include 151 units on a three-story property that will offer a mix of 1,2 and 3 - bedroom units specifically for low-income individuals and families.

On June 11, 2021, the state of California issued a Gubernatorial Executive Order N-08-21 to rescind the Stay-at-Home Order (N-33-20), as well as Executive Order N-60-20 for a gradual reopening of the state's economy. On March 11, 2021, the United States Federal Government enacted the American Rescue Plan Act and became public law. This act included provisions to provide $35.4 million to the City of Palmdale to continue to respond to the Post-Coronavirus disease (COVID-19) pandemic as well as any variants (i.e., Delta and Omnicron) of the virus. The U.S. Treasury would issue these funds in two trenches and provided $17.7 million to the City on June 10, 2021 with the remaining allocation to be made 12 months from the initial provision.

On April 1, 2021, the City's local Transactions and Use tax (Measure AV) became effective and provided the City with $5 million in tax revenues for the 2020-21 period, exceeding our forecast of $3 million. The City has projected $19 million in Measure AV revenues in Fiscal Year 2021-22.

One result of the post-pandemic is the inflationary pressure on materials and delays in acquiring City vehicles for its operations. The City is doing everything it can to acquire supplies and equipment in the early stages before their uses and is continually monitoring price increases.

Long Term Financial Planning

As part of the City of Palmdale land use planning process, the City's completed General Plan is at the top of the City's land use regulation hierarchy. It is the foundation for most of the Council's budgeting decisions in terms of capital facilities, staffing, programs, utility infrastructure, and levels of service; it establishes a land use pattern for lands beyond the City limit; it provides the vision and guidance for capital improvements and the development of City infrastructure; and it is used to create development impact fees and provides the basis for environmental analysis of the growth of the City. The plan is intended to guide development for a period of ten years and will be the basis of the City's annual 5 year operating and capital forecast.

Also, to finance current growth, the City has in place a variety of user and developer fees to pay for streets, parks, and sewer lines. The City reviews these fees on an annual basis to assure that the fee structure is in line with the cost of construction. As growth in the City's economically sensitive revenues remained on pace with a solid fiscal year 2020-21, the City's focus is to maintain the long-term health of the organization in order to deliver needed services to our residents. We also continue to preserve the City's ability to respond to external financial challenges such as continued increases in our law enforcement contract, required pension contributions, and healthcare costs, as well as federal and state funding uncertainty.

Management continues to align operating revenues with operating expenditures, and this was successfully achieved with the Fiscal Year 2020-21 Budget. A projected use of Fund Balance Reserves was not as large as expected, as higher than expected revenue combined with lower than expected expenditures reduced the need to tap into the City General Fund Reserves.

Management's long-term goal is to commit General Fund funding to build up reserves for purposes to include one-time expenditures for purposes considered to be most volatile and hard to forecast. Management has proactively taken steps to manage the future volatility of the City's pension cost. Management plans to contribute annually to pre-fund pension obligations. The UAL prepayment for Fiscal Year 2020-21 was $3,216,563.

The City forecasts a stable General Fund over the next few years while contributing annually to reserves set aside for future contingent liability requirements, capital replacement requirements, computer technology replacements, infrastructure improvement requirements, and an economic sustainability fund for future downturns in the economy. At the end of the Fiscal Year 2020-21 the Unassigned Fund Balance in the General Fund is 54 percent of Total Fund Balance for the General Fund.

Strategic Plan

The City of Palmdale's Strategic Plan establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting to forecast and actively communicate challenges and opportunities before they arise.

The City Council goals are predicated on the understanding that investments of financial, physical and staff resources today ensure the community's quality of life is preserved and enhanced in the future. Preparing for an uncertain future requires consideration of a wide range of factors as well as direct and indirect influences on the City providing the community's desired service level on a sustainable basis. Long term financial planning involves financial forecasting and strategizing how to meet both current and future needs of the community.

The Strategic Plan, in conjunction with the detailed Business Plans, will continue to serve as a roadmap for our organization and the framework for our important programming and budgetary decisions.

Processes involving strategic planning will allow the City the opportunity to not only reflect on five decades of growth and success, but also to revisit our focus for the future. Creating a successful future in Palmdale will depend on the continued implementation of the Strategic Plan, as well as making necessary adjustments that will sustain us in the years and decades ahead.

Award and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmdale for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2020. This was the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current ACFR continues to meet the Certificate of Achievement program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the Excellence in Operational Budgeting Award from California Society of Municipal Finance Officers (CSMFO) and the Distinguished Budget Presentation Award from Government Finance Officers Association (GFOA) for the fiscal year 2020-2021 Budget.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City Manager's Office - Finance Division. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, City Council members, and the City Manager for their support for maintaining the highest standards of professionalism in the management of the City of Palmdale's finances.

Respectfully submitted,

Janelle Samson
Director of Finance/City Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

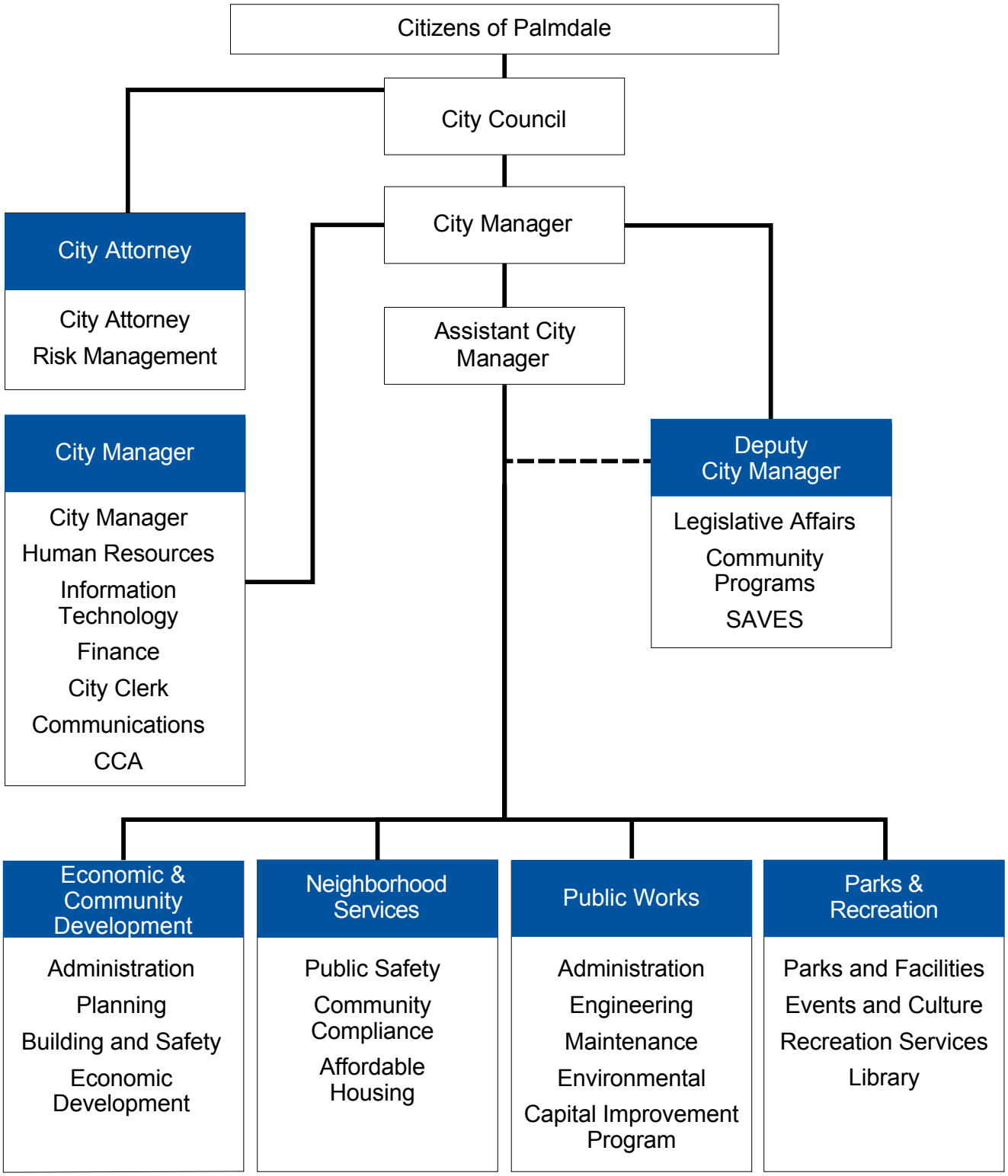
City of Palmdale
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO


Citizens of Palmdale
City Council
City Manager
Assistant City Manager
City Attorney
City Attorney
Risk Management
City Manager
City Manager
Human Resources
Information Technology
Finance
City Clerk
Communications
CCA
Deputy City Manager
Legislative Affairs
Community Programs
SAVES
Economic & Community Development
Administration
Planning
Building and Safety
Economic Development
Neighborhood Services
Public Safety
Community Compliance
Affordable Housing
Public Works
Administration
Engineering
Maintenance
Environmental
Capital Improvement Program
Parks & Recreation
Parks and Facilities
Events and Culture
Recreation Services
Library

City Officials

Year Ended June 30, 2021

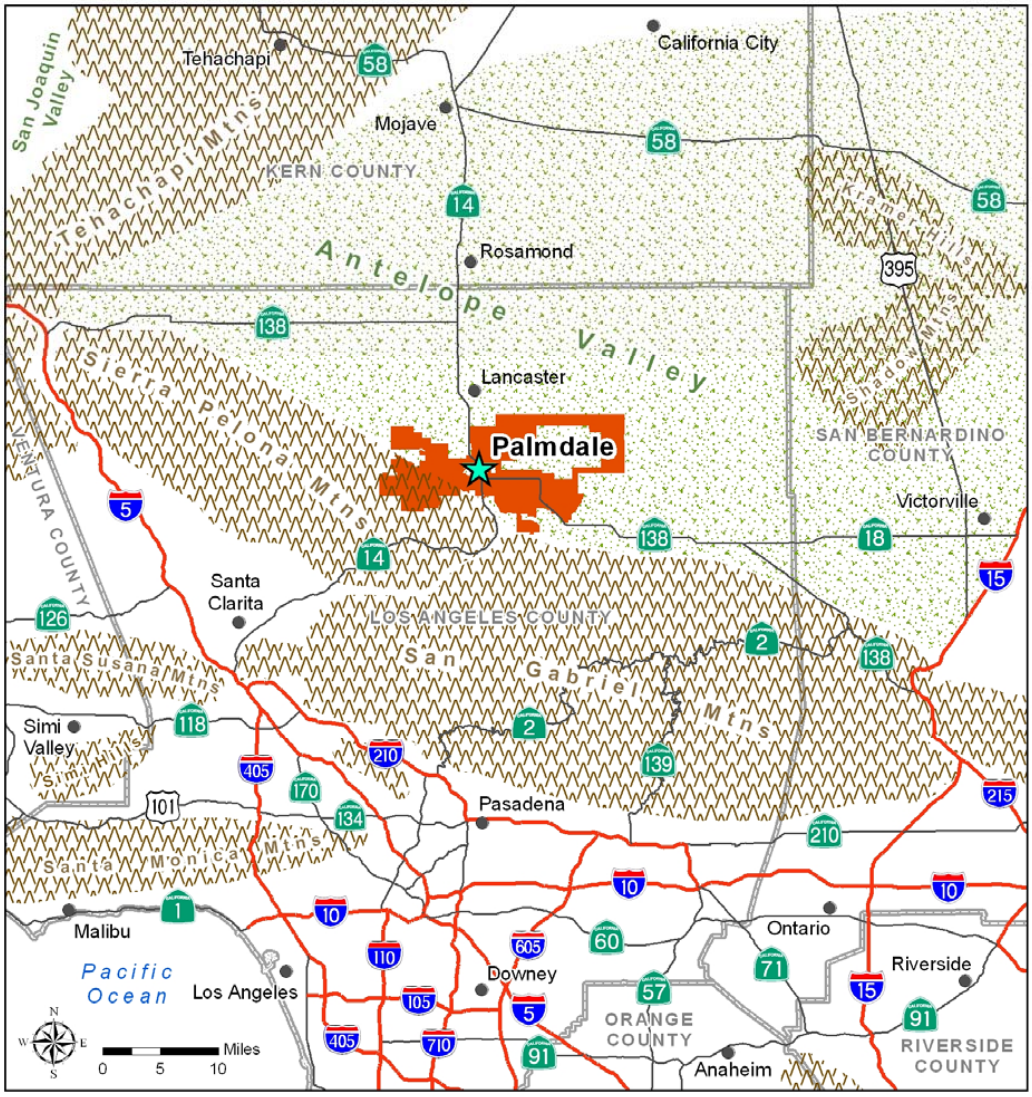
City Council

Steven D. Hofbauer	Mayor
Laura Bettencourt	Mayor Pro Tem
Austin Bishop	Councilmember
Richard J. Loa	Councilmember
Juan Carrillo	Councilmember

Administration and Department Heads

City Manager	JJ Murphy, ICMA-CM
Assistant City Manager	Ronda Perez
City Attorney	Christopher Beck
Deputy City Manager	Mike Behen
Director of Economic & Community Development	Luis Garibay
Director of Parks & Recreation	Keri Smith
Director of Neighborhood Services	Michael Miller
Director of Public Works	Chuck Heffernan

LOCATION MAP



The beautiful Antelope Valley, situated at the northern tip of Los Angeles County, is bounded by the Tehachapi Mountains in Kern County to the north, the Angeles National Forest and Santa Clarita Valley to the west, the San Gabriel Mountains to the south, and a long expanse of high desert stretching all the way to Victorville, in San Bernardino County, to the east. The City of Palmdale, encompassing 103 square miles, sits at the southern end of the Antelope Valley at an elevation of 2,600 feet.

Financial Section

Palmdale, California

Year Ended June 30, 2021

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Honorable City Council of
the City of Palmdale
City of Palmdale, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palmdale, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and each of the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 and Note 21 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* which has resulted in restatements of the net position and fund balance as of July 1, 2020. In addition, as further described in Note 21, the City converted certain governmental fund balances to Internal Service Funds as of July 1, 2020. Our opinions are not modified with respect to these matters.

Other Matters

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section and other information are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.
The introductory, statistical section, and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
April 13, 2022

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City of Palmdale

Management's Discussion and Analysis

As management of the City of Palmdale, we offer readers of the City of Palmdale's financial statements this narrative overview and analysis of the financial activities of the City of Palmdale for the Fiscal Year Ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through xii of this report.

Financial Highlights

- The Assets and Deferred Outflows of Resources of the City of Palmdale exceeded its Liabilities and Deferred Inflows of Resources at the close of Fiscal Year Ending June 30, 2021, resulting in a Total Net Position of Governmental Activities of $881,020,099. The City's Change in Net Position of Government Activities increased in Fiscal Year 2021-20 by $14,323,192 or 1.7 percent. Further details on reported Fiscal Year Net Position are discussed on page 7.
- Included in the Statement of Net Position, the Total Net Position amount was a result of Total Assets increased to $1,045,290,138; Deferred Outflows of Resources reported a balance of $8,418,280 or an increase of 20.5 percent to $1,431,666; Total Liabilities increased by 9.1 percent to $172,500,224; and Deferred Inflows of Resources decreased by 80.1 percent to $188,095.
- Within Total Net Position, the Net Investment in Capital Assets was reported as $635,725,018, Restricted Net Position was reported as $206,139,337, and Unrestricted Net Position reported as $39,155,744. Unrestricted Net Position decreased by 12.1 percent and may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of Fiscal Year 2020-21, the City of Palmdale's Governmental Funds reported Combined Ending Fund Balances of $268,337,436, an increase of $18,262,462 in comparison with the Prior Year. Of the Total Ending Fund Balance of $268,479,336, the General Fund Balance was $58,501,266 or a decrease of $7,909,288 from the prior fiscal year. Of the $58,501,266 General Fund Balance, Nonspendable Fund Balance was $2,390,368, Restricted Fund Balance was $2,923,365, Assigned Fund Balance was $21,456,286 and Unassigned Fund Balance was $31,731,246. Details are discussed on page 18.
- The City of Palmdale's Total Long-Term Liabilities decreased by $4,597,874 or 5.4 percent, during the Fiscal Year Ended June 30, 2021. The decrease is due to regular debt service payments that have reduced outstanding obligations and small obligations added during the Fiscal Year. During Fiscal Year 2020-21, Additions and Retirements offsetting the decrease in liabilities included:
  - Compensated Absences Additions of $1,955,130 and Retirements of $1,510,161;
  - Self-Insurance Liability Claims Additions of $3,430,798 and Retirements of $2,929,609;
  - Lease Payable Additions of $518,936 and Retirements of $167,852;
  - Bonds Payable Additions of $13,584,908 and Retirements of $18,531,754; and
  - Note Payable Additions of $116,203 and Retirements of $1,064,372

City of Palmdale

Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Palmdale's basic financial statements. The City of Palmdale's basic financial statements are comprised of three components:

(1) Government-Wide Financial Statements,

(2) Fund Financial Statements, and

(3) Notes to the Financial Statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Palmdale's finances, in a manner similar to a private-sector business. General Fund and Special Revenue Funds are the two types of governmental funds that will present financial statements in this grouping. General Fund is primarily an operating fund that is classified as a Major Fund. Special Revenue Funds are used to account for specific revenues that are restricted or committed to a specific program.

The *Statement of Net Position* presents information on all of the City of Palmdale's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources, with the difference reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City of Palmdale is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, Revenues and Expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the City of Palmdale that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Palmdale include General Government, Public Safety, Public Services, Community Development, Cultural and Recreational, Health and Welfare, and Interest on Debt. During the Fiscal Year, the City did not operate any business-type activities.

The Government-Wide Financial Statements include not only the City of Palmdale as the primary government, but also a legally separate Palmdale Civic Authority, Palmdale Financing Authority, Housing Authority of the City of Palmdale, Palmdale Community Foundation, and Industrial Development Authority of the City of Palmdale. Financial information for these component units is reported on a blended basis. The government-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palmdale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Palmdale can be divided into three categories: Governmental Funds, Fiduciary Funds, and Proprietary Funds.

Governmental Funds. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances, provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities. The Governmental Fund Statements can be found on pages 18 - 20.

The City of Palmdale maintains 39 individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Housing Authority-Housing Asset Fund Special Revenue Fund, the Housing Authority- Facilities Fund Special Revenue Fund, and the American Rescue Plan Act Fund (ARPA), all of which are considered to be major funds. Data from the remaining 35 governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements on pages 96 - 146.

The City of Palmdale adopts an annual appropriated budget for its General Fund, its Housing Authority - Housing Asset Fund - Special Revenue Fund, and its Housing Authority Facilities Fund – Special Revenue Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their respective budgets. The ARPA fund has no budget this year as there were no expenditures. The budgetary comparison statements can be found on pages 22 - 23.

Proprietary Funds. Proprietary funds are used to account for activities that receive significant support from fees and charges. The resources of those funds are solely to support the City of Palmdale's own programs. The basic Proprietary Fund Financial Statement can be found on pages 25 - 26.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-Wide financial statements because the resources of those funds are not available to support the City of Palmdale's own programs. The basic Fiduciary Fund Financial Statement can be found on pages 29 of this report.

Notes to the Financial Statements. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes Section provides greater detail on Significant Accounting Policies, Cash and Investments, capitalization consistency, fiscal activities and debt service. Generally accepted accounting principles are used to create the City's financial statements and the Notes Section helps the reader to understand the objective of the financial reporting. The Notes can be found on pages 31 - 88 of this report.

Government-Wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City of Palmdale, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by $881,020,099 as of June 30, 2021.

The City of Palmdale's Net Investment in Capital Assets reflects a balance of $635,725,018. Investment in capital assets is defined as land, buildings, machinery and equipment, infrastructure, and construction in progress, net of Accumulated Depreciation, and less any related debt or deferred outflows of resources used to acquire these assets that is still outstanding. The City of Palmdale capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. And, although the City of Palmdale's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources and the capital assets themselves cannot be used to liquidate these liabilities.

In addition, the City has reported the City's Net Pension Liability and related Deferred Inflows and Outflows in the City's Financial Statements. Additional detailed information can be found in Note (15) of the Notes to the Financial Statements.

Separate sections are included and report:

- Total Assets totaling $1,045,290,138 as a sum of Current and Other Assets of $335,823,171 and Capital Assets of $709,466,967.
- Deferred Outflows of Resources totaling $8,418,280 as a sum of Pension Related Amounts for a future period totaling $7,833,049 and Other Postemployment Benefits Related Amounts totaling $585,231. This section represents a consumption of net position that applies to a future period.
- Total Liabilities totaling $172,500,224 as a sum of Long-Term Liabilities Outstanding of $79,874,282 and Other Liabilities of $92,625,942.
- Total Deferred Inflows of Resources totaling $188,095 as Other Postemployment Benefit Related Amounts of $188,095. The Deferred Inflows Related to Pension Liability is the result of GASB 68 and will be recognized in the

subsequent measurement period.

- Total Net Position reported totaling $881,020,099 represents a sum of the Net Investment in Capital Assets $635,725,018; Restricted Net Position of $206,139,337; and Unrestricted Net Position of $39,155,744.

Total Deferred Outflows of Resources related to pension amounts are not reported on the Governmental Funds Balance Sheet and are further explained in Note (15) of the Notes to the Financial Statements. The Deferred Outflows of Resources that represent a consumption of Net Position that applies to a future period in the amount of $7,833,049 is reported in accordance with GASB 68.

Total Deferred Inflows of Resources related to pension are not reported on the Governmental Funds Balance Sheet and are further explained in Note (Note 15.) of the Notes to the Financial Statements. This section is the result of GASB 68 and will be recognized in the subsequent measurement period in a separate section.

City of Palmdale's Net Position

	Governmental Activities 2021	Governmental Activities 2020
Assets		
Current and other assets	$ 335,823,171	$ 293,986,765
Capital assets	709,466,967	724,855,267
Total assets	1,045,290,138	1,018,842,032
Pension related amounts	7,833,049	6,658,786
Other postemployment benefits related amounts	585,231	327,828
Total deferred outflows of resources	8,418,280	6,986,614
Long-term liabilities outstanding	79,874,282	84,472,156
Other liabilities	92,625,942	73,712,541
Total liabilities	172,500,224	158,184,697
Pension related amounts	-	911,343
Other postemployment benefits related amounts	188,095	35,699
Total deferred inflows of resources	188,095	947,042
Net position		
Net investment in capital assets	635,725,018	649,681,476
Restricted	206,139,337	172,484,623
Unrestricted	39,155,744	44,530,808
Total net position	$ 881,020,099	$ 866,696,907

The City of Palmdale's Restricted Net Position of $206,139,337 represents resources that are subject to external restrictions on how they may be used. The Unrestricted Net Position of $39,155,744 may be used to meet the government's ongoing obligations to citizens and creditors. The Net Investment in Capital Assets is $635,725,018 and is the amount of capital assets net depreciation. At the end of the Fiscal Year, the City of Palmdale is able to report positive balances in Restricted and Unrestricted categories of Net Position for its governmental activities.

City of Palmdale

Management's Discussion and Analysis

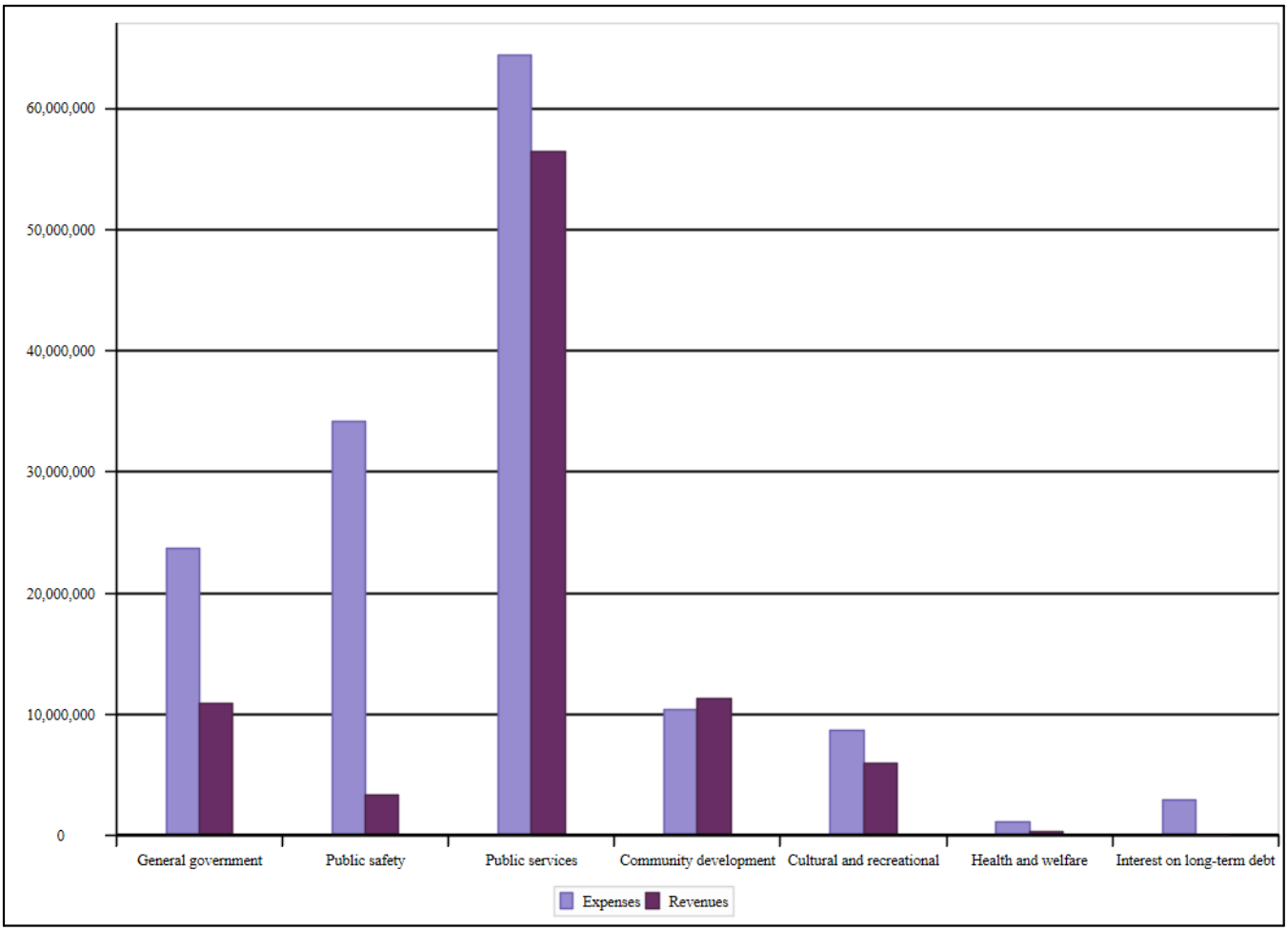
City of Palmdale's Changes in Net Position

	Governmental Activities 2021	Governmental Activities 2020
Revenues:		
Program Revenues:		
Charges for services	$ 50,315,044	$ 44,037,573
Operating grants and contributions	3,828,357	9,552,177
Capital grants and contributions	34,148,793	40,280,273
Total Program Revenues	88,292,194	93,870,023
General revenue:		
Property taxes	25,981,042	24,442,179
Sales and use taxes	30,305,927	21,587,441
Other Taxes	13,342,001	10,464,058
Unrestricted investment earnings	401,094	1,504,089
Other	1,267,638	673,444
Total General Revenues	71,297,702	58,671,211
Total revenues	159,589,896	152,541,234
Expenses:		
General government	23,661,402	19,602,733
Public safety	34,120,577	31,440,137
Public services	64,363,055	60,561,501
Community development	10,337,092	8,673,102
Cultural and recreational	8,681,441	12,643,328
Health and welfare	1,136,316	1,287,612
Interest on long-term debt	2,966,821	2,955,972
Total expenses	145,266,704	137,164,385
Change in Net Position	14,323,192	15,376,849
Net Position, Beginning of Year	866,696,907	851,320,058
Net Position, End of Year	$ 881,020,099	$ 866,696,907

Governmental Activities. Governmental activities increased the City of Palmdale's net position by $14,323,192 or 1.65 percent, during the Fiscal Year 2020-21. Key elements of the Governmental activities Net Position increase are as follows:

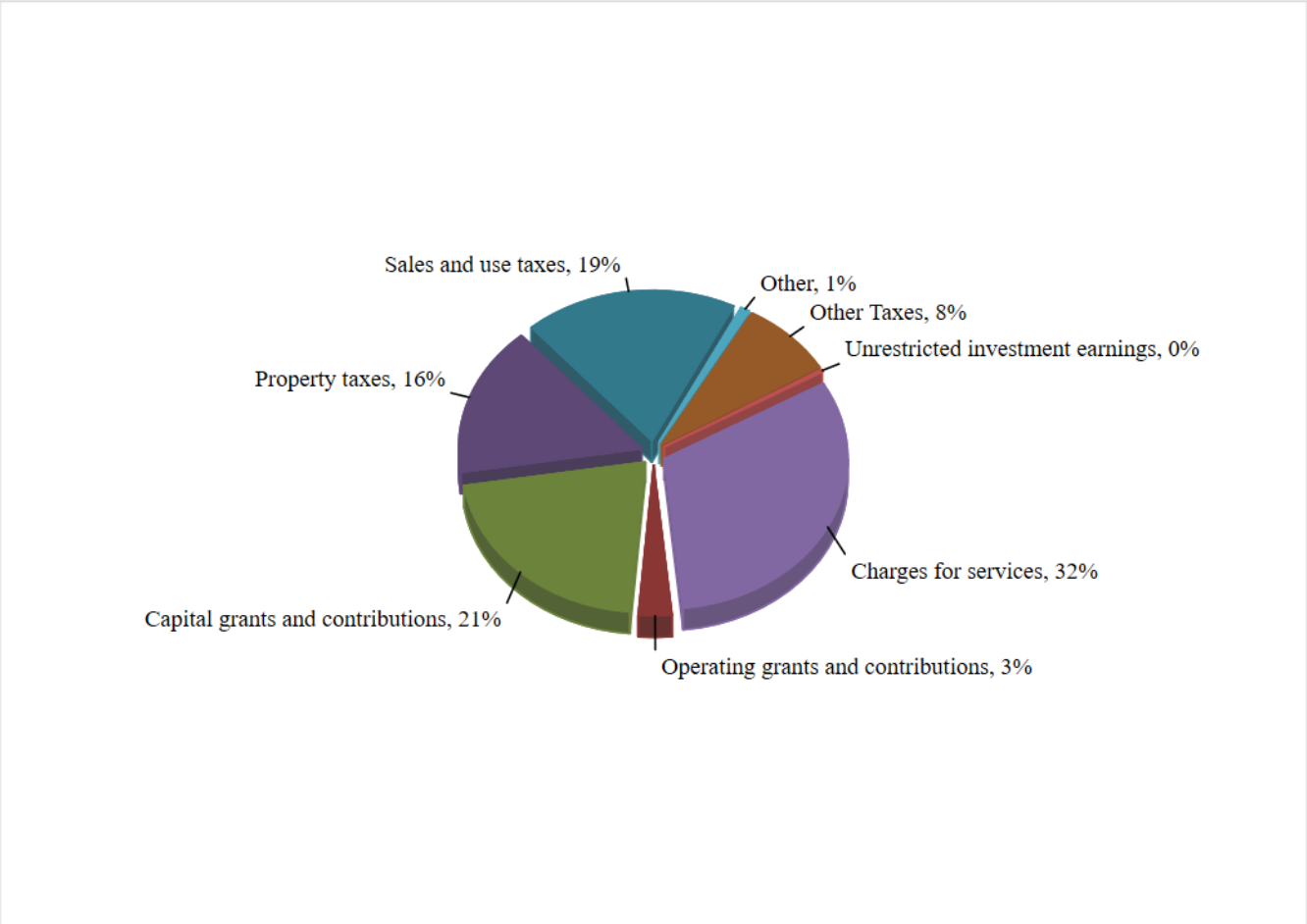
- Charges for Services increased by $6,277,471 or 14.3 percent primarily due to the Antelope Valley Transit Authority providing funding ($2,082,869) for public safety and Covid-19 preventative measures as Sheriff activity and expenditures increased while the assessment districts revenues increased .
- Operating Grants and Contributions decreased by $5,723,820 or 59.9 percent and is primarily due to a reduction in Edison rebates and refunds of $1,952,159 and a decrease in interest earnings from lower valuation of investments as well as various other program reductions.
- Capital Grants and Contribution proceeds decreased by $6,131,480 or 15.2 percent primarily due to a reduction in state grant funds (i.e. Amargosa project completed in 2020 and $6 million received in funding).
- The City reported increases in Property Taxes of $1,538,863 or 6.3 percent. The improvement can be attributed to an increase in property values within the City and continued restoration of prior Proposition 8 Property Tax reductions.
- Sales Taxes increased by $8,718,486 or 40.4 percent over the prior year primarily due to introducing a voter-approved local transactions and use tax (Measure AV) that became effective on April 1, 2021 and produced $5,188,745 in additional sales tax for the City.
- Other Taxes increased by $2,877,943 or 27.5 percent as a result of increases in collections of Franchise Taxes, Transient Occupancy Taxes, Property Transfer Taxes and Business Licenses Fees, as a result of Post-Covid-19 pandemic.
- The City's Unrestricted Investment Earnings decreased by $1,102,995 as the result of declining interest rates due to the economic downturn that continues Post-Covid-19 pandemic.
- Other Revenue increased by $594,194 or 88.2 percent.
- General Government expenses increased by $4,058,669, or 20.7 percent primarily due to increases in asset write-offs, salary increases due to increase in City staff, as well as increases in health insurance claims paid during the Fiscal Year.
- Public Safety expenses increased $2,680,440 or 8.5 percent. This is largely due to the budgeted increase in the County Sheriff's contract for services.
- Public Service expenses increased $3,801,554 or 6.3 percent.
- Community Development expenses increased $1,663,990 or 19.2 percent.
- Cultural and Recreational expenses decreased $3,961,887 or 31.3 percent.
- Health and Welfare expenses decreased $151,296.
- Interest on Long-Term Debt increased by $10,849 or 0.4 percent.

Program Expenses and Program Revenues-Governmental Activities



The Statement of Activities reflects total expenses of $145,266,704. Total Revenues in the Statement of Activities for the Year Ended June 30, 2021 were $159,589,896. Of this amount, $88,292,194 of the resources came from Program Revenues, and $71,297,702 came from General Revenues received by the government. The largest revenues are Charges for Services, followed by Capital Grants and Contributions, Sales Tax, Property Taxes, and Other Taxes.

Revenues by Source-Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the Fiscal Year 2020-21, the City of Palmdale's Governmental Funds reported Combined Ending Fund Balances of $268,479,336, an increase of $18,404,362 over the prior year. The General Fund is the chief operating fund of the City of Palmdale. At the end of Fiscal Year 2020-21, the Total Fund Balance of the General Fund was $58,501,266. Of the Total Fund Balance:

- **Nonspendable Fund Balance** totaled $2,390,368. “Nonspendable” because the resources are not in a spendable form (i.e., prepaids, long-term receivables, or non-financial assets held for resale).Nonspendable Fund Balance includes Advances totaling $577,136; Deposits and Prepaids totaling $570,903; and Notes and Liens totaling $1,242,143.

- **Restricted Fund Balance** totaling $2,923,365. “Restricted” due to the existence of externally enforceable legal restrictions that are related primarily to special revenue funding sources and debt service reserves. Restricted Fund Balance includes City Investments of 2,923,365.
- **Assigned Fund Balance** totaling $21,456,286. “Assigned” for specific purposes such as Continuing Appropriations, Encumbrances, Compensated Absences, Self-Insurance and Health Insurance Claims, and Capital Projects. Assigned Fund Balance includes Compensated Absences totaling $2,642,732; Self-Insurance Claims totaling $1,590,497; Health Insurance obligations totaling $6,223,057; and Assigned for Capital Projects $11,000,000.
- **Unassigned Fund Balance** totaling $31,731,246. “Unassigned” and represents residual resources that cannot be properly classified in one of the other fund balance categories.

  As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned and Total Fund Balance to Total Fund Expenditures. At the end of the Fiscal Year 2020-21 the Unassigned Fund Balance in the General Fund is 54.2 percent of Total Fund Balance for the General Fund and 44.1 percent of Total General Fund Expenditures.

The Housing Authority - Housing Asset Fund has a Fund Balance of $50,817,162 and is restricted for low and moderate-income housing purposes. This Fund is used to record the assets formally held by the Community Redevelopment Agency Low and Moderate Income Housing Fund. The assets that were approved by the State Department of Finance to be retained by the Low and Moderate Housing Fund were transferred to the Housing Authority-Housing Asset Fund as the City has control of those assets, which may be used in accordance affordable housing provisions of California’s Community Redevelopment Law, as amended by Health and Safety Code 34176.1. The housing asset fund balance decreased by $1,233,372 in the Fiscal Year 2020-21, primarily due to cost and expenditures exceeding program revenue.

The Housing Authority – Facilities Fund is used to account for revenues and expenditures related to the operation of three mobile home parks, four apartments, and two multi-residential properties who were separate funds and were consolidated into one fund in 2021. The total fund balance was at a deficit of $5,081,605. The deficit was reduced by $1,563,998 as the result of a decline in operating expenditures and capital outlay.

General Fund Budgetary Highlights

Differences between original budget and final amended budget resulted in a increase of appropriations by $- as a result of an adjustment in budget needs in operating expenses primarily in General Government. Differences between final amended budget and actual resulted in a $- decrease in appropriations and can be briefly summarized as follows:

- $4,104,764 decrease in General Governmental expenditures.
- $887,826 decrease in Public Safety expenditures.
- $1,016,718 decrease in Public Services expenditures.
- $776,508 decrease in Community Development program expenditures.
- $1,313,431 decrease in Cultural and Recreational program expenditures.
- $8,766,123 decrease in capital outlay expenditures.
- $9,956 increase in Debt Service Principal and Interest

These decreases are due to not only Expenditures coming in less than anticipated but also the result of activities that were budgeted but not completed during Fiscal Year 2020-21 (many were carried forward as encumbrances and continuing appropriations) and reclassifying activities to Special Revenue Funds to comply with GASB 54. Overall, the reclassifying of Expenditures resulted in a reduction of transfers in and offsetting reduction to expenditures. See Note (1).

Capital Assets and Debt Administration

Capital Assets. The City of Palmdale's investment in capital assets for Governmental Activities as of June 30, 2021, amounts to $709,466,967 (Net of Accumulated Depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, infrastructure and construction in progress. The Capital Assets decreased by $15,388,300 in Fiscal Year 2020-21 as compared to prior year.

City of Palmdale's Capital Assets (Net of Depreciation)

	Governmental Activities 2021	Governmental Activities 2020
Land and improvements	$ 119,295,459	$ 118,620,564
Intangible Assets	494,874	153,090
Construction in progress	30,360,348	51,759,180
Buildings and structures	53,788,945	55,836,667
Improvements other than buildings	1,339,882	-
Infrastructure	499,855,398	494,899,377
Machinery and equipment	4,332,061	3,586,389
	$ 709,466,967	$ 724,855,267

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

- Additions of Land and Improvements totaling $674,895.
- Additions of Construction In Progress totaling $23,276,957.
- Additions of Building and Structures totaling $1,096,281.
- Additions of Machinery and Equipment totaling $1,580,153.
- Additions of Infrastructure Improvement totaling $39,686,129.
- Additions of Total Accumulated Depreciation totaling $37,440,871.
- Deletions of Depreciated and Non-Depreciated Assets totaling $44,674,874.

Additional information on the City of Palmdale's capital assets can be found on page 52, Note (10).

Long-Term Debt. At the end of the current fiscal year, the City of Palmdale had total bonded debt outstanding of $56,284,908. The Mortgage Revenue Bonds are secured by pledges of net revenue received from the operation of the Housing Facilities. Certificates of Participation and Lease Revenue Bonds require the City to pay a semi-annual base rental to the Palmdale Civic Authority (PCA) and the Palmdale Financing Authority (PFA). The rentals will be used by the PCA and PFA to pay debt service as the Certificates of Participation and Lease Revenue Bonds come due.

City of Palmdale's Outstanding Debt
Revenue Bonds, Certificates of Participation, Loans, and Leases

	Governmental Activities 2021	Governmental Activities 2020
Revenue Bonds	$ 18,800,000	$ 20,465,000
Mortgage Revenue Bonds	3,835,000	3,925,000
Certificates of Participation	33,649,908	36,655,000
Bond Premiums	478,047	664,801
Loans & direct borrowings	15,035,845	15,984,014
Leases	1,183,277	832,294
Total	$ 72,982,077	$ 78,526,109

The City of Palmdale's Total Long-Term Liabilities total was $72,982,077 of which $18,800,000 was Revenue Bonds, Mortgage Revenue Bonds, Certificates of Participation and Bond Premiums as noted on the schedule above.

The remainder of the debt was comprised of Capital Leases Payable for Equipment Leases totaling $1,183,277; Notes Payable for Street Light Acquisition totaling $9,998,228; Section 108 HUD Loan totaling $1,861,000; HOME Loan totaling $2,850,000; SCE Parks LED Retrofit OBF A-5963 totaling $147,489; SCE LED Retrofit OBF A-5806 totaling $9,681; SCE LED Retrofit OBF A-5807 totaling $50,407; SCE LED Retrofit OBF A-5808 totaling $5,449; SCE LED Retrofit OBF A-5809 totaling $2,489, and SCE LED Retrofit OBF A-7251 totaling $111,102.

Additional information on the City of Palmdale's long-term debt can be found on page 54, Note (12).

Economic Factors and Next Year's Budget

The City took into consideration the following factors in preparing the budget for the 2021-22 fiscal year:

- Economic downturn as a result of Covid-19 Pandemic.
- Positive Property tax increases as property values increase.
- Continued slow paced growth in housing development.
- Reductions in Sales Tax revenue and possibly Measure AV.
- Conservative escalators and only add known future development.
- Implementing Fee Structures that align revenues with cost-recovery objectives.
- Using onetime revenues for onetime expenditures.
- Building reserves for future capital replacements and economic uncertainties.
- Prefunding retiree pension cost.
- City funds impacted by State and Federal budget actions.

While Actual Fiscal Year 2020-21 revenue growth in tax collections were above estimates, staff continues to follow a moderate approach to protecting these revenues due to the unknown impact of the Covid-19 Pandemic. Staff will continue to monitor actual revenues versus projections and provide any needed mid-year adjustments.

The dissolution of redevelopment (legislation AB x 126 and AB-1484) has and will continue to impact the City for a number of years. As of July 1, 2018, Los Angeles County consolidated the oversight boards and committees of each agency that contains the Successor Agency to the former Redevelopment Agency to administer the obligations of the former Redevelopment Agency until they are fully satisfied. This board consists of five districts segregated out based on the area maps within Los Angeles County. The City of Palmdale falls under the Fifth District the City and Successor Agency have been responding to the reporting requirement with Los Angeles Consolidated Oversight Board. Additional information can be found in Note (18).

Requests for Information

This financial report is designed to provide a general overview of the City of Palmdale's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, requests for any of the separately issued component unit financial statements or additional financial information should be addressed to the City of Palmdale, City Manager's Office – Finance Division, 38300 Sierra Highway, Suite D, Palmdale, California, 93550.

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	Governmental Activities
Assets	
Cash	$ 3,129,757
Investments	242,822,140
Accounts Receivable	17,611,837
Interest receivable	11,696,546
Property tax receivable	544,151
Due from other governmental units	12,291,387
Notes and liens	35,025,089
Deposits and prepaids	581,687
Land held for development	2,070,652
Restricted assets:	
Cash and Investments	10,049,925
Capital assets:	
Not being depreciated:	
Land and improvements	119,295,459
Water credit CFD 16-1	494,874
Construction in progress	30,360,348
Being depreciated, net of accumulated depreciation:	
Buildings and structures	53,788,945
Machinery, equipment, and other improvements	4,332,061
Improvements other than buildings	1,339,882
Infrastructure	499,855,398
Total assets	1,045,290,138
Deferred outflows of resources	
Pension related amounts	7,833,049
Other postemployment benefits related amounts	585,231
Total deferred outflows of resources	8,418,280
Liabilities	
Accounts payable	10,826,459
Accrued salaries and employee benefits	1,517,332
Due to other governmental units	3,815
Deposits	5,257,252
Accrued interest payable	1,689,233
Unearned Revenue	21,714,735
Noncurrent liabilities:	
Due within one year	8,261,628
Due In more than one year	71,612,653
Net pension liability	51,524,094
Net OPEB liability	93,023
Total liabilities	172,500,224
Deferred Inflows of Resources	
Other postemployment benefits related amounts	188,095
Net Position	
Net investment in capital assets	635,725,018
Restricted	
Public safety	7,688,170
Public services	136,065,559
Community development	59,000,925
Debt service	1,080,872
Culture and recreation	2,303,811
Unrestricted	39,155,744
Total net position	$ 881,020,099

See Notes to Financial Statements

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental activities:					
General government	$ 23,661,402	$ 8,697,930	$ 234,247	$ 1,935,252	$ (12,793,973)
Public safety	34,120,577	3,352,082	1,801	-	(30,766,694)
Public services	64,363,055	23,981,954	346,224	32,111,564	(7,923,313)
Community development	10,337,092	8,177,023	3,006,215	101,977	948,123
Cultural and recreational	8,681,441	5,885,950	99,195	-	(2,696,296)
Health and welfare	1,136,316	220,105	140,675	-	(775,536)
Interest on long-term debt	2,966,821	-	-	-	(2,966,821)
Total governmental activities	$ 145,266,704	$ 50,315,044	$ 3,828,357	$ 34,148,793	$ (56,974,510)

General revenue:	
Taxes:	
Property taxes	$ 25,981,042
Sales and use taxes	30,305,927
Unrestricted motor vehicle in lieu	114,956
Franchise taxes	7,441,119
Transient occupancy taxes	4,667,137
Property Transfer Taxes	650,123
Business license taxes	468,666
Unrestricted investment earnings	401,094
Other	1,267,638
Total general revenues	71,297,702
Change in Net Position	14,323,192
Net Position - Beginning of Year	866,696,907
Net Position - End of Year	$ 881,020,099

See Notes to Financial Statements

The General Fund – is the City's primary operating fund and has been classified as a major fund. It accounts for all financial resources of the general government that are not already required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds – are used to account for specific revenues that are restricted or committed to expenditure for a specific purpose other than debt service or capital projects. The following funds have been classified as major funds:

Housing Authority (HA) Housing Asset Fund – Used to account for the restricted housing assets of the former CRA Housing Development Fund, which were transferred to the Successor Agency Fund and then transferred to the Housing Authority – Housing Asset Fund upon acceptance of the Housing Successor role by the City. Revenues received from assets previously held by the former CRA Housing Development Fund are restricted to be used in accordance with affordable housing provisions of California's Community Redevelopment Law, as amended by Health and Safety Code Section 34176.1.

Housing Authority (HA) Facilities Fund - This fund is used to account for revenues and expenditures restricted to the operations of three mobile home parks. four apartments and one apartment consisting of two buildings with 4 units each. This fund is a combination of the previous funds the accounted for the operations of the mobile home parks, apartments, and two building units in order to consolidate the Housing Authority-owned properties and its activities in 2021.

American Rescue Plan Act (ARPA) Fund - This fund is used to account for the revenues and expenditures in order to respond to the Coronavirus (Covid-19) post-pandemic effects on the City.

	General Fund	Special Revenue Funds: HA Housing Asset Fund	Special Revenue Funds: Housing Authority Facilities Fund	Special Revenue Funds: ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	$ 377,961	$ -	$ 2,505,509	$ -	$ 253,909	$ 3,137,379
Investments	52,492,204	10,847,776	1,548,073	17,722,510	154,204,353	236,814,916
Receivables:						
Accounts and interest receivable	7,221,927	4,456,061	129,822	-	17,496,268	29,304,078
Property tax receivable	491,668	-	-	-	52,483	544,151
Due from other funds	681,999	-	-	-	1,322,906	2,004,905
Due from agency funds	74,071	-	-	-	-	74,071
Advances due from fiduciary funds	577,136	5,409,777	-	-	583,859	6,570,772
Due from other governmental units	5,646,544	-	-	-	-	5,646,544
Notes and Liens	1,242,329	23,793,653	-	-	9,989,107	35,025,089
Interfund promissory note	-	8,376,667	-	-	-	8,376,667
Advances due from other funds	5,000,000	1,186,001	-	-	4,400,000	10,586,001
Deposits and prepaid	570,903	-	9,670	-	1,114	581,687
Restricted Assets:						
Investments	2,923,365	3,018,542	-	-	2,771,354	8,713,261
Cash and Cash Equivalents	-	-	1,352,704	-	-	1,352,704
Land held for development	-	2,070,652	-	-	-	2,070,652
Total assets	$ 77,300,107	$ 59,159,129	$ 5,545,778	$ 17,722,510	$ 191,075,353	$ 350,802,877
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	8,395,025	46,776	690,668	-	3,017,168	12,149,637
Due to fiduciary funds	2,250	-	-	-	1,565	3,815
Due to other funds	-	14,771	-	-	1,990,134	2,004,905
Self insurance liability	1,462,969	-	-	-	-	1,462,969
Advances due to other funds	-	-	1,186,001	-	9,400,000	10,586,001
Interfund promissory note	-	-	8,376,667	-	-	8,376,667
Deposits	3,104,125	-	374,047	-	1,779,080	5,257,252
Unearned revenue	60,225	3,932,000	-	17,722,510	-	21,714,735
Notes payable	258,591	-	-	-	68,026	326,617
Total liabilities	13,283,185	3,993,547	10,627,383	17,722,510	16,255,973	61,882,598
Deferred Inflows of Resources						
Unavailable revenue	5,515,657	4,348,418	-	-	10,718,768	20,582,843
Total deferred inflows of resources	5,515,657	4,348,418	-	-	10,718,768	20,582,843
Fund Balances						
Nonspendable	2,390,368	-	-	-	-	2,390,368
Restricted	2,923,365	50,817,164	-	-	164,867,889	218,608,418
Assigned	21,456,286	-	-	-	-	21,456,286
Unassigned	31,731,246	-	(5,081,605)	-	(767,277)	25,882,364
Total fund balances (deficits)	58,501,265	50,817,164	(5,081,605)	-	164,100,612	268,337,436
Total liabilities, deferred inflows of resources and fund balances	$ 77,300,107	$ 59,159,129	$ 5,545,778	$ 17,722,510	$ 191,075,353	$ 350,802,877

See Notes to Financial Statements

Fund Balances - Total Governmental Funds		$ 268,337,436
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Governmental capital assets	1,389,948,942	
Less accumulated depreciation	(684,049,120)	705,899,822
The Net OPEB Liabilities reported in governmental activities is not a current financial resource and therefore is not reported in the funds.		(93,023)
Accounts receivable not available to pay for current-period expenditures are unavailable in the funds.		20,582,843
Interest due on long-term debt do not require current financial resources and therefore are not reported as a liability in the Governmental Funds Balance Sheet.		
Interest payable		(1,689,233)
Deferred Outflows related to pensions and OPEB benefits are not reported in the Governmental Fund Balance Sheet.		
Deferred outflows related to pensions		9,375,335
Deferred outflows related to OPEB benefits		585,231
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as a liability in the Governmental Funds Balance Sheet.		
Compensated absences	(3,838,737)	
Claims payable	(1,590,497)	
Net pension liability	(51,524,094)	
Capital leases payable	(1,183,278)	
Notes payable	(14,709,228)	
Bonds & certificates of participation payable	(56,284,908)	
Plus issuance premiums	(478,047)	(129,608,789)
Deferred Inflows related to pensions and OPEB benefits are not reported in the Governmental Funds Balance Sheet.		
Deferred inflows related to pensions		(1,542,286)
Deferred inflows related to OPEB benefits		(188,095)
Internal service fund net position		9,360,858
Net Position of Governmental Activities		$ 881,020,099

See Notes to Financial Statements

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Revenue Funds: HA Housing Asset Fund	Special Revenue Funds: Housing Authority Facilities Fund	Special Revenue Funds: ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	$ 26,631,165	$ -	$ -	$ -	$ -	$ 26,631,165
Sales Taxes	25,117,182	-	-	-	5,188,745	30,305,927
Other Taxes	11,988,673	-	-	-	4,516,585	16,505,258
Subventions and grants	-	-	-	-	28,048,936	28,048,936
Park development fees	-	-	-	-	2,089,872	2,089,872
Licenses and Permits	3,277,537	-	-	-	107,606	3,385,143
Motor vehicle license fees	114,956	-	-	-	-	114,956
Fines and forfeitures	490,283	-	-	-	243,159	733,442
Special Assessments	-	-	-	-	19,505,242	19,505,242
Use of property	706,422	-	7,496,262	-	-	8,202,684
Charges for current services	6,970,821	296,969	-	-	1,061,103	8,328,893
Drainage fees	-	-	-	-	2,194,296	2,194,296
Traffic impact fees	-	-	-	-	806,342	806,342
Facilities impact fees	-	-	-	-	1,380,206	1,380,206
Interfund interest	-	403,797	-	-	36,868	440,665
Interest	343,673	95,401	8,471	-	755,663	1,203,208
Net increase (decrease) in fair value of investments	66,088	(37,489)	(5,738)	-	(505,918)	(483,057)
Developer contributions	-	-	-	-	18,950	18,950
State contributions	166,800	-	-	-	764,639	931,439
Other agency contributions	-	-	-	-	2,215,098	2,215,098
County contributions	-	-	-	-	340,695	340,695
Other	3,203,785	28,117	-	-	496,340	3,728,242
Total revenues	79,077,385	786,795	7,498,995	-	69,264,427	156,627,602
Expenditures:						
Current:						
General Government	16,568,016	-	-	-	1,229,671	17,797,687
Public safety	33,176,694	-	-	-	438,595	33,615,289
Public services	10,241,582	-	-	-	18,213,857	28,455,439
Community development	1,631,892	1,924,663	4,979,122	-	852,406	9,388,083
Cultural and recreational	6,172,669	-	-	-	1,197,007	7,369,676
Health and welfare	-	-	-	-	1,088,504	1,088,504
Capital Outlay	1,687,577	5,321	331,081	-	22,555,572	24,579,551
Debt service:						
Principal	1,467,948	-	90,000	-	3,207,006	4,764,954
Interest	806,708	-	185,658	-	2,060,081	3,052,447
Interfund interest	266,000	-	403,797	-	36,868	706,665
Cost of Issuance	-	-	-	-	141,893	141,893
Total expenditures	72,019,086	1,929,984	5,989,658	-	51,021,460	130,960,188
Excess (deficiency) of revenues over (under) expenditures	7,058,299	(1,143,189)	1,509,337	-	18,242,967	25,667,414
Other Financing Sources (Uses)						
Transfers In	4,295,669	5,339	60,000	-	38,046,568	42,407,576
Transfers Out	(19,782,094)	(95,520)	(5,339)	-	(29,089,720)	(48,972,673)
Issuance of Long-Term Debt	518,836	-	-	-	13,584,908	14,103,744
Payment to Refunding Bond Escrow Agent	-	-	-	-	(14,943,599)	(14,943,599)
Total other financing sources (uses)	(14,967,589)	(90,181)	54,661	-	7,598,157	(7,404,952)
Net Change in Fund Balances	(7,909,290)	(1,233,370)	1,563,998	-	25,841,124	18,262,462
Fund Balances (Deficit) - Beginning of Year	66,410,555	52,050,534	(6,645,603)	-	138,259,488	250,074,974
Fund Balances (Deficit) - End of Year	$ 58,501,265	$ 50,817,164	$ (5,081,605)	$ -	$ 164,100,612	$ 268,337,436

See Notes to Financial Statements

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

Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds		$ 18,262,462
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Asset additions and other adjustments - Current year	20,902,868	
Less depreciation expense	(36,721,488)	(15,818,620)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Grant revenues earned, but not received within the 60-day accrual period		3,614,350
Long-term debt issuance provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Principal repayments of long-term debt and escrow agent payments are expenditures/uses in the Governmental Funds, but they reduce long-term liabilities in the Government-Wide Statement of Net Position. Also premiums are recognized in the current period in the Governmental Funds, whereas these amounts are amortized in the Government-Wide Statement of Activities. This is the amount by which repayments exceeded proceeds.		
Debt Issuance		
Bond Proceeds		(13,584,908)
Capital Lease Proceeds		(518,836)
Principal Repayments:		
Capital leases	167,948	
Notes payable	1,017,004	
Bonds & Certificates of Participation payable	3,580,000	4,764,952
Internal service fund change in net position		5,934,667
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.		
Compensated absences	(444,968)	
Self insurance liability claims payable	(490,100)	
Pension expense	(2,474,720)	
OPEB expense	(155,955)	
Accrued interest on debt	97,217	
Amortization of bond premiums	194,052	
Payment to Refunding Escrow Agent	14,943,599	11,669,125
Change in Net Position of Governmental Activities		$ 14,323,192

See Notes to Financial Statements

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	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	$ 23,611,500	$ 24,929,700	$ 26,631,165	$ 1,701,465
Sales Taxes	18,524,680	21,979,100	25,117,182	3,138,082
Other Taxes	11,482,700	10,951,900	11,988,673	1,036,773
Subventions and grants	1,000	-	-	-
Licenses and Permits	1,958,500	2,442,300	3,277,537	835,237
Motor vehicle license fees	-	-	114,956	114,956
Fines and forfeitures	416,350	539,500	490,283	(49,217)
Use of property	1,085,320	676,700	706,422	29,722
Charges for current services	8,872,880	6,634,700	6,970,821	336,121
Interest	926,200	1,000,200	343,673	(656,527)
Net increase (decrease) in fair value of investments	-	-	66,088	66,088
State contributions	-	-	166,800	166,800
Other Revenue	2,901,660	3,286,700	3,203,785	(82,915)
Total revenues	69,780,790	72,440,800	79,077,385	6,636,585
Expenditures:				
Current:				
General Government	14,202,770	20,672,780	16,568,016	4,104,764
Public safety	34,560,720	34,064,520	33,176,694	887,826
Public services	10,488,470	11,258,300	10,241,582	1,016,718
Community development	1,485,320	2,408,400	1,631,892	776,508
Cultural and recreational	7,672,980	7,486,100	6,172,669	1,313,431
Capital Outlay	164,000	10,453,700	1,687,577	8,766,123
Debt service:				
Principal	1,407,630	1,457,900	1,467,948	(10,048)
Interest	799,220	806,800	806,708	92
Interfund interest	(81,700)	(81,700)	266,000	(347,700)
Total expenditures	70,699,410	88,526,800	72,019,086	16,507,714
Excess (deficiency) of revenues over (under) expenditures	(918,620)	(16,086,000)	7,058,299	23,144,299
Other Financing Sources (Uses):				
Transfers In	4,586,040	21,718,700	4,295,669	(17,423,031)
Transfers Out	(8,153,990)	(40,306,900)	(19,782,094)	20,524,806
Issuance of Long-Term Debt	-	-	518,836	518,836
Capital Contributions	(1,000,000)	(3,000,000)	-	3,000,000
Total other financing sources (uses)	(4,567,950)	(21,588,200)	(14,967,589)	6,620,611
Net Change in Fund Balance	(5,486,570)	(37,674,200)	(7,909,290)	29,764,910
Fund Balance - Beginning of Year	66,410,555	66,410,555	66,410,555	-
Fund Balance (Deficit) - End of Year	$ 60,923,985	$ 28,736,355	$ 58,501,265	$ 29,764,910

See Notes to Financial Statements

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 167,430	$ 225,600	$ 296,969	$ 71,369
Interfund interest	406,960	407,100	403,797	(3,303)
Interest	750,210	750,300	95,401	(654,899)
Net increase (decrease) in fair value of investments	-	-	(37,489)	(37,489)
Other Revenue	250,000	2,501,100	28,117	(2,472,983)
Total revenues	1,574,600	3,884,100	786,795	(3,097,305)
Expenditures:				
Current:				
Community development	2,036,020	6,327,130	1,924,663	4,402,467
Capital Outlay	1,000	6,700	5,321	1,379
Total expenditures	2,037,020	6,333,830	1,929,984	4,403,846
Excess (deficiency) of revenues over (under) expenditures	(462,420)	(2,449,730)	(1,143,189)	1,306,541
Other Financing Sources (Uses):				
Transfers In	957,170	957,200	5,339	(951,861)
Transfers Out	(55,370)	(55,400)	(95,520)	(40,120)
Total other financing sources (uses)	901,800	901,800	(90,181)	(991,981)
Net Change in Fund Balance	439,380	(1,547,930)	(1,233,370)	314,560
Fund Balance (Deficit) - Beginning of Year	52,050,534	52,050,534	52,050,534	-
Fund Balance (Deficit) - End of Year	$ 52,489,914	$ 50,502,604	$ 50,817,164	$ 314,560

See Notes to Financial Statements

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of property	$ 7,311,280	$ 7,522,800	$ 7,496,262	$ (26,538)
Interest	4,060	4,000	8,471	4,471
Net increase (decrease) in fair value of investments	-	-	(5,738)	(5,738)
Total revenues	7,315,340	7,526,800	7,498,995	(27,805)
Expenditures:				
Current:				
Community development	5,133,220	5,576,900	4,979,122	597,778
Capital Outlay	428,000	322,000	331,081	(9,081)
Debt service:				
Principal	90,000	90,100	90,000	100
Interest	185,650	185,700	185,658	42
Interfund interest	406,970	407,100	403,797	3,303
Total expenditures	6,243,840	6,581,800	5,989,658	592,142
Excess (deficiency) of revenues over (under) expenditures	1,071,500	945,000	1,509,337	564,337
Other Financing Sources (Uses):				
Transfers In	-	-	60,000	60,000
Transfers Out	(957,170)	(957,200)	(5,339)	951,861
Total other financing sources (uses)	(957,170)	(957,200)	54,661	1,011,861
Net Change in Fund Balance	114,330	(12,200)	1,563,998	1,576,198
Fund Balance (Deficit) - Beginning of Year	(6,645,603)	(6,645,603)	(6,645,603)	-
Fund Balance (Deficit) - End of Year	$ (6,531,273)	$ (6,657,803)	$ (5,081,605)	$ 1,576,198

See Notes to Financial Statements

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	Internal Service Funds
Assets	
Current Assets	
Investments	$ 5,983,562
Receivables	16,955
Total current assets	6,000,517
Capital Assets:	
Depreciable capital assets:	
Vehicles	8,267,919
Equipment	5,509,107
Less accumulated depreciation	(10,209,881)
Capital assets, net	3,567,145
Total assets	$ 9,567,662
Liabilities	
Accounts payable	$ 206,804
Total liabilities	206,804
Net Position	
Investment in capital assets	3,567,145
Unrestricted	5,793,713
Total net position	9,360,858
Total net position and liabilities	$ 9,567,662

See Notes to Financial Statements

	Internal Service Funds
Operating Revenues:	
Charges for current services	$ 2,937,340
Other Revenue	46,405
Total operating revenues	2,983,745
Operating Expenses:	
Salaries, Wages and Benefits	1,267,436
Material and Supplies	526,682
Utilities	9,730
Administrative	118,450
Depreciation and amortization	719,384
Repairs and Maintenance	967,719
Other Expenditures	2,100
Total operating expenses	3,611,501
Operating income (loss)	(627,756)
Nonoperating Revenues (Expenses)	
Interest income	7,695
Net realized and unrealized gains (losses)	(10,369)
Total nonoperating revenues (expenses)	(2,674)
Transfers In	6,565,097
Change in Net Position	5,934,667
Net Position - Beginning of Year	-
Prior period adjustment	3,426,191
Net Position - Beginning of Year, Restated	3,426,191
Net Position - End of Year	$ 9,360,858

See Notes to Financial Statements

	Internal Service Funds
Cash from Operating Activities:	
Cash received from interfund services provided	$ 2,920,385
Cash paid to employees for services	(1,267,437)
Cash paid to suppliers for goods and services	(1,417,875)
Cash (paid)/received for other services	46,405
Net cash provided (used) by operating activities	281,478
Cash from Non Capital Financing Activities:	
Transfers from other funds	6,565,097
Net cash provided (used) by noncapital financing activities	6,565,097
Cash from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(860,339)
Net cash provided (used) by capital and related financing activities	(860,339)
Cash from Investing Activities:	
Gain/(Loss) on investments	(10,369)
Interest income	7,695
Purchase of investments	(5,983,562)
Net cash provided (used) by investing activities	(5,986,236)
Total Cash Flow increase/(decrease)	-
Beginning Cash and Cash Equivalents	-
Ending Cash and Cash Equivalents	-
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income/loss from operating activities	(627,757)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	719,384
Changes in assets and liabilities:	
Change in accounts receivable	(16,955)
Change in accounts payable	206,806
Net cash provided (used) by operating activities:	$ 281,478

See Notes to Financial Statements

The City's Fiduciary Funds are Custodial Funds, Retiree Health Premium Trust Funds, and Private-purpose Trust Funds. Custodial Funds, Retiree Health Premium Trust Funds, and Private-purpose Trust Funds are used to account for assets held by the City in a fiduciary capacity for other governmental units, private organizations, individuals and/or other funds.

Assessment and Community Facilities Districts Fund – This fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds, which are administered by, but are not the liability of, the City.

Retiree Health Premium Trust Funds – This fund is used to account for the receipt of City funds held in trust to provide Eligible Retirees with a supplement to reduce their premiums for participating in the City's Health Plan.

Successor Agency Private-purpose Trust Funds – This fund is used to account for the assets, liabilities and activities of the former Community Redevelopment Agency of the City of Palmdale in a trustee capacity to pay enforceable obligations of the former Community Redevelopment Agency. As more fully explained at Note 18, on February 1, 2012 in accordance with Assembly Bill (AB X1 26 and 1484) all redevelopment agencies in the State of California were dissolved. Assets and liabilities were transferred to the Successor Agency Private Purpose Trust Fund that is used to account for assets held by the City of Palmdale's former Redevelopment Agency. The City has agreed to serve as the successor agency to hold the assets until all enforceable obligations of the prior redevelopment agency have been paid in full and they are distributed to other units of state and local government.

	OPEB Trust Funds	Successor Agency Private Purpose Trust Funds	Custodial
Assets:			
Cash	$ -	$ 12,080,454	$ 2,000
Cash - OPEB trust money market funds	1,962,022	-	-
Mutual funds	3,669,122	-	-
Receivables			
Property tax receivable	-	105	52,085
Interest receivable	-	3,530	-
Due from other governmental units	-	4,000	1,565
Land held for development	-	5,209,768	-
Restricted assets			
Cash and investments	-	726,105	7,175,428
Interest receivable	-	-	3,505
Capital assets:			
Not being depreciated:			
Land	-	3,477,722	-
Being depreciated, net of accumulated depreciation:			
Buildings and structures	-	193,487	-
Total assets	$ 5,631,144	$ 21,695,171	$ 7,234,583
Deferred outflows of resources			
Deferred loss on refunding	-	1,914,378	-
Liabilities:			
Accounts payable	$ 433,684	$ 28,886	$ 472,581
Advances due to general fund	-	577,135	74,071
Due to fiduciary funds	-	-	1,750
Advances due to City of Palmdale	-	5,409,777	583,859
Deposits	-	-	84,707
Interest payable	-	1,210,993	-
Long-term liabilities:			
Due within one year	-	7,893,681	-
Due in more than one year	-	78,191,290	-
Total liabilities	433,684	93,311,762	1,216,968
Net Position			
Restricted:			
OPEB benefits	5,197,460	-	-
Redevelopment dissolution	-	(69,702,213)	-
Held on behalf of others	-	-	6,017,615
Total net position (deficit)	$ 5,197,460	$ (69,702,213)	$ 6,017,615

See Notes to Financial Statements

	OPEB Trust Funds	Successor Agency Private Purpose Trust Funds	Custodial
Additions:			
Employer contributions to retiree medical trust	$ 128,500	$ -	$ -
Property taxes	-	66,630,451	3,733,052
Investment and interest income	110,297	9,177	21,583
Gain on sale of land	-	626,612	-
Net realized and unrealized gains (losses)	548,810	-	(14,596)
Total additions	787,607	67,266,240	3,740,039
Deductions:			
Benefits paid to participants and expenses	623,627	-	-
Administrative expense	-	-	949,160
Community development	-	3,929,924	-
Intergovernmental - tax sharing	-	52,867,377	-
Depreciation and amortization	-	8,763	-
Interest expense	-	2,849,752	2,525,449
Payment to refunding bond escrow agent	-	-	266,024
Total deductions	623,627	59,655,816	3,740,633
Changes in Net Position	163,980	7,610,424	(594)
Net Position (Deficit) at Beginning of Year	5,033,480	(77,312,637)	-
Prior period adjustment	-	-	6,018,209
Net Position (Deficit) at Beginning of Year as Restated	5,033,480	(77,312,637)	6,018,209
Net Position (Deficit) at End of Year	$ 5,197,460	$ (69,702,213)	$ 6,017,615

See Notes to Financial Statements

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Notes to the Financial Statements

Palmdale, California

Year Ended June 30, 2021

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1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of Palmdale (the City) was incorporated on August 24, 1962, under the general laws of the State of California and became a Charter City in 2009. The City operates under a Council-Manager form of government and provides the following services: library, recreational and culture, public improvements, planning and zoning, building and safety, street maintenance, and general administrative services. The City contracts with the County of Los Angeles to provide law enforcement, animal control, limited street maintenance for snow and hazardous materials removal, and emergency services. Fire service is provided by a separate County Fire Protection District and is not under the City's jurisdiction.

As required by Generally Accepted Accounting Principles (GAAP), the accompanying Annual Comprehensive Financial Report includes the financial activities of the City of Palmdale, the primary government, and its component units, legal separate entities for which the City is considered to be financially accountable. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The City is considered to be financially accountable for an organization if the City's governing body is substantially the same as the component unit's governing body, and there is a financial benefit or burden relationship between the City and component unit, or the City has operational responsibility for a component unit. Additionally, blending would be appropriate if the component unit provides services entirely, or almost entirely, to the City or for the benefit of the City. Lastly, if the component units' total debt outstanding is expected to be repaid with City resources, blending is also appropriate for the component unit. All of the City's component units are considered to be blended component units because in all cases the City Council serves as the governing board for each component unit and the City benefits from the use of certain property and improvements as well as a burden in administering the debt service repayment. Blended component units, although legally separate entities, are, in substance, part of the City's operations, therefore data from these units are reported with the interfund data of the primary government. Management of the City has operational responsibility for each component unit, as it manages the activities of each component unit in a similar manner in which it manages other of its own programs and activities. Additionally, the City is responsible for repayment of debt within the component units using resources of the primary government.

The component units included within the financial reporting entity of the City of Palmdale are the Palmdale Civic Authority (Authority), the Palmdale Financing Authority (PFA), the Industrial Development Authority (IDA), the Housing Authority of the City of Palmdale (Housing Authority), and the Palmdale Community Foundation (Foundation). The component units above are included because they meet the definition provided in the previous paragraph and of the significance of their operational or financial relationships with the City. As such, these entities are presented on a blended basis.

Separate component unit financial statements are issued for the Palmdale Civic Authority, Palmdale Financing Authority, the Housing Authority, and the Palmdale Community Foundation may be obtained from the City's website or from the City's Finance Department, 38300 Sierra Highway, Suite D, Palmdale, California 93550.

The Palmdale Civic Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on May 1, 1976, between the City and the former Community Redevelopment Agency (Agency) for the purpose of acting as a vehicle for financing various projects of the City and the Agency.

The Authority is a distinct legal entity separate and apart from the City and the former Community Redevelopment Agency. The City Council acts as the governing body of the Authority by serving as its board members. The activity of the Authority is reported in the Palmdale Civic Authority Debt Service and Capital Projects Funds.

The Palmdale Financing Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on September 26, 2012, between the City and the Housing Authority for the purpose of acting as a vehicle for financing various projects of the City and Housing Authority.

The Palmdale Financing Authority is a distinct legal entity separate and apart from the City and the Housing Authority, and its debts and obligations are not debts or obligations of the City or the Housing Authority. The City Council acts as the governing body of the Palmdale Financing Authority by serving as its board members. The activity of the Palmdale Financing Authority is reported in the Palmdale Financing Authority Debt Service Fund.

The Industrial Development Authority was organized under Section 91500 et seq. of the California Government Code on

February 8, 1995, for the purpose of financing industrial development in the City. The IDA works with manufacturers and industrial companies to develop new industrial sites in Palmdale. The IDA is a distinct legal entity separate and apart from the City and the Agency, and its debts and obligations are not debts or obligations of the City or the Agency. The City Council acts as the governing body of the IDA by serving as its board members. There has been no activity in the Industrial Development Authority Fund during the fiscal year.

The Housing Authority of the City of Palmdale was established on April 9, 1997, pursuant to the State of California Health and Safety Code, Section 34200, entitled "Housing Authorities Law." The Housing Authority was formed for the purpose of working with mobile home parks located in the City. Upon dissolution of the former Redevelopment Agency of the City of Palmdale, the Housing Authority assumed the authority to perform housing functions previously performed by the dissolved Community Redevelopment Agency and all rights, powers, duties, obligations, and housing assets, were transferred to the Housing Authority during FY2011-12. The Housing Authority is a distinct legal entity separate and apart from the City and the Agency, and its debts and obligations are not debts or obligations of the City or the Agency. The City Council acts as the governing body of the Housing Authority by serving as its board members, along with two public members. The activity of the Housing Authority is reported in the Housing Asset, Mobile Home Parks, Housing Facilities, and Housing Authority Special Revenue Funds.

Palmdale Community Foundation was established on January 1998, and is a non-profit organization, is organized under the California Nonprofit Public Benefit Corporation Law for public purposes. The specific purpose of the Foundation is to receive contributions and donations from the public and to use such contributions and donations to support charitable, literary, and educational activities authorized under Section 501(c)(3) of the Internal Revenue Code, including the support of programs, projects, and activities sponsored by the City of Palmdale. City staff acts as the governing body of the Palmdale Community Foundation by serving as its board members. The Palmdale Community Foundation exists solely for the enhancement of the City of Palmdale programs, the business activities are reported as a Special Revenue Fund and the financial reporting must follow GASB reporting rules. The City of Palmdale is the sole corporate member of the Foundation.

The financial statements of the City of Palmdale have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

B. Financial Statement Presentation, Basis of Accounting, and Measurement Focus

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

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are reported separately from business-type activities and, likewise, the primary government is reported separately from discretely presented component units. The City of Palmdale has no business-type activities or discretely presented component units. Interfund activity, including payables and receivables has been eliminated in the Statement of Activities and the Statement of Net Position.

Interfund services provided are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide presentation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items

not properly included among program revenues are reported instead as general revenues. The Government-Wide Financial Statements are presented using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources (including capital assets, infrastructure assets, and long-term liabilities) are reported in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds individually and non-major funds in the aggregate. An accompanying schedule is presented to reconcile and explain the difference in fund balance or equity as presented in these statements to the net position presented in the Government-Wide Financial Statements.

Governmental Fund Financial Statements are presented using the current financial resources measurements focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest, and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other revenue items are recorded when received in cash.

The City has presented all major funds that qualified as major funds, which included the General Fund, the Housing Authority Housing Asset Special Revenue Fund and the Housing Authority Facilities Fund. Not all of the component unit funds are reflected as major funds. Specific fund descriptions and purpose of each fund can be found on page 21 for all major funds. Summarization of all non-major governmental funds is presented under the Other Governmental Funds column. The individual fund statements and descriptions and purpose of the non-major funds can be found on pages 94 - 95.

Proprietary Fund Financial Statements

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting. The City maintains internal service funds to account for Information Technology and the City's fleet of vehicles.

Fiduciary Fund Financial Statements

Fiduciary funds are used to account for assets held in a trustee or fiduciary capacity and cannot be used to support the City's own programs. Trust funds and Custodial Funds are accounted for using the accrual basis of accounting.

The Custodial Fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds which are administered by, but are not the liability of, the City.

The OPEB Trust Funds are used to account for the City's Other Post-Employment Benefits Plans. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Successor Agency Private Purpose Trust Fund is used to account for the assets, deferred outflows of resources, liabilities, and activities of the dissolved Community Redevelopment Agency in a trustee capacity to pay obligations of the former Community Redevelopment Agency. Revenues are recognized when allocated in the amount that is necessary to pay the enforceable obligations and obligations are recognized when due and payable and approved by the oversight board.

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital project funds, which adopt project-length budgets, and American Rescue Plan Act Fund that had no budget in 2021 as the only activity was unearned revenue of $17,722,510.

The budget process begins in January when budget request forms are distributed to each department. These requests are assembled by the Finance Department and are presented to the City Manager in March. Budget meetings are then held with each department. The proposed budget is presented to the City Council on or before May 31 of each year. The Council holds a public hearing in June and must adopt a final budget by July 1 of each fiscal year. If Council continues the public hearing and/or adoption of the budget beyond June 30, the Finance Department is required to obtain written authorization for the continuation of spending for the new fiscal year at a public meeting of the Council prior to July 1.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level. The category level includes personnel, training and meetings, operating expenditures, contingency, debt service, and capital outlay. Supplemental appropriations during the year must be approved by the City Council if they are over $100,000 or between funds, except for shifts in appropriations relating to personnel changes that may be done administratively by the City Manager. The City Manager can approve budget transfers up to $100,000 within a fund. Supplemental appropriations were made during the year and are reflected in the budgeted numbers contained in the accompanying financial statements. Encumbrances and Continuing Appropriations may be added to the subsequent year's adopted budget by the Finance Manager with the approval of the City Manager per Council Resolution 2020-070, Section 8.

A budgetary report-comparing budget to actual at the category level has been issued for the General Fund, Special Revenue Funds, and Debt Service Funds. General Fund and major special revenue funds are audited. Budgetary reports are not prepared for the Capital Projects Funds. This budgetary report is available from the City's Finance Department, 38300 Sierra Highway, Suite D, Palmdale, California 93550.

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts, and other commitments) outstanding at year-end are reported as assigned fund balance in the General Fund since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

D. Cash and Investments

Cash includes amounts in demand deposits and petty cash on hand. Investments include amounts in Federal Agency Securities, Certificates of Deposit, the Local Agency Investment Fund, money market funds, and investment agreements. The U.S. Treasury and Agency Securities were adjusted to fair value based on market prices on June 30, 2021. The Local Agency Investment Fund is reported at the carrying value because the fair value was not materially different. Amounts invested in money market funds and investment agreements are reported at fair value or guaranteed amounts per investment agreement, which is equal to cost as of June 30, 2021.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

E. Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the balance sheet.

F. Advances Between Funds

Non-current portions of interfund loans receivable, reported as advances from other funds, are offset by a restricted fund balance account to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Land Held for Development

Land held for development is recorded at the lower of cost or market in the governmental and fiduciary funds.

I. Restricted Assets

Restricted assets represent unexpended proceeds, interest thereon, and bond reserve amounts related to bond anticipation notes, revenue bonds, tax allocation bonds and certificates of participation. The bond resolutions and indentures require that the bond reserves be maintained in amounts equal to the maximum amount of principal and interest to be paid in any single future fiscal year for each issue.

The debt service funds report restricted assets for resources set aside for current and future principal and interest payments on the bonds. The capital projects funds report restricted assets for proceeds of bond issuances, and interest thereon, which are restricted for use in construction. In cases where capital construction is being financed partially by restricted bond proceeds and partially from the City's own resources, the City typically uses restricted assets first as appropriate opportunities arise, but reserves the right to selectively defer the use of bond proceeds to future projects.

J. Capital Assets

Capital assets, which include property, plant, equipment, and public domain infrastructure assets (e.g., roads, bridges, curbs, and gutters, streets, and sidewalks, drainage systems, and lighting systems), are reported in the applicable governmental columns in the Government-Wide Financial Statements. Capital assets and intangible assets are defined by the government as assets with an initial, individual cost of more than $5,000 and $125,000 respectively and an estimated useful life in excess of two years. Such assets are recorded at cost where historical costs are available and at an estimated original cost where not historical records exist. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-Wide Financial Statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. For depreciation purposes, the range of useful life used for each capital asset class are as follows:

Asset	Years
Buildings and structures	50 years
Improvements Other than Buildings	5 - 10 years
Machinery and Equipment	5 - 15 years
Infrastructure	20 - 50 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Statement of Fiduciary Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three items that qualify for reporting in this category. 1) The deferred charge on refunding bonds, 2) The deferred outflows related to pension liability, and 3) the deferred outflows related to the total OPEB liability. A deferred charge on

refunding bonds results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, one which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: State Mandated Cost Reimbursements and Grant Reimbursements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide Statement of Net Position reports deferred inflows resulting from differences between expected and actual experiences in pension and OPEB related amounts.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and administrative leave, and compensatory and floating holiday time. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation and administrative leave, compensatory and floating holiday time, and associated employer-related salary costs are accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in Governmental Funds when they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund and Special Revenue Funds.

M. Pension Plan

For purposes of measuring Net Pension Liability and Deferred Outflows/Inflows of Resources related to pensions, and pension expense, information about the Fiduciary Net Position of the City of Palmdale's California Public Employees Retirement System (CalPERS) Plan and additions to/deductions from the Plan's Fiduciary Net Position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Gains and losses related to changes in Total Pension Liability and Fiduciary Net Position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as Deferred Outflows and Deferred Inflows of Resources related to pensions and are recognized in future pension expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period. The General Fund is used to liquidate the governmental fund net pension liability.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB Liability or Asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Palmdale Retiree Benefits Plan ("OPEB Plan") and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefits when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

Gains and losses related to changes in total OPEB asset and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period. The General Fund is used to liquidate the governmental fund OPEB liability.

O. Long-Term Obligations

In the Government-Wide Financial Statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums/discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as charges in the period the cost is incurred.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period the cost is incurred.

P. Fund Balance

In the Fund Financial Statements, governmental funds report fund balance into five components whereby each component identifies the extent to which the City is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The five components of the fund balance are as follows:

Nonspendable: Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.

Restricted: Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Committed: Resources that have been constrained to a specific purpose by formal action of the City Council, such as an ordinance, which constitutes a binding constraint on that portion of Fund Balance. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balances must occur within the fiscal reporting period while the amount committed may be determined subsequently.

Assigned: Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed or the residual balance of all other governmental funds except the General Fund. This policy delegates to the Finance Manager the authority to assign fund balances where the City's intent is for the amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

Unassigned: Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balances, and finally unassigned fund balance.

Q. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2021 in the amount indicated:

Major Special Revenue Funds:		
Housing Authority Facilities Fund	$	(5,081,605)
Non-Major Special Revenue Funds:		
Federal Funds	$	(1,461,937)
Federal Jobs Program		(16,287)
SAVES Fund		(115,211)
State Grants Fund	$	(139,588)

Management anticipates that these deficits will be resolved in future years as outstanding reimbursable grants are received and as additional operating revenues become available. It is anticipated occupancy levels at the Mobile Home Parks and Apartments will continue to remain high and consistent and continue to reduce the deficit in the Housing Authority Facilities Fund.

R. Expenditures Exceeding Appropriations

The legal level of budgetary control is at the category level: personnel, training and meetings, operating, capital and debt expenditure level. In the adopted budget, certain appropriations are reported as being paid out of General Fund and funded through transfers in from special revenue funds. In the fund financial statements, these transfers are reclassified to the expenditure function level to comply with GASB 54 requirements. The following funds reported expenditures exceeding appropriations as a result of these reclassifications: Gas Tax Fund, Public Safety Fund, Prop A Fund, Prop C Fund, Article 3 Fund, Article 8 Fund, Miscellaneous Grants Fund, Park Development Fund, Fire Facilities Impact Fund, State Grants Funds, Measure R Fund, and Sewer Upgrade Fund.

The following is a summary of the Excess of Expenditures Over Appropriations:

	Total	General Government	Public Safety	Public Services
Governmental Funds:				
CDBG Fund	$ 7,353	$ -	$ -	$ 7,353
Proposition C Fund	46,653	-	-	46,653
Article 3 Fund	36,424	-	-	36,424
Park Development Fund	103,910	-	-	103,910
Road Maintenance and Rehab Fund	946	-	-	946
Fire Facilities Impact Fund	9,098	9,098	-	-
Drainage Fund	31,919	-	-	31,919
State Grants Fund	63,813	-	-	63,813
Measure M Fund	5,290	-	-	5,290
Measure R Fund	253,081	-	-	253,081
Sewer Upgrade Fund	20,758	-	-	20,758
Sewer Maintenance Fund	1,970	1,970	-	-
Solid Waste Fund	6,613	-	-	6,613
CFD/AD Capital Projects Fund	2	2	-	-
Total excess of expenditures over appropriations	$ 587,830	$ 11,070	$ -	$ 576,760

S. Property Taxes

With the passage of Assembly Bill No. 1197, the City of Palmdale, previously a “no property tax” city began to receive property taxes in fiscal year 1989-90. In addition, the former Community Redevelopment Agency (CRA) received incremental

property taxes on property within its project areas over a base-assessed valuation on the date the project area was established. After dissolution of the former CRA, incremental property tax is received by the Private Purpose Trust. The Los Angeles County Assessor and Tax Collector perform the duties of assessing and collecting property taxes, respectively. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on January 1 preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31st.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Implemented Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 90, Majority Equity Interests – (an amendment of GASB Statements No. 14 and No. 61). The primary objective of this Statement is to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method.

2 - Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash	$ 3,129,757
Investments	242,822,140
Restricted cash and investments	10,049,925
Total	256,001,822
Statement of Fiduciary Net Position:	
Cash	12,082,454
Cash - OPEB Trust Money Market Funds	1,962,022
Investments - OPEB Trust Mutual Funds	3,669,122
Restricted cash and investments	7,901,533
Total	25,615,131
Total cash and investments	$ 281,616,953

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand		$ 18,051
Deposits with financial institutions		13,243,095
Investments:		
Pooled	$ 243,228,656	
Held by trustees	16,572,642	
Held by trustees - PARS section 115		
Money Market Funds	1,998,705	
Mutual Funds	924,660	
Held by OPEB Trust Money Market Fund	1,962,022	
Held by OPEB Trust Mutual Fund	3,669,122	
Total		268,355,807
Total cash and investments		$ 281,616,953

A. Investments Authorized by the California Government Code and the City of Palmdale's Investment Policy

The table below identifies the investment types that are authorized for the City of Palmdale, for the OPEB Trust Fund, and the Pension Stabilization Trust Fund by the California Government Code (or the City of Palmdale's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City of Palmdale's investment policy, where more restrictive) that addresses interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements with the City of Palmdale or cash deposits held in restricted accounts, rather than the general provisions of the California Government Code or the City of Palmdale's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer**
U.S. Treasury Obligation	5 years	None	None
U.S. Federal Agency Securities	5 Years	None	None
Banker's Acceptance	180 days	40%	2%
Municipal Obligations	5 years	10%	15%
Medium Term Corporate Notes	5 years	15%	None
Negotiable Certificates of Deposit	5 years	30%	15%
Overnight Bank Investment Pool	N/A	10%	None
Local Agency Investment Fund (LAIF)	N/A	None	$65,000,000
California Asset Management Program (CAMP)	N/A	None	$65,000,000

*Excluding amounts held by bond trustees that are not subject to California Code Restrictions

**Per account

The City of Palmdale's and OPEB Trust Fund investment policy also authorizes Demand Deposits of up to $2,000,000 (and $2,500,000 in the aggregate) with Bank of America or Wells Fargo Bank. As of June 30, 2021, a demand deposit of $6,892,777 is expected to be expended in a short period of time and is held on behalf of the Successor Agency Private Purpose Trust Fund as cash on hand.

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt (see Note 12) rather than the general provisions of the California Government Code. Certificates of Participation and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds, are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Investment Policy of the City of Palmdale, Section 4.1 and 4.2, provide guidelines for managing risk. One of the ways that the City of Palmdale manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City of Palmdale's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City of Palmdale's Investments by Maturity.

	Remaining Maturity in Months			
	Total	12 Months or Less	13-24 Months	25-60 Months
Investment Type:				
Treasury Notes	$ 25,133,216	$ -	$ 2,950,036	$ 22,183,180
Federal Agency Securities	35,364,055	-	5,178,913	30,185,142
Negotiable Certificates of Deposit	2,286,530	1,252,895	1,033,635	-
Local Agency Investment Fund	143,968,276	143,968,276	-	-
CAMP Investment Fund	248,672	248,672	-	-
Corporate Notes	16,076,988	1,021,372	11,862,172	3,193,444
UBS Investment Fund	20,150,919	20,150,919	-	-
Held by Trustees				
Money Market Mutual Funds	11,384,965	11,384,965	-	-
PARS Section 115				
Money Market Funds	1,998,705	1,998,705	-	-
Mutual Funds	924,660	924,660	-	-
OPEB Trust Money Market Funds	1,962,022	1,962,022	-	-
OPEB Trust Mutual Funds	3,669,122	3,669,122	-	-
Local Agency Investment Fund	5,187,677	5,187,677	-	-
Total investments by maturity	$ 268,355,807	$ 191,769,285	$ 21,024,756	$ 55,561,766

D. Disclosures Relating to Credit Risk

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

	Total	Minimum Legal Rating	Not Required To Be Rated	AA- to Aa1*	AAA to Aaa*
Investment Type:					
Treasury Notes	$ 25,133,216	N/A	$ -	$ 25,133,216	$ -
Federal Agency Securities	35,364,055	N/A	-	35,364,055	-
Certificates of Deposit	2,286,530	N/A	2,286,530	-	-
Local Agency Investment Pool	143,968,276	N/A	143,968,276	-	-
CAMP Investment Fund	248,672	N/A	248,672	-	-
Corporate Notes	16,076,988	A	-	16,076,988	-
UBS Investment Fund	20,150,919	N/A	20,150,919	-	-
Held by Trustees:					
Money Market Funds	11,384,965	A	-	-	11,384,965
PARS Section 115					
Money Market Funds	1,998,705	N/A	1,998,705	-	-
Mutual Funds	924,660	N/A	924,660	-	-
OPEB Trust Money Market Funds	1,962,022	N/A	1,962,022	-	-
OPEB Trust Mutual Funds	3,669,122	N/A	3,669,122	-	-
Local Agency Investment Fund	5,187,677	N/A	5,187,677	-	-
	$ 268,355,807		$ 180,396,583	$ 76,574,259	$ 11,384,965

E. Concentration of Credit Risk

The investment policy of the City of Palmdale contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Reportable investments in any one issuer that represent five percent or more of the total City of Palmdale's investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency Securities	20,450,425

F. Custodial Credit Risk

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

As of June 30, 2021, a total of $12,563,832 of City of Palmdale's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts, but not in the name of the City. In addition, as of June 30, 2021, City of Palmdale investments in the following investment types were held by the safekeeping department of the broker-dealer (counterparty) used by the City of Palmdale to buy the securities:

Investment Type	Reported Amount
Certificates of Deposit	$ 2,286,530
Treasury Notes	25,133,216
Federal Agency Securities	35,364,055
Corporate Notes	$ 16,076,988

G. Investment in State Investment Pool

The City of Palmdale is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City of Palmdale's investment in this pool is reported in the accompanying financial statements at amounts based upon the City of Palmdale's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. LAIF is not rated and not registered with the Securities and Exchange Commission (SEC).

H. Investment in California Asset Management Program

The City of Palmdale is a voluntary participant in the California Asset Management Program (CAMP) that is regulated by the California Government Code Section 53601 (p) and managed by a Board of Trustees comprised of finance directors and treasurers of California public agencies that are members of the Joint Powers Authority. The value of pool shares in CAMP that may be withdrawn is determined on an amortized cost basis, which is the same as the fair value of the City's portion in the pool.

I. Disclosures Relating to Fair Value of Investments

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

When quoted prices in active markets are available, investments are classified within Level 1. For investments classified within Level 2, the City's custodians generally use asset market prices derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, broker-dealer quotes and matrix pricing. The City does not have any investments classified with Level 3. Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of $1 and not fair value. Accordingly, the fair value measurement of these types of investments is based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

As of June 30, 2021, the City has the following recurring fair value measurements:

		Fair Value Measurements on A Recurring Basis Using		
	Balance June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Treasury Notes	$ 25,133,216	$ -	$ 25,133,216	$ -
Federal Agency Securities	35,364,055	-	35,364,055	-
Certificates of Deposit	2,286,530	-	2,286,530	-
Corporate Notes	16,076,988	-	16,076,988	-
PARS Section 115 - Mutual Funds	924,660	924,660	-	-
OPEB Trust Mutual Funds	3,669,122	3,669,122	-	-
Total investments by fair value level	83,454,571	$ 4,593,782	$ 78,860,789	$ -
Investments Measured Using Uncategorized Inputs:				
Local Agency Investment Fund	149,155,953			
CAMP Investment Fund	248,672			
UBS Investment Fund	20,150,919			
Money Market Mutual Funds	11,384,965			
PARS Section 115 - Money Market Funds	1,998,705			
OPEB Trust - Money Market Mutual Funds	1,962,022			
Total investments - uncategorized inputs	184,901,236			
Total investments	$ 268,355,807			

J. PARS Section 115 - Pension Stabilization Trust

In April 2018, the City approved and adopted the Public Agencies Post-Retirement Pension Plan Document and Trust Agreement. The asset is classified and reported as a restricted asset in the General Fund. The Pension Stabilization Trust is a tax-qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund pension obligations as described in GASB Statement No. 75.

The Plan Discretionary Trustee is U.S. Bank (U.S. Bank has delegated investment management responsibilities to High Mark Capital Management, Inc.), and Public Agencies Retirement Services (PARS) is the Trust Administrator. The City elected 'Moderately Conservative HighMark PLUS' investment approach with a blended investment objective strategy. The primary objective is to provide current income with capital appreciation as a secondary objective.

The Plan's targeted Rate of Return is 3.2 percent. The asset allocation ranges for this objective are zero percent to 20 percent cash source, 50 percent to 80 percent fixed income mutual funds, and 20 percent to 40 percent equity mutual funds. The City funded the trust account and earned interest totaling $2,045,049 in Fiscal Year 2018-19 and 2,580,329 in Fiscal Year 2019-20, which invested in accordance with a blended investment objective strategy. With the net investment earnings of $343,036, the ending balance as of June 30, 2021 is $2,923,365.

3 - Interfund Transfers

Interfund transfers for the year ended June 30, 2021 were as follows:

Transfer To	Transfer From		Amount
General Fund	Non-Major Governmental Funds	$ 4,260,149	$
	Housing Asset Fund	35,520	4,295,669
Non-Major Governmental Funds	General Fund	13,916,000	
	Non-Major Governmental Funds	24,130,568	38,046,568
Housing Authority Fund	Housing Asset Fund		5,339
Housing Asset Fund	Housing Authority Fund		60,000
Internal Service Funds	General Fund		6,565,097
	Total interfund transfers		$ 48,972,673

Transfers resulted from the following transactions:

1. Transferring revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires expending them.
2. Transferring receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments come due.
3. Using unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

4 - Interfund Assets/Liabilities

A. Due From/To Other Funds as of June 30, 2021 were as follows:

The amounts payable to the General Fund and Non-Major Governmental Funds relate to temporary cash flow loans made to several non-major funds that all are scheduled to be collected in the subsequent year.

Payable To	Payable From		Amount
General Fund	Non-Major Governmental Funds	$ 666,712	$
	Housing Asset Fund	15,287	681,999
Non-Major Governmental Funds	Non-Major Governmental Funds		1,322,906
	Total due to/due from other funds		$ 2,004,905

B. Advances Due From/To Fiduciary Funds as of June 30, 2021

The amounts payable to the General Fund and due from Fiduciary Funds relate to administrative fees that are scheduled to be collected in the subsequent year and total $74,071.

C. Advances Due From/To Drainage Funds as of June 30, 2021

Beginning in fiscal year ending June 30, 1993, advances were made from the Amargosa, Portal Ridge, and Pearland Drainage funds to cover shortfalls in funding in the Anaverde Drainage Funds. Government Code Section 66006 stipulates that developer impact fees shall be kept in a separate fund and earn interest until expended for the purpose for which the fee was originally collected. In accordance with this Government Code Section, interest has been accrued on a monthly basis with a rate equal to the monthly LAIF rate since the inception of the advances.

The Drainage Funds financial statements are presented as one combined statement within this report. Due to this presentation, the advances have been eliminated.

	Receivable	Payable
Anaverde Drainage	$ -	$ 2,136,221
Pearland Drainage	2,136,221	-
Total	$ 2,136,221	$ 2,136,221

The repayment of the remaining Pearland loan will be funded from future assessments received by the Anaverde Drainage Fund.

The Total Fund Equity of the individual funds is as follows:

Fund Name	Fund Equity
Amargosa Drainage	$ 379,034
Anaverde Drainage	(3,785,906)
Big Rock Drainage	61,373
Portal Ridge Drainage	(9,238)
Pearland Drainage	10,289,512
Littlerock Drainage	18,263
	$ 6,953,038

D. Advances Due From Fiduciary Funds as of June 30, 2021

The amounts due from the Private Purpose Trust Funds are advances due to the General Fund, Housing Asset Fund that are approved enforceable obligations of the Successor Agency Trust of the Former Redevelopment Agency of the City of Palmdale and will be paid from future property tax. The amount due from the Custodial Funds includes advances to Assessment Districts that are scheduled to be collected in the subsequent year.

Advances Due From Fiduciary Funds

Payable To	Payable From	Amount
Major Fund		
General Fund	Private Purpose Trust Funds	$ 577,136
Housing Asset Fund	Private Purpose Trust Funds	5,409,777
Total Major Funds		5,986,913
Non-Major Governmental Funds	Custodial Funds	583,859
		$ 6,570,772

E. Interfund Promissory Note Receivable and Payable as of June 30, 2021

The Housing Authority Facilities - Fund issued a Promissory Note to the former Redevelopment Low and Moderate Income Housing Fund to generate proceeds to fund additional housing programs. The Promissory Note is to be repaid from the Mobile Home Parks operating revenue when net income is sufficient under the operating agreement. As the result of the dissolution of the Community Redevelopment Agency, the Promissory Note asset was transferred to the Housing Authority Housing Asset Fund. All proceeds from repayment of the Promissory Note must be used in accordance with applicable housing related provisions of Community Redevelopment Law. During fiscal year 2020-2021, the Housing Authority Facilities fund paid $911,667 principal and $406,972 interest for a total of $1,318,639 to the Housing Authority Housing Asset Fund. The balance of the Promissory Note as of June 30, 2021 is $8,376,667.

F. Advances Due to/Due From Other Funds as of June 30, 2020

	Receivable	Payable
Major Funds		
General Fund	$ 5,000,000	$ -
Housing Auth - Housing Asset Fund	1,186,001	-
Housing Auth Facilities Fund	-	1,186,001
Non-Major Governmental Funds		
Park Development Fund	-	5,000,000
Pearland Drain Fund	4,400,000	-
Sewer Maintenance Assmnt District Fund	-	4,400,000
Total	$ 10,586,001	$ 10,586,001

The Park Development Fund has advances due to the General of $5,000,000 resulting from a loan to provide funding to accelerate the planning, public outreach, design and construction of prioritized Park Development Fund projects, including community engagement, and establish a budget for construction based on completed design parameters. These advances shall be repaid in over a period of 27 years. Payments will be interest only for the first seven years, beginning on July 1, 2020, and both principal and interest payment for twenty years, beginning on July 1, 2027. The last payment shall be in June 30, 2047.

The Housing Authority Facilities Fund has advances due to the Housing Authority-Housing Asset Fund of $1,186,001 resulting from the acquisition and operation of three mobile home parks purchased during fiscal year 2002-2003. Upon acquisition, the Housing Authority assumed the Mobile Home Park's prior owner's liabilities which were payable to the former CRA Low and Moderate Income Housing fund and City under the terms of an operating agreement. The operating agreement establishes priorities for the use of revenues from operation of the parks and provides for repayment of the advances from net income once expenses, debt service, operating, and capital reserve requirements are met. In the interim, additional liabilities and program/project management fees will continue to accrue to the long-term advances due the Housing Authority - Housing Asset Fund if there are shortfalls in expected payment. These advances will be repaid when net income is sufficient under the operating agreement.

5 - Notes Receivable and Liens

The City has the following Note Receivables outstanding at the end of June 30, 2021:

	June 30,2021
Major Funds	
General Fund:	
Graffiti Reimbursement Charges	$ 42,329
Related Party Loan	1,200,000
Total General Fund	1,242,329
Housing Authority Fund:	
Housing Programs	23,793,653
Non-Major Governmental Funds	
Federal Home Program	7,650,408
CDBG/NSP Program	2,338,699
Total Non-Major Governmental Funds	9,989,107
Total	$ 35,025,089

A. City Loans

The City made loans for Graffiti reimbursement charges. The loan balance is $42,329 for the Graffiti loans as of June 30, 2021. Refer to Note 20 - Related Party Loan for more information.

B. Federal Home Program Loans

The City provides loans to developers for development and rehabilitation of affordable housing. All loan payments will be used to pay for future program expenditures. The balances of the loans were $7,650,408 as of June 30, 2021.

C. CDBG/NSP Program Loans

Through the Community Development Block Grant and the Neighborhood Stabilization Program, the City provides subsidies to families for purchase of single family affordable housing. Each year a portion of the loan is forgiven if the participant is compliant or repayment of the loan would be received if the home is sold during the compliance period. The balances of the loans were $2,338,699 as of June 30, 2021.

D. Housing Program

The Housing Program Grants loans for mortgage assistance, mobile home rehabilitation and development of affordable homes. All loan payments will be used to pay for future program expenditures. The balances of the loans were $23,793,653 as of June 30, 2021.

6 - Fund Balance Classification

The Fund Balances at June 30, 2021 were classified as follows:

		Special Revenue Funds				
	General Fund	HA Housing Asset Fund	Housing Authority Facilities Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Advances	$ 577,136	$ -	$ -	$ -	$ -	$ 577,136
Note and liens	1,242,329	-	-	-	-	1,242,329
Deposits and prepaids	570,903	-	-	-	-	570,903
Total nonspendable	2,390,368	-	-	-	-	2,390,368
Restricted:						
Pension stabilization program	2,923,365	-	-	-	-	2,923,365
Debt service	-	-	-	-	1,080,872	1,080,872
Public safety programs	-	-	-	-	7,770,664	7,770,664
Public services programs	-	-	-	-	133,544,321	133,544,321
Low and moderate income housing	-	50,817,164	-	-	10,215,497	61,032,661
Recreation and culture programs	-	-	-	-	12,008,810	12,008,810
Health and welfare programs	-	-	-	-	247,725	247,725
Total restricted	2,923,365	50,817,164	-	-	164,867,889	218,608,418
Assigned:						
Compensated absences	2,642,732	-	-	-	-	2,642,732
Self insurance claims	1,590,497	-	-	-	-	1,590,497
Health insurance	6,223,057	-	-	-	-	6,223,057
Capital Projects	11,000,000	-	-	-	-	11,000,000
Total assigned	21,456,286	-	-	-	-	21,456,286
Unassigned Fund Balance	31,731,246	-	(5,081,605)	-	(767,277)	25,882,364
Total fund balance (deficit)	$ 58,501,265	$ 50,817,164	$ (5,081,605)	$ -	$ 164,100,612	$ 268,337,436

7 - Joint Ventures

A. Antelope Valley Transit Authority

The City of Palmdale is a member of the Antelope Valley Transit Authority (Authority), a joint powers authority of the County of Los Angeles and the cities of Palmdale and Lancaster. The Authority was formed to provide public transit service to Palmdale and Lancaster. The governing board consists of one person from each member agency. Each member has one vote.

The Authority entered into a "Reimbursement Agreement" with the County of Los Angeles to repay the obligation incurred by the County on their behalf. The Authority is funded in part by revenues allocated to the City and redirected to the Authority and in part by a shared formula based on the level of service provided to the jurisdiction.

Separate financial statements of the Authority are available from the Authority office located at 1031 W. Avenue L-12, Lancaster, California, 93534.

B. Palmdale Recycled Water Authority

As of September 26, 2012, the City of Palmdale became a member of the Palmdale Recycled Water Authority (Authority), a joint exercise of powers agreement between the City of Palmdale and Palmdale Water District. The Authority was formed to jointly study, promote, develop, distribute, construct, install, finance, use, and manage recycled water resources created by the Los Angeles County Sanitation District Nos. 14 and 20 for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities, and irrigation systems. The governing board consists of five Directors. The governing body of each Member shall appoint and designate two Directors who shall be authorized to act for and on behalf of the Member on matters within the powers of the Authority. The fifth Director shall be appointed jointly by both Members. The Authority is funded by Member contributions.

Separate financial statements of the Authority are available from the City of Palmdale Finance Department at 38300 Sierra Highway, Suite D, Palmdale, California 93550.

8 - Risk Management

The City is self-insured and exposed to various risk of loss related to general liability and health, dental, and vision needs of employees. Under the City's risk management program, the City retains the risk for general liability claims for the first $500,000 per occurrence and carries excess general liability and automobile insurance with total policy limits of $35,000,000. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The City transitioned to a self-insurance health plan in January 2009 and purchases stop loss coverage for the health benefits program for health claims in excess of $125,000 per covered person. The first claims that exceed the $125,000 specific deductible, whether from a single member or several, are paid by the group's $60,000 aggregating specific deductible. The City retains the risk for dental and vision claims. The health, dental, and vision claims are administered by Benefit and Risk Management Services, Inc., a third-party claims administrator.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk. Charges to the General Fund and other funds are determined from an analysis of claims costs, and are recorded as expenditures in the various funds.

During fiscal year 2020-2021, $740,411 was retired in general liability claims and $875,511 was paid in liability administrative costs. On June 30, 2021, $1,948,497 was accrued for general liability claims in the Government-Wide Financial Statements. The portion estimated to be due within one year is $358,000 and is calculated based on a three-year average of settlements paid during the fiscal year. These accruals, based on the results of an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims.

During fiscal year 2020-2021, $1,441,097 was paid in health claims and $492,897 was paid in health administrative costs. On June 30, 2021, $1,006,315 was accrued for health liability claims in the Government-Wide Financial Statements. The accruals, based on the results of an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims. All administrative costs were paid during the fiscal year and no unpaid amounts are due and payable as of June 30, 2021.

During fiscal year 2020-2021, $242,360 was paid in dental and vision claims and $12,844 was paid in dental and vision administrative costs. On June 30, 2021, $98,654 was accrued for dental and vision claims in the Government-Wide Financial Statements. The accruals, based on the results of an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims.

The total liability is calculated considering the effects of inflation, recent favorable claim settlement trends, including frequency and amount of payouts, anticipated future investment earnings on funds held to pay losses, and other economic and social factors.

It is the City's practice to obtain a full actuarial study annually to perform an analysis of the City's potential liability for the City's retained risk portions of the various self-insurance programs. The amounts recorded as liabilities represent estimates of amounts to be paid for reported claims, as well as incurred but not reported claims based upon past experience, modified for current trends, and information. While the ultimate amounts of losses incurred through June 30, 2021, are dependent on future developments, the City's management believes that the aggregate accrual is adequate to cover such losses. The liabilities for general liability claims are reported using a discount rate of 3.0% while a 25.0% margin was added to the estimated health, dental, and vision claims for potential adverse deviation. The estimates do not include any additional provision for administrative expenses associated with the adjudicating or processing the unpaid claims.

Changes in the balances of the City's claims liabilities for the current and prior fiscal year are as follows:

	General Liability	Health Claims	Dental and Vision Claims	Total
Balance of June 30, 2019	$ 1,812,751	$ 558,408	$ 117,986	$ 2,489,145
Claims incurred	84,133	1,523,164	195,653	1,802,950
Claims paid	(83,487)	(1,427,832)	(228,499)	(1,739,818)
Balance of June 30, 2020	1,813,397	653,740	85,140	2,552,277
Claims incurred	875,511	2,286,569	268,718	3,430,798
Claims paid	(740,411)	(1,933,994)	(255,204)	(2,929,609)
Balance as of June 30, 2021	$ 1,948,497	$ 1,006,315	$ 98,654	$ 3,053,466

9 - Unearned Revenue and Unavailable Revenue

Unearned Revenue - Governmental Funds and governmental activities report unearned revenues on the balance sheet in connection with resources that have been received, but not yet earned. Accordingly, this type of unearned revenue is also reported on the Statement of Net Position. At the end of the current fiscal year, the components of unearned revenue were as follows:

General Fund	
Fees received for Recreational Program Not Yet Held	$ 54,514
Fees received for Business Licenses Paid in Advance	2,930
Fees received for Magazine Ads Paid in Advance	2,781
Total general fund unearned revenue	60,225
American Rescue Plan Act Fund	
U.S. Treasury Funds received for Coronavirus Aid	17,722,510
Housing Asset Fund:	
Lease revenues received in Advance	3,932,000
Total unearned revenues for governmental funds	$ 21,714,735

Unavailable Revenue - Governmental funds also report deferred inflows of resources on the balance sheet in connection with resources that have been earned, but are not yet available to finance expenditures of the current fiscal period. This type of Unavailable Revenue is unique to governmental funds and is tied to the modified accrual basis of accounting. Accordingly, these Unavailable Revenues are not reported on the Statement of Net Position. At the end of Fiscal Year 2020-21, the components of Unavailable Revenue resulting from grant revenue not received with 60-day accrual period were detailed as follows:

Major Funds	
General Fund	$ 5,515,657
HA Housing Asset Fund	4,348,418
Non-Major Special Revenue Funds	
Community Development Block Grant	19,940
Federal Funds	287,699
Federal Home Program	2,393,025
Measure R	1,379,843
Misc. Grants/ Developer Contributions	4,100,043
Proposition C	945,301
States Grants Fund	1,592,917
Total unavailable revenue for governmental funds	$ 20,582,843

10 - Capital Assets

Capital Assets of the City for year ended June 30, 2021, consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not being Depreciated:				
Land and Improvements	$ 118,620,564	$ 674,895	$ -	$ 119,295,459
CFD 16-1 Water Credits	153,090	341,784	-	494,874
Construction in Progress	51,759,180	23,276,957	(44,675,789)	30,360,348
Total Capital Assets, Not being Depreciated	170,532,834	24,293,636	(44,675,789)	150,150,681
Capital Assets, Being Depreciated:				
Buildings and Structures	79,035,828	1,096,281	-	80,132,109
Improvements Other than Buildings	2,483,428	71,246	-	2,554,674
Machinery and Equipment	16,369,703	1,580,153	(729,117)	17,220,739
Infrastructure	1,113,983,034	39,686,129	(1,398)	1,153,667,765
Total Capital Assets, Being Depreciated	1,211,871,993	42,433,809	(730,515)	1,253,575,287
Less: Accumulated Depreciation for:				
Buildings and Structures	24,708,995	1,636,482	(2,313)	26,343,164
Improvements Other than Buildings	973,594	241,198	-	1,214,792
Machinery and Equipment	12,783,314	834,481	(729,117)	12,888,678
Infrastructure	619,083,657	34,728,710	-	653,812,367
Total Accumulated Depreciation	657,549,560	37,440,871	(731,430)	694,259,001
Total Capital Assets, Being Depreciated, Net	554,322,433	4,992,938	915	559,316,286
Total Capital Assets, Net	$ 724,855,267	$ 29,286,574	$ (44,674,874)	$ 709,466,967

For the year ended June 30, 2021, depreciation expense on capital assets was charged to the governmental functions as follows:

Governmental Function	Depreciation Expense
General Government	$ 584,785
Cultural and Recreational	852,965
Community Development	800,132
Public Services	34,483,605
Internal Service Funds	719,384
Total Depreciation Expense	$ 37,440,871

11 - Capital Leases

Canon Copier Lease – On December 23, 2015, the City entered into a five-year lease-purchase agreement with Canon Financial Services, Inc. to finance the acquisition of copier machines throughout the City. Interest on the lease is payable monthly at 4.11 percent per annum.

In July 2017, the City entered into an additional lease agreement with Canon Financial Services, Inc. to finance the acquisition of a copier machine placed at Legacy Common facility. Interest on the lease is payable monthly at 4.11 percent per annum for forty-two months.

In May 2018, the City entered into a third lease agreement with Canon Financial Services, Inc. to finance the acquisition of a color copier machine to replace a black and white copier machine that was part of the first five- year lease-purchase agreement for general use by multiple departments. Interest on the lease is payable monthly at 4.11 percent per annum for thirty-two months.

In October 2020, the City entered into a new agreement with Canon Financial Services, Inc. to finance the acquisition of new copier machines throughout the City and thus terminated its existing three agreements that were scheduled to expire in December 2020. The terms of the agreement are for seven years with an interest rate of 2.26 percent per annum.

Lease payments for the year ended June 30, 2021, amounted to $60,826 under the new lease and $29,400 under the extinguished agreements (November and December payments were written off totaling $9,900) and are sourced by the General Fund. At the end of the lease, there is a one dollar buy-out cost. In the event of default, Canon Financial Services may repossess the equipment but may not accelerate the entire balance outstanding due and payable.

For Year Ended June 30,	Amount
2022	$ 92,610
2023	92,610
2024	92,610
2025	92,610
2026	92,610
2027	23,153
Total minimum lease payments	486,203
Less: amount representing interest	(28,192)
Present value of minimum lease payments	$ 458,011

Energy Efficient Equipment Lease - On June 29, 2016, the City entered into a thirteen- year lease purchase agreement with Capital One Public Funding, LLC to finance the acquisition of energy efficient equipment. Interest on the lease is payable semi-annually at 3.44 percent per annum. Lease payments for the year ended June 30, 2021, amounted to $105,246 and are sourced by the General Fund. In the Event of Default, Capital One Public Funding may repossess the equipment but may not accelerate the entire balance outstanding due and payable.

For Year Ended June 30,	Amount
2022	$ 105,245
2023	105,246
2024	105,246
2025	105,245
2026	105,245
2027-2030	315,737
Total minimum lease payments	841,964
Less: amount representing interest	(116,696)
Present value of minimum lease payments	$ 725,268

12 - Long-Term Debt

A. Notes Payable

Section 108 HUD Note Payable – On January 11, 2006, the City issued a Variable Rate Note by entering into the Department of Housing and Urban Development contract for Loan Guarantee Assistance under Section 108 of the Housing and Urban Development Act of 1974. The City received advanced proceeds of $5,000,000 and used the proceeds for property acquisition, relocation, and demolition costs associated with the development of the proposed Senior Center. Interest on the note is equal to 0.2 percent above the applicable London Interbank Offered (LIBOR) and is payable semi-annually on February 1st, and August 1st, beginning February 1, 2006. Principal installments are payable August 1st of each year from 2006 through 2025. The payment schedule detailed below uses a blended interest rate ranging from 4.63 percent to 5.3 percent due to the note payable's variable interest rate.

On March 20, 2019, the U.S. Department of Housing and Urban Development refinanced $327,338,000 of its debt for Section 108 Participating Certificates, new Series HUD 2019-A, in which the City participated by refinancing $2,056,000 of its $2,464,000 outstanding principal balance and thus generating new blended rates ranging from 2.54 percent to 3.365 percent where the remaining $408,000 and original terms and schedule of payments remaining the same. Debt payments are to be paid from Community Development Block Grant funds and there are no remedies for Event of Default explicitly stated. The principal balance outstanding as of June 30, 2021, is $1,861,000.

Year Ending	Principal	Interest	Total
2022	$ 325,000	$ 89,733	$ 414,733
2023	342,000	72,475	414,475
2024	360,000	54,078	414,078
2025	398,000	34,001	432,001
2026	436,000	11,704	447,704
Totals	$ 1,861,000	$ 261,991	$ 2,122,991

HOME Loan Note Payable – In December of 2005, the City entered into an agreement with the Department of Housing and Community Development for the State of California HOME Investment Partnerships Program (HOME) to help approve the construction loan closing for the Courson Connection Project. The City has received advanced proceeds of $2,850,000 from HOME and has passed through those funds to the developer, Courson Senior Partners LP, for the construction of the 75 units of

Senior Housing in the Courson Connection Project. The repayment of the loan will be over a 55-year term through residual receipts from the Project. As of June 30, 2021, no residual receipts from the project have been received from developer. Interest on the note is equal to 3 percent.

If any installment under the Promissory Note is not paid when due or any default occurs in the agreements contained in the Note or the Loan Documents, the entire principal amount outstanding and any accrued interest thereon shall become due and payable immediately. The outstanding balance as of June 30, 2021, is $2,850,000 with $1,252,438 of unpaid accrued interest.

2017 Installment Payable of Street light Acquisition ($11,397,102) – During the Fiscal Year 2016-17, the City of Palmdale submitted a request to acquire street lights from Southern California Edison. In preparation for the acquisition of street lights, the City created a comprehensive inventory of light poles and their locations. Additionally, the City retained Utility Cost Management (UCM) to perform an analysis of the financial feasibility to acquire and maintain the City street lights. One of the key advantages of the street lights ownership is savings in energy cost by retrofitting existing street lights into Light Emitting Diode (LED) lighting. Retrofitting also provides the City with a greater ability to control future updates as technology develops.

The City has five (5) Streetlight Maintenance Assessment Districts. District No. 1 consists of residential and non-residential developments located throughout the City. It has 144 individual Annexations encompassing approximately 6,441 parcels. District No. 2 includes the Anaverde Master Planned Community, with 1,457 parcels. District No. 3 includes the Ritter Ranch Master Planned Community and has approximately 48 parcels. There are no street lights in District No. 3. District No. 4, similar to District No. 1, consists of residential and nonresidential developments located throughout the City.

A new engineering firm took over the annexations in 2010 and started using the term “SLMD 4” to annex in any new projects after that date just to keep track, but legally they are all part of SLMD 1. Both Districts are referred to as SLMD 1/4. District No. 4 has 19 individual Annexations encompassing approximately 54 parcels. District No. 5 includes the approximately 32,790 parcels that were previously covered under the Los Angeles County Lighting Maintenance District No. 1616, and that have been administered by the City since fiscal year 2014/2015.

On August 1, 2017, the City Council approved the Purchase and Sale Agreement between the City of Palmdale and Southern California Edison for the ownership of approximately 17,352 street lights within the five (5) Streetlight Maintenance Assessment Districts limits. In order to finance the acquisition of street lights, the Palmdale Financing Authority and the City of Palmdale entered into an Installment Sale Agreement for $11,397,102 on September 1, 2017. Simultaneously, Opus Bank, a California commercial bank entered into an Assignment Agreement with the Palmdale Financing Authority. As such, the loan is now the City’s loan to OPUS, and no longer a Palmdale Financing Authority loan and receivable.

Opus Bank agreed to purchase the City’s obligations under the Installment Sale Agreement at a purchase price of $11,397,102 at the interest rate of 2.4 percent per annum. The purchase price paid by Opus Bank is to be used by the City to finance the acquisition of approximately 17,352 street lights from Southern California Edison and to pay the costs related to the preparation, execution and delivery of the Installment Sale Agreement and the Assignment Agreement.

On September 7, 2017, Opus Bank disbursed $157,850 constituting the first advance under the Installment Sale Agreement for payment of costs of the financing transactions, resulting in the available proceeds in the amount of $11,239,252 for the City to acquire the street lights from Southern California Edison. At closing of the Installment Sale Agreement and the Assignment Agreement, dated as of September 7, 2017, the City did not draw any funds from the available proceeds of $11,239,252.

Installment payments are computed based on the amount drawn upon during each six month period and represent the maximum payment assuming all project funds are drawn on the closing date. The 2017 Installment Sale Agreement is payable semi-annually on February 1st and August 1st at the rate of 2.48 percent per annum. Principal installments are payable August 1st of each year to 2032 commencing August 1, 2019. Up to 10 percent of outstanding principal can be prepaid every year without prepayment penalty or limitation, as long as such payment is not through refinancing. Such prepayments will be applied against the back end of the amortization schedule. On January 31, 2018, the City made the first interest payment of $1,565.87 on the $157,850 draw related to the cost of financing.

On January 25, 2018, the City drew upon $6,869,454 for the acquisition of approximately 10,538 street lights from Southern California Edison. On March 23, 2018, the remaining balance of available proceeds was drawn upon in the amount of $4,369,798, which was used to acquire additional 7,234 street lights from Southern California Edison. As a result of these two advances, all project funds are drawn to its maximum amount of $11,239,252. In accepting the inventory listing provided by Southern California Edison, the City acquired 17,772 street lights in total, which are 420 more street lights than the initial estimate of 17,352.

Pursuant to the Installment Sale Agreement, the City will pledge as collateral the assessments in the City's Street Light Maintenance Districts 1, 4 and 5 and use such assessments with the first priority for repayment of advances. In the Event of Default, Pacific Premier Bank (acquired Opus Bank) may repossess the street light poles but may not accelerate the payments outstanding and due.

Year Ending	Principal	Interest	Total
2022	$ 725,563	$ 238,959	$ 964,522
2023	743,556	220,742	964,298
2024	761,997	202,073	964,070
2025	780,894	182,941	963,835
2026	800,260	163,335	963,595
2027-2031	4,309,028	505,133	4,814,161
2032-2034	1,876,930	46,833	1,923,763
Totals	$ 9,998,228	$ 1,560,016	$ 11,558,244

2017 On Bill Financing (OBF) – The City of Palmdale and Southern California Edison ("SCE") entered into the Energy Management Solution Incentive Application ("EMS Agreement") with the California Public Utilities Commission ("CPUC") in May 2014. After submission of the application, the City has completed installation of energy efficient equipment ("Equipment") at the sites as set forth in the EMS Agreement. In Decision 12-11-015, the CPUC authorized SCE to provide zero-percent financing for the installation of Equipment, which is to be repaid over a specified period through the City's electric utility bill through a process called On-Bill Financing ("OBF").

Amounts due under this OBF Agreement will be amounts deemed due under each SCE utility bill to the Customer Service Account(s), and a default under this OBF Agreement will be treated as a default under the Customer Service Account(s). Customer's Loan Obligation is subject to the discontinuance provisions of SCE's Rule 11, Discontinuance and Restoration of Service, Section B, Nonpayment of Bills or Summary Bills which is incorporated herein by reference. Following a breach as set forth in this section, SCE shall have the right to declare the entire unpaid balance of the Loan Obligation immediately due and payable.

A. In August 2017, the City entered into an OBF Agreement OBF A-5962 with SCE for the replacement of Courson Park lights with the Equipment. The Park's address is 38226 10th Street East, Palmdale, CA 93550. The amount financed is $229,909, and the repayment will be over one hundred twenty (120) months in the amount of $1,916 per month starting in December 2017. The outstanding balance as of June 30, 2021 is $147,489.

B. In October 2020, The City entered into another OBF Agreement with SCE. The City has completed installation of eligible energy efficient equipment at the Marie Kerr Park Site set forth in the EMS Agreement and has accepted the equipment as being operational and in good working order. The amount financed is $116,202.56, and the repayment will be sixty-nine (69) months in the amount of $1,700 per month. The outstanding balance as of June 30, 2021 is $111,102.

Year Ending	Principal A	Interest	Total
2022	$ 23,016	$ -	$ 23,016
2023	23,016	-	23,016
2024	23,016	-	23,016
2025	23,016	-	23,016
2026	23,016	-	23,016
2027-2028	32,409	-	32,409
Total	$ 147,489	$ -	$ 147,489

Year Ending	Principal B	Interest	Total
2022	$ 20,404	$ -	$ 20,404
2023	20,404	-	20,404
2024	20,404	-	20,404
2025	20,404	-	20,404
2026	20,404	-	20,404
2027-2028	9,082	-	9,082
Total	111,102	-	$ 111,102

Street Lights Retrofitting – In March 2017, the City entered into four (4) OBF Agreements with SCE for installation of the safety street lights at Sites 1-25, 26-50, 51-75 and Sites 76-105 in accordance with Energy Management Solution Incentive Application (EMS) Agreement. The safety street lights are components of the traffic signal infrastructure, and Sites 1-105 consist of the various street lights located throughout the City. The repayment of all four (4) Agreements will be over 120 months. The first payments were made in January 2018.

Amounts due under this On-Bill Financing (OBF) Agreement will be amounts deemed due under each Southern California Edison (SCE) utility bill to the Customer's Service Account(s). Customer's Loan Obligation is subject to the discontinuance provisions of SCE's Rule 11, Discontinuance and Restoration of Service, Section B, Nonpayment of Bills or Summary Bills which is incorporated herein by reference. Following a breach as set forth in this Section, SCE shall have the right to declare the entire unpaid balance of the loan obligation immediately due and payable.

The amounts financed and outstanding balances as of June 30, 2021 are as follows:

A. Street Lighting Retrofitting On-Bill Financing Agreement OBF A-5806 for $20,258 with an outstanding balance of $9,681 as of June 30, 2021.

Year Ending	Principal	Interest	Total
2022	$ 3,340	$ -	$ 3,340
2023	3,340	-	3,340
2024	3,001	-	3,001
Totals	$ 9,681	$ -	$ 9,681

B. Street Lighting Retrofitting On-Bill Financing Agreement OBF A-5807 for $100,761 with an outstanding balance of $50,407 as of June 30, 2021

Year Ending	Principal	Interest	Total
2022	$ 15,455	$ -	$ 15,455
2023	15,455	-	15,455
2024	15,455	-	15,455
2025	4,042	-	4,042
Totals	$ 50,407	$ -	$ 50,407

C. Street Lighting Retrofitting On-Bill Financing Agreement OBF A-5808 for $13,684 with an outstanding balance of $5,449 as of June 30, 2021.

Year Ending	Principal	Interest	Total
2022	$ 2,220	$ -	$ 2,220
2023	2,220	-	2,220
2024	1,009	-	1,009
Totals	$ 5,449	$ -	$ 5,449

D. Street Lighting Retrofitting On-Bill Financing Agreement OBF A-5809 for $15,588 with an outstanding balance of $2,489 as of June 30, 2021.

Year Ending	Principal	Interest	Total
2022	$ 2,489	$ -	$ 2,489

B. Revenue Bonds

2012 Lease Revenue Bonds Payable ($8,695,000) – On December 19, 2012, Palmdale Financing Authority issued $8,695,000 of Lease Refunding Revenue Bonds (2012 Bonds). Interest on the 2012 Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 2 percent to 4 percent per annum. Principal installments are payable September 1 of each year from 2015 to 2029.

The 2012 Bonds maturing on or after September 1, 2015, are subject to extraordinary mandatory redemption from net proceeds of an insurance, title insurance, condemnation or eminent domain award on any interest payment date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of lease payments. The 2012 Bonds maturing on or after September 1, 2023, may be redeemed on or after September 1, 2022, from proceeds of optional lease prepayments made by the City, without premium.

The proceeds of the 2012 Bonds were used to refinance an existing lease and refund the related Certificates of Participation, to satisfy the reserve requirement of the bonds, and pay the costs incurred in connection with the issuance of the bonds.

The 2012 Bonds represent direct, undivided fractional interests in a lease of the City's Development Services Building and South Valley WorkSource Center. The City has the right, subject to certain conditions, to substitute alternate property for the above properties, as property subject to the lease.

The lease agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2029. The rentals will be used by the Authority to pay principal and interest with respect to the 2012 Bonds as they become due. Title to the land and facilities covered by the lease and the 2012 Bonds is vested in the Authority, for the benefit of the 2012 Bond holders, during the lease term.

Upon completion of the term of the lease and payment in full to the 2012 Bond holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

If City defaults in performance of its obligations under the lease agreement, the City has consented to the Authority's repossession of the Property. Notwithstanding any re-entry by the Authority, the City shall continue to remain liable for the payment of the lease payments and the performance of all conditions contained in the lease agreement. The City shall remain liable for the payment of all lease payments and shall reimburse the Authority for any deficiency arising out of the re-leasing of the property, or, in the event the Authority is unable to re-lease the property, then for the full amount of all lease payments to the end of the term of the lease agreement, but said lease payments and/or deficiency shall be payable only at the same time and in the same manner as provided for the payment of lease payments, notwithstanding such entry or re-entry by the Authority of any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the property or the exercise of any other remedy by the Authority.

Year Ending	Principal	Interest	Total
2022	$ 575,000	$ 162,548	$ 737,548
2023	590,000	147,248	737,248
2024	610,000	129,985	739,985
2025	625,000	111,460	736,460
2026	645,000	92,007	737,007
2027-2031	2,500,000	159,581	2,659,581
Totals	$ 5,545,000	$ 802,829	$ 6,347,829

2015 Multifamily Housing Revenue Bonds Payable ($4,235,000) – On September 3, 2015, the Housing Authority of the City of Palmdale issued $4,235,000 of Multifamily Housing Revenue Bonds (2015 Bonds). Interest on the 2015 Bonds is payable semi-annually on December 1st and June 1st at rates ranging from 2.62 percent to 5.25 percent per annum. Principal installments are payable June 1st of each year from 2017 to 2045.

The 2015 Bonds maturing on or after June 1, 2026, may be redeemed on or after June 1, 2025, from moneys deposited in the Redemption Fund from any source of available funds, at a redemption price equal to the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

The 2015 Bonds maturing on or after June 1, 2025, are subject to extraordinary mandatory redemption from proceeds derived from sale or part of any of the Housing Facilities not elected by the Authority to be deposited in the Repair & Replacement Fund and used for acquisition and/or construction of improvements and extensions to the Housing Facilities, but instead transferred to the Redemption Fund, at a redemption price equal to bond principal amount called for redemption, together with accrued interest to the date fixed for redemption, without premium, on any date.

The 2015 Bonds maturing on any date, are subject to extraordinary mandatory redemption from insurance proceeds or condemnation proceeds not used for the purpose of repairing or replacing the property damaged, destroyed or taken, and transferred to the Redemption Fund pursuant to the Indenture or from proceeds of any foreclosure action under any of the Deeds of Trust transferred to the Redemption Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

The proceeds of the 2015 Bonds were used to finance the acquisition of the Impressions, La Quinta, Park Vista, and Summerwood Apartments (collectively, the "Housing Facilities") all located within the City of Palmdale, to finance the costs to renovate portions of the Housing Facilities, pay costs related to the issuance of the bonds, and make a deposit to a Bond Reserve Account for the Bonds.

The 2015 Bonds are limited obligations of the Housing Authority of the City of Palmdale and are secured by a first pledge of all of the Net Revenues of the Housing Facilities and by the Trustee's interest in a Deed of Trust for each of the Housing Facilities. Net Revenues are derived primarily from rents received by the Authority from the operation of the Housing Facilities, less the costs of the operation and maintenance of the Housing Facilities. The 2015 Bonds are payable solely from the Net Revenues and other assets pledged under the Indenture. The 2015 Bonds do not constitute a debt or liability of the City, the State or any political subdivision thereof. The liability is included in these Notes because the Housing Authority is reported as a component unit of the City's financial statements.

Failure by the Authority to pay debt service on the bonds constitutes an event of default under the indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the Authority's obligation to make such payments. The Trustee has no right to accelerate the total unpaid principal amount of the debt service on the bonds by reason of the occurrence of an event of default und the indenture. If there is a default under the indenture, the primary remedy of the Trustee is to foreclose on the real and personal property security granted pursuant to the Deeds of Trust and related documents.

Year Ending	Principal	Interest	Total
2022	$ 95,000	$ 182,395	$ 277,395
2023	100,000	178,951	278,951
2024	100,000	175,326	275,326
2025	105,000	171,701	276,701
2026	110,000	167,895	277,895
2027-2032	615,000	766,815	1,381,815
2033-2037	765,000	621,195	1,386,195
2038-2042	965,000	414,225	1,379,225
2043-2046	980,000	132,038	1,112,038
Totals	$ 3,835,000	$ 2,810,541	$ 6,645,541

2017 Lease Revenue Bonds Payable ($17,475,000) – On April 5, 2017, the Palmdale Financing Authority issued $17,475,000 of Lease Revenue Refunding Bonds, Series 2017. Interest on the 2017 Series Bonds is payable semi-annually on November 1 and May 1 at rates ranging from 2.00 percent to 3.50 percent per annum. Principal installments are payable November 1 of each year to 2032.

The 2017 Series Bonds maturing on or after November 1, 2028, may be redeemed on or after November 1, 2027, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The 2017 Series Bonds are subject to special mandatory redemption as a whole, or in part on any date, from hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Property damaged or destroyed and elected by the Authority, at the discretion of the City, to be used for such purpose, at a redemption price equal to 100 percent of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

The 2017 Bonds represent direct, undivided fractional interests in a lease of the Palmdale City Hall, Palmdale Main Library, Larry Chimbole Cultural Center, Domenic Massari Park, and Desert Sands Park. The City has the right, subject to certain conditions, to substitute alternate property for the above properties, as the property subject to the lease.

The lease agreement requires the City to pay a semi-annual base rental to the Authority on October 25 and April 25 for the use of the facilities through November 2032. The rentals will be used by the Authority to pay principal and interest with respect to the 2017 Bonds as they become due. Title to the land and facilities covered by the lease and the 2017 Bonds is vested in the Authority, for the benefit of the 2017 Bond holders, during the lease term.

Upon completion of the term of the lease and payment in full to the 2017 Bond holders, title to the property shall vest in the

City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

Should the City default under the lease agreement, the Trustee, as assigned by the Authority, may terminate the lease agreement and re-lease the property or may retain the lease agreement and hold the City liable for all lease payments thereunder on an annual basis. Under no circumstances will the Trustee have the right to accelerate lease payments.

Year Ending	Principal	Interest	Total
2022	$ 1,200,000	$ 547,288	$ 1,747,288
2023	1,330,000	484,038	1,814,038
2024	1,465,000	414,163	1,879,163
2025	705,000	359,913	1,064,913
2026	750,000	323,538	1,073,538
2027-2031	3,790,000	872,915	4,662,915
2032-2034	4,015,000	215,516	4,230,516
Totals	$ 13,255,000	$ 3,217,371	$ 16,472,371

C. Certificates of Participation

2007 Certificates of Participation Payable ($19,960,000) – On April 12, 2007, the Palmdale Civic Authority issued $19,960,000 of Certificates of Participation (2007 Certificates). Interest on the 2007 Certificates is payable semi-annually on April 1 and October 1 at rates ranging from 5.705 percent to 6.311 percent per annum. Principal installments are payable April 1 of each year to 2037. The 2007 Certificates maturing on April 1, 2017 and April 1, 2037, are subject to mandatory sinking fund redemption beginning on April 1 in each year in the amount of the principal component of scheduled lease payments required to be made by the City together with interest accrued thereon, without premium. The 2007 Certificates maturing on or after April 1, 2008, are subject to mandatory redemption from the net proceeds of an insurance, title insurance, condemnation or eminent domain award on any date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the redemption of lease payments. The 2007 Certificates maturing on or after April 1, 2018, may be redeemed on or after April 1, 2017, from proceeds of optional lease prepayments made by the City, without premium.

The 2007 Certificates are subject to extraordinary redemption, in whole, on any date upon the election of the City to do so prior to (a) the commencement of construction of a power generating plant on the property, or (b) the closing of a construction loan to finance a power generating plant on the property, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of lease payments, without premium. The 2007 Certificates are subject to extraordinary redemption, in whole or in part, on any date on or after April 1, 2010, from the proceeds derived by the City of the sale of all or a portion of the property to the extent that the City credits these proceeds towards the prepayment of lease payments, without premium.

The proceeds of the 2007 Certificates were used to finance the acquisition of certain real property for future development and for other City uses. The 2007 Certificates represent direct, undivided fractional interests in a lease of the certain property to be the location of a power generating plant as discussed above.

The lease agreement requires the City to pay a semi-annual base rental on September 15th and March 15th to the Authority for the use and occupancy of the property through April 2037. The rentals will be used by the Authority to pay principal and interest with respect to the 2007 Certificates as they become due. Title to the property covered by the lease and the 2007 Certificates is vested in the Authority, for the benefit of the 2007 Certificate holders, during the lease term.

Upon completion of the term of the lease and payment in full to the 2007 Certificate holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City. The certificates were defeased and paid in full as the debt was refunded.

2021 Certificates of Participation Payable ($13,584,908) - On May 27, 2021, the City issued the Refunding of the 2007 Certificates with a private placement loan with Western Alliance Bank, in the amount of $13,584,908 with annual interest rate of 3.93 percent. The Refunding loan and other available funds in the trust accounts were used to refund the outstanding principal of the 2007 Certificates. As a result of the refunding, the City entered into a new Site Lease Agreement with Palmdale Financing Authority and terminated its existing lease agreement with Palmdale Civic Authority. As of June 30, 2021, a total of $13,584,908 was outstanding. The lease agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2029. The rentals will be used by the Authority to pay principal and interest with respect to the 2021 Bonds as they become due. Title to the land and facilities covered by the lease and the 2021 Bonds is vested in the Authority, for the benefit of the 2021 Bond holders, during the lease term.

A refinancing at this rate produces a present value savings to the City of approximately 15% of the outstanding balance of the 2007 COPs and a total estimated $4,247,425 reduction in debt service payments over 15 years, or approximately $267,000 per year, and an estimated economic gain of $2,474,462

Upon completion of the term of the lease and payment in full to the lender, Western Alliance Bank, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments on or after April 1, 2023 (option 1) or on or after April 1, 2029 (option 2), at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

In event of default under the lease, there is no available remedy of acceleration of the total lease payments due under the terms of the lease agreement. The City will only be liable for lease payments on an annual basis as they come due, and the Trustee would be required to seek separate judgments for the annual lease payments that may include foreclosure of the property.

Year Ending	Principal	Interest	Total
2022	$ 757,457	$ 450,838	$ 1,208,295
2023	703,899	504,119	1,208,018
2024	733,546	476,456	1,210,002
2025	762,314	447,627	1,209,941
2026	790,168	417,668	1,207,836
2027-2031	4,444,385	1,597,126	6,041,511
2032-2036	5,393,139	651,964	6,045,103
Totals	$ 13,584,908	$ 4,545,798	$ 18,130,706

2014 Lease Payable ($25,920,000) – On October 16, 2014, the Palmdale Financing Authority assigned the future lease revenues from the Lease Agreement dated as of October 1, 2014, by and between the City of Palmdale and the Authority, to TPB Investments, Inc., a wholly owned subsidiary of Western Alliance Bank, an Arizona corporation, in exchange for $25,920,000 as a private placement loan. These funds were used to redeem $25,445,000 of outstanding 2002 Palmdale Civic Authority Certificates of Participation, pay $262,893 of interest on the outstanding 2002 Palmdale Civic Authority Certificates of Participation, and pay financing costs of $212,107.

All future lease payments will be paid to TPB Investments, Inc. by the City of Palmdale in semiannual installments beginning March 1, 2015 through September 1, 2032. The payments will be paid by the City of Palmdale from a first lien on the Park Assessment Fund fees.

Interest on the 2014 Certificates of Participation is payable semi-annually on March 1st and September 1st at 3.72 percent per annum. Principal installments are payable September 1st of each year through 2032. Certificates of Participation maturing on or after September 1, 2024 are subject to optional redemption at a price of 100 percent of the principal amount redeemed plus accrued interest.

Whenever any event of default shall have happened and be continuing, the Authority shall have the right, at its option and without any further demand or notice, to:

a. Declare all principal components of the unpaid lease payment, together with accrued interest from the immediately preceding lease payment date on which payment was made, to be immediately due and payable, whereupon the same

shall become due and payable; and

b. Take whatever action at law or in equity may appear necessary or desirable to collect the lease payments then due or thereafter to become due during the term of the lease agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this lease agreement.

All net proceeds received from subsequent lease or other disposition of the property, and all other amounts derived by the Authority as a result of an event of default hereunder and shall be applied to the lease payment in order of payment date. The City shall not have the right to terminate this lease agreement as a remedy for a default by the Authority in the performance of its obligation hereunder.

Year Ending	Principal	Interest	Total
2022	$ 1,350,000	$ 721,308	$ 2,071,308
2023	1,400,000	670,158	2,070,158
2024	1,455,000	617,055	2,072,055
2025	1,510,000	561,906	2,071,906
2026	1,570,000	504,618	2,074,618
2027-2031	6,895,000	1,400,487	8,295,487
2032-2034	5,885,000	333,777	6,218,777
Totals	$ 20,065,000	$ 4,809,309	$ 24,874,309

D. Change in Long-Term Liabilities

Activity for the year ended June 30, 2021 were as follows:

	June 30,2020	Additions	Retirements	June 30,2021	Due Within One Year
Compensated Absences Payable:					
Compensated Absences Payable:	$ 3,393,768	$ 1,955,130	$ 1,510,161	$ 3,838,737	$ 1,386,102
Total compensated absences payable	3,393,768	1,955,130	1,510,161	3,838,737	1,386,102
Liability Claims (General Fund)					
Health, Dental and Vision Claims	738,880	2,555,287	2,189,198	1,104,969	1,104,969
Liability Claims	1,813,397	875,511	740,411	1,948,497	358,000
Total liability claims	2,552,277	3,430,798	2,929,609	3,053,466	1,462,969
Bonds payable:					
2012 Lease Revenue Bond	6,115,000	-	570,000	5,545,000	575,000
2015 Mortgage Revenue Bonds	3,925,000	-	90,000	3,835,000	95,000
2017 Lease Revenue Bonds	14,350,000	-	1,095,000	13,255,000	1,200,000
2007 Certificates of Participation	15,290,000	-	15,290,000	-	-
2014 Certificates of Participation	21,365,000	-	1,300,000	20,065,000	1,350,000
2021 Certificates of Participation	-	13,584,908	-	13,584,908	757,457
Plus: Deferred Issuance Premiums $17.4 Million	664,801	-	186,754	478,047	154,243
Total bonds payable	61,709,801	13,584,908	18,531,754	56,762,955	4,131,700
Direct Borrowings and Direct Placements:					
Notes Payable:					
Section 108 HUD Loan	2,170,000	-	309,000	1,861,000	325,000
Home Loan	2,850,000	-	-	2,850,000	-
Street Light Purchase Loan	10,706,232	-	708,004	9,998,228	725,563
SCE Parks LED Retrofit OBF A-5962	170,480	-	22,991	147,489	22,991
SCE LED Retrofit OBF A-5806	12,186	-	2,505	9,681	3,340
SCE LED Retrofit OBF A-5807	63,400	-	12,993	50,407	15,455
SCE LED Retrofit OBF A-5808	7,114	-	1,665	5,449	2,220
SCE LED Retrofit OBF A-5809	4,602	-	2,113	2,489	2,488
SCE LED Retro OBF A-7251	-	116,203	5,101	111,102	20,404
Total notes payable	15,984,014	116,203	1,064,372	15,035,845	1,117,461
Lease Payable:					
Copier Lease	29,400	-	29,400	-	-
New Copier Lease	-	518,835	60,826	458,009	83,099
Energy Efficient Lease	802,894	-	77,626	725,268	80,297
Total lease payable	832,294	518,835	167,852	1,183,277	163,396
Total	$ 84,472,154	$ 19,605,874	$ 24,203,748	$ 79,874,280	$ 8,261,628

The City is subject to a legal debt limit statutorily computed at 3.75 percent of assessed valuation. As of June 30, 2021, the City's total debt limit was $512,549,479, and the total outstanding debt applicable to the limit was $98,452,808, which is 19.21 percent of the total debt limit. The aggregate principal amount of the City's general obligation debt for public improvements is statutorily limited to 15.0 percent of the City's total reported assessed valuation. The City has no general obligation debt outstanding as of June 30, 2021.

13 - Special Assessment District and Community Facilities District Bonds

None of the Bonds described below constitute indebtedness of the City, and the City is in no way obligated for their repayment except to the extent of any assessments, or special taxes collected and pledged for their repayment. The City is only acting on behalf of the Bondholders in collecting the assessments and special taxes levied to repay the Bonds, forwarding the collections to the Bondholders and initiating foreclosure proceedings, if necessary. Accordingly, these special assessment and special tax Bonds payable are not recorded as a liability in the accompanying financial statements. The amounts collected and held by the City pending disbursement to the Bondholders are accounted for in a custodial fund.

A. Bonds Outstanding

Community Facilities District No. 91-1 (Sierra Gateway) Special Tax Bonds – In December 1991, the City issued $7,970,000 of special tax Bonds. Proceeds were used for the development of public improvements for the Sierra Gateway Center, a master-planned, mixed-use business park, which is proposed to ultimately include 2.5 million square feet of industrial, office, and retail buildings. The Bond issue provided for the acquisition of land, acquisition and construction of storm drainage retention facilities, landscaping, and street, water, and utility improvements. As of June 30, 2021, a total of $7,425,000 in Bonds was outstanding. No principal and interest payments are due on the Bonds after the maturity in December 2016. No additional special taxes will be levied on the property in the Sierra Gateway Community Facilities District No. 91-1.

In the Event of Default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 93-1 (Ritter Ranch) Special Tax Bonds – In April 1995, the City issued $50,000,000 of special tax Bonds for the design, acquisition and construction of public improvements for a master-planned community known as Ritter Ranch consisting of facility, recreational, school, and commercial uses. As of June 30, 2021, a total of $22,665,000 in Bonds was outstanding for Ritter Ranch Community Facilities District No. 93-1. The principal and interest on the Bonds are to be paid from the collection of special taxes levied on the property in the Ritter Ranch Community Facilities District No. 93-1.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 2003-1 (Anaverde Improvement Area A) Special Tax Bonds – On July 17, 2019 on behalf of the Improvement Area A of the City of Palmdale Community Facilities District No. 2003-1 (Anaverde Public Improvements), the City issued the Special Tax Refunding Bonds, Series 2019 in the amount of $15,565,000 with annual interest rate of 5 percent and $3,500,000 of issuance premium. The Special Tax Refunding Bond, Series 2019, issuance premium, and other available funds of the District were used to refund the outstanding principal of the Special Tax Bonds, Series 2005-A and Special Tax Bonds, Subordinate Series 2005-B. The Series 2005-A and Series 2005- B bonds were issued for the acquisition and construction of certain public capital improvements necessary for the development of a 5,200-unit master-planned community known as Anaverde. As of June 30, 2021, a total of $14,960,000 in Series 2019 Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Anaverde Community Facilities District No. 2003-1.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 05-1 (Trade & Commerce Center) Special Tax Bonds – On August 2, 2005, the City of Palmdale issued $5,765,000 of Series A and $1,460,000 of Subordinate Series B Community Facilities District No. 05-1 (Trade and Commerce Center Area) 2005 Special Tax Refunding Bonds to refund a portion of the City's outstanding 10th Street West Assessment District No. 88-1 Series 1989-A Limited Obligation Improvement Bonds and refund certain outstanding CFD 99-1 (Trade and Commerce Center) special tax bonds. The Subordinate Series B Bonds were converted to Series A Bonds during the 2011-12 Fiscal Year. The principal and interest on the bonds are to be paid from the collection of special taxes on the property in the Trade & Commerce Center Community Facilities District No. 05-1. On September 1, 2021, the bonds were fully redeemed by the refunding that took place on June 17, 2021 and under GASB 62 the City recorded the redemption in full as of June 30, 2021.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 05-1 (Trade & Commerce Center Area) 2007 Special Tax Refunding Bonds, Series A – On August 23, 2007, the City of Palmdale issued $6,460,000 of Series A Community Facilities District No. 05-1 (Trade and Commerce Center Area) 2007 Special Tax Refunding Bonds to refund a portion of the City's outstanding 7th Street West Assessment District No. 90-2 Series 1990-A Limited Obligation Improvement Bonds. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Trade & Commerce Center Community Facilities District No. 05-1. On September 1, 2021, the bonds were fully redeemed by the refunding that took place on June 17, 2021 and under GASB 62 the City recorded the redemption in full as of June 30, 2021.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 05-1 (Trade & Commerce Center Area) 2021 Special Tax Refunding Bonds, - On June 17, 2021, the City issued the Refunding of the 2005 Series A and B and 2007 refunding bonds with a private placement loan with Western Alliance Bank, in the amount of $10,442,992, with annual interest rate of 3.39 percent. The Refunding loan and other available funds in the trust accounts were used to refund the outstanding principal of the 2005 and 2007 bonds. As a result of the refunding, the City entered into a new Fiscal Agreement with US Bank as Trustee. As of June 30, 2021, a total of $10,442,992 was outstanding. The Fiscal agreement requires the Community Facilities District to pay a semi-annual base rental on September 1 and March 1 to the trustee in order to pay Western Alliance Bank through September 2037.

The Refunding at an interest rate of 3.39% produces a total estimated $2.9 million reduction in debt service payments over 16 years, or approximately $188,000 per year.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Assessment District No. 2006-1 (Godde Hills Estates Sewer Improvements) Limited Obligation Improvement Bonds – In November 2006, the City issued $2,220,000 of Special Assessment Bonds for the construction of sewer improvements in the community known as Godde Hills Estates. As of June 30, 2021, a total of $1,130,000 in Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special assessments on the Property in the Godde Hills Estates Sewer Improvements Assessment District No. 2006-1.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 2016-1 (Joshua Ranch Water Supply and Maintenance Services) – On February 3, 2016, the City established the City of Palmdale Community Facilities District 16-1 (Joshua Ranch Water Supply and Maintenance Services) to provide funds to pay the costs of certain water rights and related costs, and costs of certain maintenance services. In connection with the formation of District, the City entered into a Joint Community Facilities Agreement ("JCFA"), dated as of June 1, 2016, with the Antelope Valley-East Kern Water Agency ("AVEK"), CV Communities, LLC, Joshua Ranch 2 Inv, LLC ("JR2"), and Joshua Ranch 3 Inv, LLC ("JR3"). In November 2015, CV Communities secured entitlements to improve and develop the Property with a residential development to include up to 528 single family dwelling units. On December 23, 2015, ownership of the Property was transferred to JR2 and JR3. Under the JCFA as of June 1, 2016, CV Communities assigned to AVEK its rights to 567 acre-feet per year of water, including without limitation the right to all groundwater return flow resulting therefrom.

The special taxes are authorized to be levied on the Property for the purpose of (i) paying the annual purchase price of the Assigned Water Rights and other related and allocable charges to be paid by AVEK, (ii) paying the expenses of the City in administrating the CFD, (iii) paying the expenses of AVEK relative to its obligations under this agreement and otherwise with respect to the Assigned Water Rights, including but not limited to wheeling costs, and any costs associated with water banking by AVEK, (iv) paying an energy charge to AVEK based on California Department of Water Resources charges to transport water from the Tupman Turnout to AVEK's water treatment plant, (v) paying energy charges incurred by the City related to banked water, and (vi) establishing and replenishing a reserve fund to be maintained by the City and to be drawn upon if the special taxes revenues collected by the City for the CFD in any fiscal year are not sufficient to pay the Annual Water Rights Charges, the AVEK Administrative Expenses and the AVEK Energy Charges due and payable in any fiscal year.

Under the Assignment Agreement between AVEK and CV Communities, AVEK will timely perform all the AVEK Obligations (as defined in the Assignment Agreement) on and after January 1, 2017 as they apply to the Assigned Water Rights and the City Water Allocation. CV Communities is obligated to pay the Annual Water Rights charges, and AVEK Administrative Expenses and any AVEK Energy Charges payable in calendar year 2017 (collectively, the "2017 Expenses"). In order to assure the City that the foregoing payments will be made, CV Communities provided the City with a Letter of Credit issued by Wells Fargo Bank on June 10, 2016. The City is entitled to draw on the amount available under the Letter of Credit in the event that CV Communities does not timely pay expenses. The current Letter of Credit was renewed in June 2021 and is effective through July 12, 2022. As of June 30, 2021, a total of $379,491 in Letter of Credit was outstanding.

B. Default in Payment of Debt Service on Bonds Outstanding

Community Facilities District No. 91-1 (Sierra Gateway) Special Tax Bonds – On December 1, 1997, there were insufficient funds on hand to make the full payment of the scheduled principal and interest on the Community Facilities District No. 91-1 Bonds due to delinquencies within the District. In accordance with procedures for Community Facilities Districts (which are different from those for Assessment Districts), payments of interest only were made proportionally to the Bondholders as listed in the table below. During fiscal year 2015-16, foreclosure proceedings were initiated against the owner of Defaulted Properties. During the fiscal year 2016-17, the City, on behalf of CFD 91-1, obtained judgments against the property owner of the Defaulted Properties ("Property"). The Property went to a foreclosure sale on September 28, 2016, but no bids were received. The County of Los Angeles' Treasurer and Tax Collector office ("TTC") also conducted ad valorem foreclosure sale with respect to the Defaulted Properties. This foreclosure sale also failed.

During the Fiscal Year 2017-18, the owner of non-defaulted properties within the District has permanently satisfied the District special taxes attributable to such parcels. Accordingly, the City took the necessary actions to release the special tax lien imposed for the District on three non-defaulted parcels in June 2018.

As part of ongoing efforts to resolve the delinquency, the City met with Los Angeles County TTC officials at the City facility on August 29, 2018. There was an agreement in principal that Los Angeles County TTC office will seek Board of Supervisors' approval of (i) cancellation of delinquent Ad Valorem Taxes levied against Property pursuant to Cal. Rev. and Tax Code section 4986.3 in connection with a deed in lieu of Property to the City, and (ii) County CFD's pro rata distribution of proceeds from sale of Property via bankruptcy proceeding (net of costs) on aggregate debt outstanding in complete satisfaction of County judgment and delinquent special taxes.

The Los Angeles County TTC officials were interested in a proposed timeline and the City's plan for the Property. The Plan is to market and sell the property and distribute proceeds to bondholders in complete satisfaction of amount owed under the Bonds, have the Property developed and paying taxes again. They also went out and visited the Property after the meeting. As of the date of the financial statements, the bonds and delinquent Ad Valorem Taxes levied against the Property remain outstanding.

Year Ending	Interest Paid	Fiscal Year	Interest Paid
1997-1998	$ 241,881	2008-2009	$ 141,179
1998-1999	148,474	2009-2010	147,131
1999-2000	148,283	2010-2011	149,729
2000-2001	123,693	2011-2012	154,943
2001-2002	141,376	2012-2013	158,128
2002-2003	130,703	2013-2014	160,207
2003-2004	129,454	2014-2015	161,823
2004-2005	126,712	2015-2016	164,925
2005-2006	140,404	2016-2017	137,100
2006-2007	144,418	2017-2018	128,454
2007-2008	142,787	2018-2019	-
		2019-2020	-
		2020-2021	-
			$ 3,121,804

14 - Residential Mortgage Revenue Bond Programs

The Multifamily Mortgage Program is designed to provide funds for the construction and permanent financing of apartment complexes. Bonds are paid from monthly rental payments generated by the development and from remaining bond proceeds held by Wells Fargo against loan number ending in 0039. The loan is administered by California Community Reinvestment Corp. (CCRC) and the loan is under the name Courson Senior Partners LP. As of June 30, 2021, there was $865,842 of Multifamily Mortgage Revenue Bonds outstanding.

On February 2, 2021, the City approved the issuance of tax-exempt revenue bonds by the California Public Finance Authority (CalPFA) to finance or refinance the acquisition and construction of a 118-unit multi family rental housing project located on 65th Street East and East Avenue S. The property is to be owned by Maison's Palmdale LP (the "Borrower") or a partnership with Ravello Holdings, Inc. (the "Developer"). As of June 30, 2021, there was $24,119,000 of Multifamily Mortage Revenue Bonds outstanding.

The bonds described above do not constitute indebtedness of the Housing Authority or the City, and there exists no legal or moral obligation on the part of the Housing Authority or the City to make payments on such bonds from any source other than the revenue and assets pledged thereto. The program is completely administered by the trustees. Accordingly, these programs and the mortgage revenue bonds issued there under have been excluded from the accompanying financial statements.

15 - Public Employees' Retirement System (PERS) Pension Plan

A. General Information about the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death benefit and the 1959 Survivor Benefit. The cost of living adjustments is 2 percent and applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	On or Prior to April 10, 2011 2.7 Percent @ Age 55	Between April 11, 2011 December 31, 2012 2.0 Percent @ Age 60	On or After January 1, 2013 2.0 Percent @ Age 62
Benefit Vesting Schedule	5 year of Service	5 year of Service	5 year of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	Age 50 to 55	Age 50 to 63	Age 50 to 67
Monthly Benefits, as a Percent of Annual Salary	2.0 to 2.7 percent	1.092 th 2.418 percent	1.0 to 2.5 percent
Retired Employee Contribution Rates	8.0 percent	7.0 percent	6.75 percent
Required Employer Contribution Rates	11.816 percent	11.816 percent	11.816 percent

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	On or Prior to April 10, 2011 2.7 Percent @ Age 55	Between April 11, 2011 December 31, 2012 2.0 Percent @ Age 60	On or After January 1, 2013 2.0 Percent @ Age 62
Inactive Employees or Beneficiaries Currently Receiving Benefits	279	-	-
Inactive Employees to But Not Yet Receiving Benefits	241	-	-
Active Employees	117	14	127
	637	14	127

Contributions

Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. The employer contributions during the year ended June 30, 2021 were $5,284,299.

B. Net Pension Liability

The City's net pension liability for the Plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020.

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15 percent
Inflation Rate	2.50 percent
Projected Salary Increase Rate (1)	3.2 to 12.2 percent
Investment Rate of Return	7.50 percent
Mortality (2)	

Notes:
(1) Depending on Age, Service and Type of Employment
(2) The Mortality Table used was developed based on CalPERS specific data

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For details on this table, please refer to the 2017 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.15 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to the account for assumed administrative expenses.

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

Asset Class	Target Allocations	Real Return Years 1 Thru 10*	Real Return Years 11 and Thereafter**
Global Equity	50.00 %	4.80 %	5.98 %
Fixed Income	28.00 %	1.00 %	2.62 %
Real Assets	13.00 %	3.75 %	4.93 %
Private Equity	8.00 %	6.30 %	8.23 %
Inflation Assets	- %	0.77 %	1.81 %
Liquidity	1.00 %	- %	(0.92)%
Total	100.00 %		

* An Expected Inflation Rate of 2.00% was used for this period.
** An Expected Inflation Rate of 2.92% was used for this period.

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan for the measurement date June 30, 2021, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2020	$ 180,642,998	$ 133,679,230	$ 46,963,768
Changes in the Year:			
Service Cost	2,918,406	-	2,918,406
Interest on the Total Pension Liability	12,822,978	-	12,822,978
Changes in Assumptions	-	-	-
Differences between Expected and Actual Experience	1,368,882	-	1,368,882
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	4,771,554	(4,771,554)
Contribution - Employee	-	1,335,708	(1,335,708)
Net Investment Income	-	9,450,968	(9,450,968)
Benefit Payments, including Refunds of Employee Contributions	-	(2,819,835)	2,819,835
Administrative Expenses	(8,257,460)	(8,257,460)	-
Other Miscellaneous Income/(Expense)	-	(188,455)	188,455
Net changes	8,852,806	4,292,480	4,560,326
Balance at June 30, 2021	$ 189,495,804	$ 137,971,710	$ 51,524,094

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate.

	Discount Rate Less One Percent 6.15 Percent	Current Discount Rate 7.15 Percent	Discount Rate Plus One Percent 8.15 Percent
Plan's Net Pension Liability	$ 76,112,758	$ 51,524,094	$ 31,094,292

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report which can be obtained from the CalPERS website.

C. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense of $7,763,030. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made Subsequent to the Measurement Date	$ 5,287,313	$ -
Difference between Expected and Actual Experience	1,413,170	-
Net Difference between Projected and Actual Earnings on Plan Investments	1,132,566	-
Total	$ 7,833,049	$ -

The amount of $5,287,313 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2022	$ 513,645
2023	764,497
2024	703,627
2025	563,967
Total pension expense	$ 2,545,736

16 - Public Agency Retirement Systems

For all of its part-time employees not covered by PERS, a defined contribution pension plan is made available through the Public Agency Retirement System (PARS) pursuant to the requirements of 3121(B)(7)(F) of the Internal Revenue Code. This was created in accordance with Internal Revenue Code Sections 401(a) and 501 and administered by Phase II Systems. Benefit terms, including contribution requirements for PARS are established by Internal Revenue Code 3121(b)(7)(F). Employees are required to contribute 7.5 percent of their salary to the pension plan, up to applicable Internal Revenue Code limits. The City does not contribute to Employees PARS account. Employees are immediately vested in their contributions and earnings on those contributions. For the year ended June 30, 2021, employee contributions amount were $223,394.

The City is required to contribute 3.75 percent of the elected Council Members annual salary to the individual account. The individuals are immediately vested in their own and the City's contributions and earnings on those contributions. For the year ended June 30, 2021, employee and employer contributions amount were $3,188.

17 - Post-Employment Benefits Other Than Pensions

A. General Information about the Other Than Pensions-Plan (OPEB)

Plan Description:

The City of Palmdale Retiree Health Program (Plan) is a single-employer plan that consists of a defined benefit healthcare plan and a defined contribution plan that is used to provide postemployment healthcare benefits other than pensions (OPEB) to eligible retirees. Management of the plan is vested with the Finance Manager, Human Resources Manager and Director of Administrative Services. The City is the trustee over the plan with fiduciary oversight and authority over the operations and management of the Trust.

On January 1, 2009, the City of Palmdale adopted a single employer defined benefit, as well as a single employer defined contribution Other Post Employment Benefit (OPEB) healthcare plan. The plans are administered by Benefit and Risk Management Services, Inc. of Folsom, California. To receive a post-employment health care benefit, an eligible or vested employee must retire from the City on or after attaining age 50 with at least five years of service and elect retiree health benefits within 120 days of separation. Retirees who opt out of the health plan may re-enroll under eligible qualifying events.

Beginning January 1, 2009, the City through local resolution amended the post-employment health care benefits and offered two benefit options to current retirees and to full-time employees employed at December 31, 2008. The options included a defined contribution option and defined benefit option. All full-time employees hired after December 31, 2008 are not eligible for any post-employment benefits. The City of Palmdale retains the authority and may elect at any time to amend post-employment health care benefits through local ordinance or resolution. Contributions are not currently required to be made by employees for either of the plans. The Plan does not issue a publicly available report.

B. Defined Benefit Plan

Funding Policies:

Plan membership - At June 30, 2021, the Defined Benefit Plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	25
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	3
Active Plan Members	60
	88

Benefits provided

The Plan provides medical insurance benefits to eligible retirees. Current retirees receive a maximum of $250 deposited into the Plan per month beginning January 1, 2009. Employees age 45 and greater on December 31, 2008 that choose a defined benefit plan deposit of $250 per month at retirement, will receive either a maximum contribution of $250 per month or a pro-rated contribution for less than 10 years of service.

Contributions

The contribution requirements of the plan members and the City are established as described above under each plan and may be amended by the City Council. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2021, the City contributed $0 to the Defined Benefit Plan.

Investment Policy

The Defined Benefit Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. It is the policy of the City Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy applies to the investment of all cash and various funds of the City as identified in the adopted budget document for the purpose of funding the City OPEB liability

Concentrations

The Plan adheres to the investment policy for concentrations and types of investments.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense was 5.73 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

The City's net OPEB liability (Asset) was measured as of June 30, 2021, and the total OPEB liability (Asset) used to calculate the net OPEB liability (Asset) was determined by an actuarial valuation as of June 30, 2021.

Mortality rates were based on assumptions for Public agency miscellaneous members used in the December 2017 CalPERS actuarial valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best–estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding an expected inflation rate of 2.25 percent. All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2016 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Estimated Long-Term Allocations	Long-Term Expected Real Rate of Return
Domestic equity	45.00%	4.42%
International equity	10.00%	4.91%
Fixed Income	40.00%	1.00%
Real Estate and Alternatives	0.00%	3.98%
Cash and Cash Equivalents	5.00%	(3.30)%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 2,67 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through 2036 and the long-term expected rate of return on OPEB plan investments was applied to those periods. A projected "crossover" date occurs in 2037 and unfunded benefit payments for the years thereafter were discounted using the expected 2.45% municipal bond index rate. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.67 percent
Investment Rate of Return	5.25 percent (1)
General Inflation Rate	2.25 percent
Healthcare Cost Trend Rate	6.30 percent for FY2022, gradually decreasing over several decades to an ultimate rate of 3.8 percent in FY2076 and later years.

(1) Net of OPEB Plan Investment, including inflation

Changes in the Net OPEB Liability (Asset):

	OPEB Plan Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances as of June 30,2020	$ 871,796	$ 1,039,735	$ (167,939)
Changes in the Year:			
Service Cost	26,370	-	26,370
Interest	31,829	-	31,829
Differences between Expected and Actual Experience	439,617	-	439,617
Changes in Assumptions	(7,331)	-	(7,331)
Net Investment Income	-	263,944	(263,944)
Benefit Payments, including Refunds of Employee Contributions	(346,268)	(346,268)	-
Administrative Expenses	-	(34,421)	34,421
Net changes	144,217	(116,745)	260,962
Balance at June 30, 2021	$ 1,016,013	$ 922,990	$ 93,023

Administrative Expenses for Fiscal Year Ended 2021, include $20,725 in payables for which the Trust is expected to reimburse the City after Fiscal Year End 2021, plus $13,696 in estimated costs paid directly from the Trust during Fiscal Year 2021.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the City, as well as what the City's OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (1.67% percent) or one percentage point higher (3.67% percent) than the current discount rate:

	Decrease 1% Discount Rate of 1.67%	Current Discount Rate of 2.67%	Increase 1% Discount Rate of 3.67%
Net OPEB Liability (Asset)	$ 165,888	$ 93,023	$ 28,451

Sensitivity of the Net OPEB liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the Net OPEB Liability (Asset) of the City, as well as what the City's Net OPEB Liability (Asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.3 percent decreasing to 2.8 percent) or one percentage point higher (7.3 percent decreasing to 4.8 percent) than the current healthcare cost rates:

	Healthcare Cost Rates 5.3 percent decreasing to 2.8 percent	Current Healthcare Cost Rates 6.3% Decreasing to 3.8%	Healthcare Cost Rates 7.3 percent decreasing to 4.8 percent
Net OPEB Liability (Asset)	$ 63,275	$ 93,023	$ 126,058

OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB:

For the Year ended June 30, 2021, the City recognized OPEB expense of $155,955. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 518,865	$ -
Change of assumptions	66,366	26,776
Net Difference between Projected and Actual Investments Earnings	-	161,319
Total	$ 585,231	$ 188,095

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Year Ended June 30,	
2022	$ 126,692
2023	135,738
2024	115,444
2025	19,262
Total	$ 397,136

C. Defined Contribution OPEB Plan

Plan membership

At June 30, 2021, the Defined Contribution OPEB Plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	0
Active Plan Members	89
Total defined contribution benefit plan membership	$ 103

Benefits provided

Full time employees under age 45 on December 31, 2008 and employees aged 45 and greater who choose a defined contribution option will receive a defined contribution account. Annual allocations begin at $100 and increase with age up to a maximum $2,000 annual allocation. Individual balances grow with investment earnings and annual City contributions. Beginning account balances were determined based on years of service, annual benefit times the life annuity factory at expected retirement age. Annual contributions for the beginning account balances and the annual contribution is made when the employee is fully vested as described above.

Contributions

The contribution requirements of the plan members and the City are established as described above under the defined contribution plan and may be amended by the City Council. Currently, plan members and beneficiaries are not required to contribute to the plan. For the year ended June 30, 2021, the City contributed $128,500 to the Defined Contribution Plan.

Condensed Financial Statements:

Separate GAAP-basis reports are not currently available for the defined benefit and contribution plans. In lieu of separate issued financial statements for the City administered post-employment health care benefit trust funds, condensed financial statements are presented below for the year ended June 30, 2021:

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Assets:			
Cash and cash equivalents	$ 14,829	$ 1,947,193	$ 1,962,022
Investments:			
Mutual Funds	1,359,123	2,309,999	3,669,122
Interfund Receivable	-	17,278	-
Total assets	1,373,952	4,274,470	5,631,144
Liabilities:			
Accounts Payable	433,684	-	433,684
Interfund Payable	17,278	-	-
Total liabilities	450,962	-	433,684
Total net position restricted for OPEB benefits	$ 922,990	$ 4,274,470	$ 5,197,460

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Additions:			
Employer Contributions to Retiree Medical Trust	$ -	$ 128,500	$ 128,500
Investment and Interest Income	39,224	71,073	110,297
Net Realized and Unrealized Gains (Losses)	241,998	306,812	548,810
Total additions (deletions)	281,222	506,385	787,607
Deductions:			
Benefits Paid to Participants and expenses	397,967	225,658	623,625
Total deductions	397,967	225,658	623,625
Change in Net Position	(116,745)	280,727	163,982
Net Position as of July 1, 2020	1,039,735	3,993,743	5,033,478
Net Position as of June 30, 2021	$ 922,990	$ 4,274,470	$ 5,197,460

18 - Successor Agency Trust for Former City of Palmdale Redevelopment Agency

A. General Discussion

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 ("the Bill") that provides for the dissolution of all Redevelopment Agencies in the State of California. This action impacted the reporting entity of the City of Palmdale that previously had reported a Redevelopment Agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a Redevelopment Agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On January 4, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City Resolution Number CC 2012-002.

After enactment of the law, which occurred on June 28, 2011, Redevelopment Agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor Agencies are only allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations of the prior Redevelopment Agency have been paid in full and all assets have been liquidated.

B. Land Held for Development

Land held for development is recorded at the lower of acquisition cost or estimated fair market value. During fiscal year 2010-2011, properties were conveyed to the City pursuant to Section 33220(g) of the Health and Safety Code to provide redevelopment and retain local control. As a result of AB1484, the same properties were reconvened back to the Successor Agency Trust Fund through a quitclaim process on November 9, 2012. The reconveyance was legally deemed to be reported as of June 30, 2015. Land Held for Development was transferred at a carrying value of $11,673,527. After the sale of land in accordance with the Successor Agency's Long Range Property Management Plan, the carrying value of remaining land held is $5,209,768 as of June 30, 2021, and is reported on the Successor Agency Private Purpose Trust Fund financial statements.

C. Capital Assets

Capital Assets of the Successor Agency Trust Fund as of June 30, 2021 consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and improvements	$ 3,477,722	$ -	$ -	$ 3,477,722
Construction in progress	1,987,118	-	(1,987,118)	-
Total capital assets not being depreciated	5,464,840	-	(1,987,118)	3,477,722
Capital assets being depreciated:				
Buildings and structures	438,152	-	-	438,152
Total capital assets being depreciated	438,152	-	-	438,152
Less: accumulated depreciation for:				
Buildings and structures	235,903	8,762	-	244,665
Total accumulated depreciation	235,903	8,762	-	244,665
Total capital assets, being depreciated, net	202,249	(8,762)	-	193,487
Total capital assets, net	$ 5,667,089	$ (8,762)	$ (1,987,118)	$ 3,671,209

For the Year Ended June 30, 2021, Depreciation Expense on capital assets was charged to the private purpose trust fund in the amount of $8,765.

D. Advances Due to Housing Authority-Housing Asset Fund

Major Governmental Funds	Receivables	Payable
Housing Authority - Special Revenue Funds:		
Housing Authority - Housing Asset Fund	$ 5,409,777	$ -
Successor Agency Trust Fund:		
Dissolved - CAR Project Area No. 1 and No. 2A	-	5,409,777
Total	$ 5,409,777	$ 5,409,777

In fiscal years 2004-2005 and 2005-2006, the State required the former Community Redevelopment Agency (CRA) to shift tax increment of $1,862,827 to the Education Revenue Augmentation Fund (ERAF). To assist in funding this shift, the former CRA Housing Development fund advanced $355,538 and $1,507,289 (50% of the total requirement) to the former CRA Project Area No. 1 and 2A Debt Service Funds, respectively. The 2004-2005 advance of $939,215 and the 2005-2006 advance of $923,612 will be repaid by the Successor Agency from available future property tax revenues with no interest charged.

In fiscal year 2009-2010, the State required the former Community Redevelopment Agency to shift tax increment of $11,605,102 to the Supplemental Education Revenue Augmentation Fund (SERAF). To assist in funding this shift, the former CRA Housing Development Fund advanced $2,533,394 and $9,091,708 (100% of the total requirement) to the former CRA Project Area No. 1 and 2A Debt Service Funds, respectively. The 2009-2010 advance of $11,605,102 will be repaid by the Successor Agency from available future property tax revenues with no interest charged.

In fiscal year 2010-11, the State required the former Community Redevelopment Agency to shift tax increment of $2,389,286 to the Supplemental Education Revenue Augmentation Fund. To assist in funding this shift, the former CRA Housing Development Fund advanced $521,581 and $1,867,705 (100% of the total requirement) to the former CRA Project Area No. 1 and 2A Debt Service Funds, respectively. The 2010-2011 advance of $2,389,286 will be repaid by the Successor Agency from available property tax revenues with no interest charged.

The advances due to Housing Authority described above are approved enforceable obligations in existence at the date of dissolution and will be repaid by the Successor Agency from future property tax. The repayment amount cannot exceed one-half of the increase between the amount distributed to the taxing entities and the 2012-13 base year (or residuals).

During Fiscal Year 2020-21, the Housing Authority received $2,750,000 from the Successor Agency during the Recognized Obligation Payment Schedule (ROPS) Period of July-June 2021 or ROPS 20-21A and B. The next payment is expected to be received during the ROPS Period of July-December 2021 or ROPS 21-22A and is estimated to be approximately $250,000.

E. Due to Other Governmental Units

The Successor Agency has advances due to the City as of June 30, 2021 of $577,135 for approved obligations paid by the City on behalf of the Agency.

F. Successor Agency Long-Term Debt

1. Notes Payable

2010 Series A and Series B Refunding Notes – The former Community Redevelopment Agency (CRA) issued a promissory Note for the purchase of 120 acres of industrial property known as the Fairway Business Park. On May 16, 2007, the former Community Redevelopment Agency approved a Settlement Agreement and Mutual General Release, which provided for the former Community Redevelopment Agency to pay a settlement amount of $23,043,000 for the property and $4,975,309 for accrued, unpaid interest. On September 1, 2010, the former Community Redevelopment Agency of the City of Palmdale issued $11,001,339 of 2010 Series A Tax Allocation Refunding Revenue Notes (2010 Series A Notes) and $16,504,000 of 2010 Series B Tax Allocation Refunding Revenue Notes (2010 Series B Notes). The net proceeds of the 2010 Series A & B Tax Allocation Refunding Revenue Notes were used to refinance the former Community Redevelopment Agency's outstanding

Fairway Business Park note payable.

The principal and interest on the Notes were payable from pledged property tax from the former Redevelopment Project Area No. 1. Interest on notes is payable semi-annually on March 1st and September 1st, beginning March 1, 2011. Principal installments are payable September 1st and March 1st of each year through 2026. The 2010 Series A Notes bear a fixed interest rate of 5.97 percent per annum and 2010 Series B Notes bear a fixed interest rate of 6.2 percent per annum.

Upon dissolution of the former Community Redevelopment Agency, the Note Payable was an approved enforceable obligation by the State Department of Finance, therefore beginning February 1, 2012, the pledge and payments will be made from future property tax revenues received by the Private Purpose Trust. The current year payments of principal and interest were $1,937,100. The outstanding balance of the notes as of June 30, 2021 is $12,010,262.

In event of default, the developer may exercise remedial action for delinquent payment under the Third Implementation Agreement, including declaring outstanding amounts to become immediately due if outstanding amounts continue after 30 days of event of default notice is sent. There is no clause for acceleration of payments.

Year Ending	Principal	Interest	Total
2022	$ 2,058,542	$ 692,118	$ 2,750,660
2023	2,187,598	563,063	2,750,661
2024	2,321,278	429,382	2,750,660
2025	2,461,926	288,734	2,750,660
2026	2,980,918	139,563	3,120,481
Totals	$ 12,010,262	$ 2,112,860	$ 14,123,122

Dillard's Infrastructure Note Payable

Dillard’s Infrastructure Note Payable – The former Community Redevelopment Agency entered into a Third Implementation Agreement to a Disposition and Development Agreement to reimburse the developer for improvements relating to the construction of a Dillard’s department store. The agreement provides for a maximum reimbursement of $1,851,038 to Dillard’s for costs of the public Infrastructure improvements necessary for the site. The former Community Redevelopment Agency has pledged a one percent of sales tax revenues generated from Dillard’s department store to repay the Note. The amount to be reimbursed quarterly is based upon 50 percent of the sales tax revenue actually received by the former Community Redevelopment Agency, generated by the sales occurring at the Dillard’s department store as reported by the latest quarterly report. Reimbursement payments are due 30 days after the Agency receives notice stating the amount of sales tax revenue generated by sales occurring during such calendar quarter.

Upon dissolution of the former Community Redevelopment Agency the Note Payable was an approved enforceable obligation by the State Department of Finance, therefore beginning February 1, 2012, the pledge and payments will be made from future property tax revenues received by the Private Purpose Trust. The reimbursement payment made from the current year was $51,425, and the balance remaining to be paid from pledged future revenues total $0 as of June 30, 2021.

2. Tax Allocation Bonds

2002 Tax Allocation Bonds Payable ($5,329,758) – On August 20, 2002, the former Community Redevelopment Agency issued $5,329,758 of 2002 Subordinate Lien Tax Allocation Bonds (2002 Bonds). The 2002 Bonds constitute capital appreciation bonds that are not subject to redemption prior to their respective stated maturities. Interest on the 2002 Bonds compound at rates ranging from 4.88% to 5.68% per annum on June 1 and December 1, and will be payable solely at maturity or upon earlier redemption of the respective Bonds. The Bonds will mature and be payable December 1 of each year from 2016 through 2032.

The former Community Redevelopment Agency has reported the debt in the Private Purpose Trust Fund and is an approved enforceable obligation by the State Department of Finance and will be repaid from future property tax revenues allocated to the Private Purpose Trust Fund.

The proceeds of the 2002 Bonds were used to finance redevelopment activities in or of benefit to Project Area No. 2A. The former Community Redevelopment Agency has pledged incremental property tax generated in Project Area No. 2A to pay principal and interest with respect to the 2002 Bonds as they become due. The current year payment of principal was $970,000. No interest was paid for the current year. Property taxes received after negotiated, statutory, and residual distributions totaled $12,415,000 for the year. At year-end, pledged future revenues totaled $12,415,000 of which $8,971,567 was the amount of the remaining principal and $3,443,433 interest on the Bonds.

In event of default, outstanding amounts become immediately due to the Trustee who act on behalf of the bond owners. An acceleration clause exists that allows the owners of the bonds to accelerate payment of the entire principal amount outstanding in the event of default. If acceleration occurs, then all pledged tax revenues and all sums of funds are to be held by Trustee under the indenture and will be applied by the Trustee.

Year Ending	Principal	Interest	Total
2022	$ 943,904	$ 21,096	$ 965,000
2023	898,762	71,238	970,000
2024	854,894	120,106	975,000
2025	804,708	165,292	970,000
2026	765,179	209,821	975,000
2027-2031	3,371,646	1,733,354	5,105,000
2032-2033	1,332,473	1,122,527	2,455,000
Totals	$ 8,971,566	$ 3,443,434	$ 12,415,000

2016 Tax Allocation Bonds Payable ($31,490,000) – On April 26, 2016, the Successor Agency issued $31,490,000 of 2016 Series A Tax Allocation Refunding Bonds (2016 Series A Bonds). Interest on the 2016 Series A Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 5.00% per annum. Principal installments are payable September 1 of each year to 2034.

The 2016 Series A Bonds maturing on or after September 1, 2027, may be redeemed on or after September 1, 2026, at par together with accrued interest, without premium.

The Successor Agency has reported the debt in the Private Purpose Trust Fund and is an approved enforceable obligation by the State Department of Finance and will be repaid from future property tax revenues allocated to the Private Purpose Trust Fund.

The Successor Agency has pledged incremental property tax generated in the Successor Agency's project areas to pay principal and interest on the 2016 Series A Bonds. The current year payments of principal and interest were $2,961,250. Property taxes received after negotiated, statutory, and residual distributions totaled $36,152,870 for the year. At year-end, pledged future revenues totaled $31,485,500 of which $23,760,000 was the amount of the remaining principal and $7,725,500 interest on the Bonds.

In Event of Default, outstanding amounts become immediately due to the Trustee who act on behalf of the bond owners. An acceleration clause exists that allows the owners of the bonds to accelerate payment of the entire principal amount outstanding in the Event of Default. If acceleration occurs, then all pledged tax revenues and all sums of funds are to be held by Trustee under the indenture and will be applied by the Trustee.

Year Ending	Principal	Interest	Total
2022	$ 1,810,000	$ 1,142,750	$ 2,952,750
2023	1,910,000	1,049,750	2,959,750
2024	1,990,000	952,250	2,942,250
2025	2,095,000	850,125	2,945,125
2026	2,200,000	742,750	2,942,750
2027-2031	7,860,000	2,380,500	10,240,500
2032-2035	5,895,000	607,375	6,502,375
Totals	$ 23,760,000	$ 7,725,500	$ 31,485,500

2016 Tax Allocation Bonds Payable ($41,645,000) – On June 23, 2016, the Successor Agency issued $41,645,000 of 2016 Series B Tax Allocation Refunding Bonds (2016 Series B Bonds). Interest on the 2016 Series B Bonds is payable semi-annually on March 1st and September 1st at rates ranging from 3.00 percent to 5.00 percent per annum. Principal installments are payable September 1st of each year to 2034. The 2016 Series B Bonds maturing on or after September 1, 2027, may be redeemed on or after September 1, 2026, at par together with accrued interest, without premium.

The Successor Agency has reported the debt in the Private Purpose Trust Fund and is an approved enforceable obligation by the State Department of Finance and will be repaid from future property tax revenues allocated to the Private Purpose Trust Fund.

The Successor Agency has pledged incremental property tax generated in the Successor Agency's project areas to pay principal and interest on the 2016 Series B Bonds. The current year payments of principal and interest were $3,539,900. Property taxes received after negotiated, statutory, and residual distributions totaled $36,152,870 for the year. At year-end, pledged future revenues totaled $46,893,125 of which $34,855,000 was the amount of the remaining principal and $12,038,125 interest on the Bonds.

In Event of Default, outstanding amounts become immediately due to the Trustee who act on behalf of the bond owners. An acceleration clause exists that allows the owners of the bonds to accelerate payment of the entire principal amount outstanding in the Event of Default. If acceleration occurs, then all pledged tax revenues and all sums of funds are to be held by Trustee under the indenture and will be applied by the Trustee.

Year Ending	Principal	Interest	Total
2022	$ 1,915,000	$ 1,636,775	$ 3,551,775
2023	2,005,000	1,538,775	3,543,775
2024	2,095,000	1,436,275	3,531,275
2025	2,205,000	1,328,775	3,533,775
2026	2,310,000	1,215,900	3,525,900
2027-2031	13,725,000	3,978,875	17,703,875
2032-2035	10,600,000	902,750	11,502,750
Totals	$ 34,855,000	$ 12,038,125	$ 46,893,125

3. Change in Long Term Liabilities

The following debt activity for the year ended June 30, 2021 are not debts or obligations of the City. They were transferred to the Successor Agency of the former Community Redevelopment Agency which are now accounted for in the Private Purpose Trust Fund:

	Balances at July 01, 2020	Additions	Retirements	Balance at June 30, 2021	Due Within One Year
Bonds Payable:					
2002 Tax Allocation Bonds	$ 9,441,387	$ 500,181	$ 970,000	$ 8,971,568	$ 943,904
2016 Tax Allocation Bonds Series A	25,490,000	-	1,730,000	23,760,000	1,810,000
2016 Tax Allocation Bonds Series B	36,665,000	-	1,810,000	34,855,000	1,915,000
Plus: Deferred Issuance Premiums	7,786,393	-	1,298,252	6,488,141	1,166,235
Total bonds payable	79,382,780	500,181	5,808,252	74,074,709	5,835,139
Notes from Direct Borrowing and Direct Placements:					
Fairway Business Park	13,947,362	-	1,937,100	12,010,262	2,058,542
Dillard's Infrastructure	51,424	-	51,424	-	-
Total notes payable - direct borrowing and direct placements	13,998,786	-	1,988,524	12,010,262	2,058,542
	$ 93,381,566	$ 500,181	$ 7,796,776	$ 86,084,971	$ 7,893,681

19 - Commitments and Contingencies

A. Contracts and Purchase Orders

The City has contracted with the County of Los Angeles for various services, principally law enforcement until June 30, 2024. The agreement is maintained under "Contract City Law Enforcement Service Level Authorization" through which the County charges the set amount of service fees based on the number of deputies, support personnel, and their projected hours of services. The service rates are established by the County Auditor-Controller and adjusted annually effective July 1st of each year. To date, the annual increase in cost for the services provided has been approximately 6 percent. Accordingly, the projected commitments are constructed with such average increase. Additionally, the City is required to pay for the City's portion of liability cost to ensure that funds are available in the event of litigations. The liability cost is currently 11 percent of the service units purchased and is expected to increase in future years. These contracts are cancelable at any time, with or without cause, upon 180-days written notice by the City or as of the first day of July of any year upon notice in writing not less than 60-days prior.

The following was the contract cost for the fiscal year ending June 30, 2021:

Fiscal Year 2020-21	$ 27,492,570
Total Cost	$ 27,492,570

The City also has other various outstanding contracts and purchase orders for services, supplies, materials, and capital projects that have not been completed at year-end. These commitments total approximately $28,693,201 at June 30, 2021, with the following breakdown between major funds and non-major funds.

Major Funds:	
General Fund	$ 2,256,730
Housing Asset Fund	3,224,940
Total Major Funds	5,481,670
Internal Service Funds	
Information Technology	2,000,000
Fleet Maintenance	235,670
Total Internal Service Funds	2,235,670
Non-Major Special Revenue Funds	20,975,861
Total Contract and Purchase Orders Outstanding for Governmental Funds	$ 28,693,201

B. Grants

The City has received State and Federal funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grant, it is believed that any disallowed amounts will not be material.

C. Claims and Judgments

There are certain legal actions pending against the City that have arisen in the normal course of operations and are covered under the risk management liability. These actions include filed lawsuits and asserted claims for personal injury, property damage, and wrongful death – auto accident. In the opinion of management, after consultation with counsel, claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

D. Obligations of the Successor Agency Private Purpose Trust Fund

As more fully described at Note 18, the former Community Redevelopment Agency of the City of Palmdale was dissolved on January 31, 2012. Obligations to be paid out to the Successor Agency Private Purpose Trust Fund are included in the Required Obligation Payment Schedules (ROPS) which are subject to approval by the State Department of Finance. All obligations of the Successor Agency have been approved by the State Department of Finance, however, are still subject to audit by the County Auditor-Controller and the State Controller. Additionally, obligations on a future ROPS may be denied even if it was not questioned from a preceding ROPS. The City is not legally obligated for any of the Successor Agency Private Purpose Trust Fund debt.

20 - Related Party Loan

On June 30, 2021, the City authorized a home loan for the City Manager totaling $1,200,000 with a 30-year term and bearing a fixed interest rate of 1.04 percent. The loan is secured by the residence and has a provision that any outstanding balance is due within 12 months of termination of employment. Please see Note 23 - Subsequent Event for more detail.

21 - Prior Period Adjustment

As of July 1, 2020, the City of Palmdale adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result, the City restated its fiduciary net position as of June 30, 2020 to properly reflect the beginning equity and the change in accounting related to this implementation. The restatement is summarized as follows:

	Fund Financial Statements Fiduciary Fund
	Custodial Funds
Net position at July 1, 2020, as previously stated	$ -
Prior period adjustment:	
Recognize Custodial Funds Net Position-6/30/20	6,018,209
Net Position at July 1, 2020, as restated	$ 6,018,209

In addition to GASB 84 implementation, on July 1, 2020 the City of Palmdale converted its Information Technology and Fleet Vehicle assets to Proprietary Funds as Internal Service Funds. As a result, the City restated its Proprietary Funds net position as of June 30, 2020 to properly reflect the beginning equity. The restatement is summarized as follows:

	Fund Financial Statements		
	Proprietary Fund	Proprietary Fund	Proprietary Fund
	IT Internal Service Fund	Fleet Internal Service Fund	Total Internal Service Fund
Net position at July 1, 2020, as previously stated	$ -	$ -	$ -
Prior period adjustment:			
Reclassification of capital assets balances from governmental fund to internal service fund 6/30/2020	293,962	3,132,229	3,426,191
Net Position at July 1, 2020, as restated	$ 293,962	$ 3,132,229	$ 3,426,191

22 - New Accounting Pronouncements

The following pronouncements were issued prior to June 30, 2021 and have effective dates that may impact future financial statement presentation. The effects of the statements are currently under review.

Governmental Accounting Standard No. 87

GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for periods ending June 30, 2022 and subsequent.

Governmental Accounting Standard No. 89

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020.

Governmental Accounting Standard No. 91

GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Governmental Accounting Standard No. 92

GASB Statement No. 92, Omnibus 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for periods ending June 30, 2022 and subsequent.

Governmental Accounting Standard No. 93

GASB Statement No. 93, Replacement of Interbank Offered Rates (IBOR). The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an IBOR. This Statement is effective for periods ending June 30, 2022 and subsequent.

Governmental Accounting Standard No. 94

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). This Statement is effective for periods beginning after June 15, 2022.

Governmental Accounting Standard No. 96

GASB Statement No. 96, Subscription-based Information Technology Arrangements. The primary objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022.

Governmental Accounting Standard No. 97

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021 for requirements that are related to the accounting and financial reporting for Section 457 plans.

23 - Subsequent Event

On Feb 16th, 2022, the City Council voted to dismiss the City Manager, to whom this loan was provided. Section 4 of the the home loan agreement provides that the outstanding balance of the loan must be paid in full within 12 calendar months after the conclusion, for any reason, of the City Manager's employment. As of March 31, 2022, the outstanding balance on the loan is $1,174,335.

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Required Supplementary Information

Palmdale, California

Year Ended June 30, 2021

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City of Palmdale

Schedule of Changes in Net Pension Liability and Related Ratios-Public Employees Retirement System - Miscellaneous Plan

Year Ended June 30, 2021

Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021
Total pension liability							
Service costs	$ 2,590,160	$ 2,387,436	$ 2,233,050	$ 2,601,354	$ 2,649,090	$ 2,767,665	$ 2,918,406
Interest on the total pension liability	10,116,430	10,398,124	10,825,834	11,018,183	11,570,800	12,220,037	12,822,978
Differences between expected and actual experience	-	(2,606,465)	-	9,269,931	(1,358,574)	-	1,368,882
Changes in assumptions	-	(3,032,525)	(948,090)	(3,510,853)	2,354,023	2,310,424	-
Benefit payments, including refunds of member contributions	(5,808,324)	(6,049,238)	(6,289,370)	(6,542,229)	(7,277,711)	(7,740,973)	(8,257,460)
Net change in total pension liability	6,898,266	1,097,332	5,821,424	12,836,386	7,937,628	9,557,153	8,852,806
Total pension liability - beginning	136,494,809	143,393,075	144,490,407	150,311,831	163,148,217	171,085,845	180,642,998
Total pension liability - ending (a)	$ 143,393,075	$ 144,490,407	$ 150,311,831	$ 163,148,217	$ 171,085,845	$ 180,642,998	$ 189,495,804
Plan fiduciary net position							
Net plan to plan resource movement	$ -	$ -	$ -	$ -	$ (297)	$ -	$ -
Contributions - employer	3,673,903	3,871,255	4,262,274	5,157,320	3,514,327	4,117,304	4,771,554
Contributions - member	1,106,027	1,030,304	1,016,500	1,165,598	1,138,029	1,195,002	1,335,708
Net investment income	16,152,589	2,406,554	545,870	12,177,480	10,157,757	8,331,569	9,450,968
Benefit payments, including refunds of member contributions	(5,808,324)	(6,049,238)	(6,289,370)	(6,542,229)	(7,277,711)	(7,740,973)	(2,819,835)
Administrative expense	-	(127,281)	(66,805)	(161,055)	(188,366)	(91,249)	(8,257,460)
Other	-	-	-	-	(357,711)	297	(188,455)
Net change in plan fiduciary net position	15,124,195	1,131,594	(531,531)	11,797,114	6,986,028	5,811,950	4,292,480
Plan fiduciary net position - beginning	93,359,880	108,484,075	109,615,669	109,084,138	120,881,252	127,867,280	133,679,230
Plan fiduciary net position - ending (b)	108,484,075	109,615,669	109,084,138	120,881,252	127,867,280	133,679,230	137,971,710
Net pension liability - ending (a) - (b)	$ 34,909,000	$ 34,874,738	$ 41,227,693	$ 42,266,965	$ 43,218,565	$ 46,963,768	$ 51,524,094
Plan fiduciary net position as a percentage of the total net pension liability	75.66 %	75.86 %	72.57 %	74.09 %	74.74 %	74.00 %	72.81 %
Covered payroll	$ 13,588,668	$ 13,287,152	$ 12,550,868	$ 13,529,154	$ 14,797,277	$ 15,030,592	$ 16,449,558
Net pension liability as a percentage of covered payroll	256.90 %	262.47 %	328.48 %	312.41 %	292.07 %	312.45 %	313.22 %
Measurement date	June 30 , 2014	June 30 , 2015	June 30 , 2016	June 30 , 2017	June 30 , 2018	June 30 , 2019	June 30 , 2020

*Fiscal year 2015 is the first year of implementation.

City of Palmdale

Schedule of Contributions - Public Employees Retirement System - Miscellaneous Plan

Year Ended June 30, 2021

Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 3,871,255	$ 4,262,274	$ 5,157,320	$ 3,509,493	$ 4,112,469	$ 4,766,182	$ 5,287,313
Contributions in relation to the actuarially determined contribution	3,871,255	4,262,274	5,157,320	3,509,493	4,112,469	4,766,182	5,287,313
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	13,287,152	12,550,868	13,529,154	14,797,277	15,030,592	16,449,558	17,567,263
Contributions as a percentage of covered payroll	29.14 %	33.96 %	38.12 %	23.72 %	27.36 %	28.97 %	30.10 %
Valuation date:	2012	2013	2014	2015	2016	2017	2018
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	15 years	20 years	25 years	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	15-year smoothed market	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed
Inflation	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.50 %	2.75 %
Salary increase	4.5% average, including inflation of 3%	3.30% to 14.20%, including inflation of 3%	Varies on entry age, and service, including	varies on entry age, and service, including	varies on entry age, and service, including	varies on entry age, and service, including	varies on entry age, and service, including
Investment rate of return	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.375 net of pension plan investment expense, including inflation

Retirement age:

The probabilities of retirement and mortality are based on the CalPERS Experience Study for the period from 1997 to 2015.

Mortality:

The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvements using Scale BB published by the Society of Actuaries.

*Fiscal year 2015 was the first year of implementation.

City of Palmdale
Schedule of Changes in Net OPEB Liability and Related Ratios
Other Postemployment Benefits (OPEB)
Year Ended June 30, 2021
Last Ten Years*

	2017	2018	2019	2020	2021
Total OPEB liability					
Service costs	$ 9,380	$ 9,801	$ 10,241	$ 19,286	$ 26,370
Interest	42,190	41,817	41,771	49,286	31,829
Differences between expected and actual experience	162,410	117,475	272,638	-	439,617
Changes in assumptions	-	-	(45,786)	103,650	(7,331)
Benefit payments, including refunds of member contributions	(244,316)	(195,980)	(144,496)	(139,429)	(346,268)
Net change in total OPEB liability	(30,336)	(26,887)	134,368	32,793	144,217
Total OPEB liability - beginning	761,858	731,522	704,635	839,003	871,796
Total OPEB liability - ending (a)	$ 731,522	$ 704,635	$ 839,003	$ 871,796	$ 1,016,013
Plan fiduciary net position					
Contributions - employer	$ -	$ -	$ -	$ -	$ -
Contributions - member	-	-	-	-	-
Net investment income	165,897	122,424	68,284	64,325	263,944
Differences between projected and actual earnings on plan investments	-	-	-	-	-
Administrative expense	(45,852)	(42,234)	(51,637)	(34,922)	(34,421)
Benefit payments, including refunds of employee contributions	(244,316)	(195,980)	(144,496)	(139,429)	(346,268)
Net change in plan fiduciary net position	$ (124,271)	$ (115,790)	$ (127,849)	$ (110,026)	$ (116,745)
Plan fiduciary net position - beginning	1,517,671	1,393,400	1,277,610	1,149,761	1,039,735
Plan fiduciary net position - ending	$ 1,393,400	$ 1,277,610	$ 1,149,761	$ 1,039,735	$ 922,990
Net OPEB liability ending	$ (661,878)	$ (572,975)	$ (310,758)	$ (167,939)	$ 93,023
Plan fiduciary net position as a percentage of the total net pension liability	190.48 %	181.32 %	137.04 %	119.26 %	90.84 %
Covered-employee payroll[1]	840,010	874,002	914,074	941,496	897,776
City's net OPEB asset as a percentage of covered-employee payroll	(78.79)%	(65.56)%	(34.00)%	(17.84)%	10.36 %
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021

Notes to Schedule

* Fiscal year 2017 was the first year of implementation.

[1] Contributions to the OPEB plan are not based on measure of pay, as such, covered employee payroll is used as the measure of payroll

City of Palmdale
Schedule of Investment Returns for OPEB
Other Postemployment Benefits (OPEB)
Year Ended June 30, 2021
Last Ten Years*

	2017	2018	2019	2020	2021
Annual money-weighted rate of return - net of investment expense	11.23 %	10.31 %	5.50 %	5.73 %	26.04 %

Notes to Schedule

* Fiscal year 2017 was the first year of implementation.

Supplementary Information

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Special Revenue Funds – Are used to account for specific revenues that are legally restricted to expenditures for a particular purpose. The following special revenue funds have been classified as non-major funds:

Air Quality Improvement Fund – This fund accounts for revenue and related expenditures for the City's equipment and capital projects which improve air quality.

Community Development Block Grant (CDBG) Fund – This fund accounts for Federal entitlements under the Housing and Community Development Act of 1974, as amended.

Communications PEG Fund - This fund accounts for The Public, Education and Government Fund (PEG) that was established to account for costs related to local public education and government access stations.

Drainage Funds – This fund accounts for revenues collected under the City's Drainage Fee, which are used for the development of drainage improvements.

Drainage Benefit Assessment District – This fund accounts for revenues collected under the City's Drainage fee, which are used for the development of drainage improvements.

Federal Funds – This fund accounts for revenues and expenditures received from Federal sources.

Federal Home Program – This fund accounts for all federal funds received under the Home Investment Partnership Act.

Federal Jobs Program Fund – This fund accounts for revenues and expenditures associated with the Job Training Partnership Act and Welfare to Work Programs.

Fire Facilities Impact Fund – This fund accounts for revenues collected under the City's Fire Facilities Impact Fee, which are used for constructing and outfitting facilities needed to serve future development.

Gas Tax Fund – This fund accounts for state gasoline allocations provided to the City for street-related purposes.

Housing Authority Fund – This fund accounts for compliance monitoring expenditures and Bond Issuer's Fees collected for Housing Authority.

Landscape Maintenance Fund – This fund is used to account for revenues and expenditures attributable to Landscape Maintenance District 97-1.

Local Transportation Article 3 Fund – This fund is used to account for State funds provided to the City for construction of local bikeways and bikeway related projects.

Local Transportation Article 8 Fund – This fund accounts for State funds provided to the City for street-related purposes only.

Measure AV Fund - This fund accounts for the revenues received as a result of the ¾ cent sales tax increase that was passed in November 2020 and took effect April 1, 2021. Funds must be spent on operating and capital expenditures that are in alignment with the ballot measure.

Measure R Fund – This fund accounts for State Funds provided to the City for street-related purposes only.

Measure M Fund – This fund accounts for State Funds provided to the City for transportation related purposes only.

Miscellaneous Grants/Developer Contributions – This fund accounts for revenues and expenditures received from Developers and Local Agencies for improvements.

Parks Assessments Fund – This fund accounts for revenues collected under the City-wide Park Assessment District, which are used for the acquisition, improvement, expansion and maintenance of public parks.

Park Development Fund – This fund accounts for revenues collected under the City's Unit Dwelling Fee, which are used for the acquisition, improvement and expansion of public parks, playgrounds & recreational facilities.

Proposition A Fund – This fund accounts for special sales tax revenues, which are used for local transit.

Proposition C Fund – This fund accounts for special sales tax revenues and expenditures related to street and road

improvements and transit.

Public Art Fund - This fund accounts for the revenues and expenditures generated under the Public Art policy, derived from gifts or donations for public art. Private and municipal development projects are required to contribute to the fund per PMC Section 15.01.020.

Public Facilities Fund – This fund is used to account for revenues received from developer fees. These funds can only be used to assist with the development and rehabilitation of City buildings.

Public Safety Fund – This fund is used to account for the revenues received as a result of vehicle code violations and drug forfeiture operations. These funds can only be used for law enforcement expenditures.

Road Maintenance & Rehabilitation – This fund is used to account for state funds provided to the City to repair roads, improve traffic safety, and expand public transit systems across the state.

S.A.V.E.S. Fund (South Antelope Valley Emergency Services) – This fund is used to account for revenues and expenditures related to providing food and shelter for qualified recipients.

Sewer Maintenance Assessment District – This fund is used to account for revenues and expenditures associated with the City sewer assessment district service the City and its sewer system.

Sewer Upgrade Fund – This fund accounts for revenues collected under the City's Sewer Upgrade Fee, which are used for sewer improvements.

Solid Waste Fund - This fund was established to account for costs related to programs initiating recycling and waste management efforts throughout the City.

State Grants Fund – This fund accounts for revenues and expenditures received from State resources.

Street Lighting Assessment District Fund - This fund is used to account for revenues and expenditures restricted to residential street lighting services.

Traffic Impact Fund – This fund accounts for revenues collected under the City's Traffic Impact Fee, which are used for traffic related projects, such as traffic signals and street improvements.

Housing Facilities Fund – This fund accounts for the revenues and expenditures restricted to the operations of four (4) City owned apartment buildings, three (3) City owned mobile home parks, and two (2) properties with eight (8) apartment units acquired from New Beginnings Outreach.

Palmdale Community Foundation – This fund accounts for the 501 (C) (3) non-profit public benefit corporation activities related to City programs.

Water Park – This fund accounts for the operation of the City owned Dry Town Water Park.

Debt Service Funds – are used to account for the accumulation of resources for and the payment made for principal and interest on bonded debt and other long-term obligations. The following fund has been classified as a non-major fund:

Palmdale Civic Authority Fund – This fund is used to account for construction projects funded through issuance of Certificates of Participation. Current projects include new park facilities and street improvements.

Palmdale Financing Authority Fund – This fund accounts for resources accumulated and payments made for principal and interest on Lease Revenue Bonds secured by lease payments by the City of Palmdale as rental for certain property pursuant to a lease agreement.

Capital Projects Funds – are used to account for financial resources used for the acquisition and construction of major capital facilities. The following capital projects funds have been classified as non-major funds:

Community Facilities District (CFD) – This fund accounts for the revenues and expenditures of community facilities districts and assessment districts, which are funded entirely from district bond proceeds.

City of Palmdale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Non-Major Special Revenue Funds	Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
		Palmdale Civic Authority	Palmdale Financing Authority	CFD/Assessment Districts	
Assets:					
Cash	$ 253,909	$ -	$ -	$ -	$ 253,909
Investments	153,124,520	1,079,833	-	-	154,204,353
Receivables:					
Accounts Receivable	17,495,217	1,039	-	12	17,496,268
Property tax receivable	52,483	-	-	-	52,483
Due from other funds	1,322,906	-	-	-	1,322,906
Notes and Liens	9,989,107	-	-	-	9,989,107
Advances due from fiduciary funds	-	-	-	583,859	583,859
Advances due from other funds	4,400,000	-	-	-	4,400,000
Prepaid Items and Other Assets	1,114	-	-	-	1,114
Restricted Assets					
Investments	-	-	-	2,771,354	2,771,354
Total assets	$ 186,639,256	$ 1,080,872	$ -	$ 3,355,225	$ 191,075,353
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 3,017,168	$ -	$ -	$ -	$ 3,017,168
Due to fiduciary funds	-	-	-	1,565	1,565
Due to other funds	1,954,365	-	-	35,769	1,990,134
Advances due to other funds	9,400,000	-	-	-	9,400,000
Notes payable	68,026	-	-	-	68,026
Deposits	1,779,080	-	-	-	1,779,080
Total liabilities	16,218,639	-	-	37,334	16,255,973
Deferred Inflows of Resources:					
Unavailable revenue	10,718,768	-	-	-	10,718,768
Fund Balances:					
Restricted	160,469,126	1,080,872	-	3,317,891	164,867,889
Unassigned	(767,277)	-	-	-	(767,277)
Total fund balances	159,701,849	1,080,872	-	3,317,891	164,100,612
Total liabilities, deferred inflows of resources and fund balances	$ 186,639,256	$ 1,080,872	$ -	$ 3,355,225	$ 191,075,353

City of Palmdale

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021

		Debt Service Funds		Capital Projects Fund	
	Non-Major Special Revenue Funds	Palmdale Civic Authority	Palmdale Financing Authority	CFD/Assessment Districts	Total Nonmajor Governmental Funds
Revenues:					
Sales Taxes	$ 5,188,745	$ -	$ -	$ -	$ 5,188,745
Other Taxes	4,516,585	-	-	-	4,516,585
Subventions and grants	28,048,936	-	-	-	28,048,936
Park development fees	2,089,872	-	-	-	2,089,872
Licenses and Permits	107,606	-	-	-	107,606
Fines and forfeitures	243,159	-	-	-	243,159
Special Assessments	19,505,242	-	-	-	19,505,242
Charges for current services	1,061,103	-	-	-	1,061,103
Drainage fees	2,194,296	-	-	-	2,194,296
Traffic impact fees	806,342	-	-	-	806,342
Facilities impact fees	1,380,206	-	-	-	1,380,206
Interfund interest	36,868	-	-	-	36,868
Interest	738,334	16,941	5	383	755,663
Net increase (decrease) in fair value of investments	(501,856)	(4,002)	-	(60)	(505,918)
Developer contributions	18,950	-	-	-	18,950
State contributions	764,639	-	-	-	764,639
Other agency contributions	2,215,098	-	-	-	2,215,098
County contributions	340,695	-	-	-	340,695
Other Revenue	496,340	-	-	-	496,340
Total revenues	69,251,160	12,939	5	323	69,264,427
Expenditures:					
Current:					
General Government	1,229,670	(1)	-	2	1,229,671
Public safety	438,595	-	-	-	438,595
Public services	18,213,857	-	-	-	18,213,857
Community development	852,406	-	-	-	852,406
Cultural and recreational	1,197,007	-	-	-	1,197,007
Health and welfare	1,088,504	-	-	-	1,088,504
Capital Outlay	22,521,528	-	-	34,044	22,555,572
Debt service:					
Principal	1,017,004	525,002	1,665,000	-	3,207,006
Interest	319,782	964,963	775,336	-	2,060,081
Interfund interest	36,868	-	-	-	36,868
Cost of Issuance	-	-	141,893	-	141,893
Total expenditures	46,915,221	1,489,964	2,582,229	34,046	51,021,460
Excess (deficiency) of revenues over expenditures	22,335,939	(1,477,025)	(2,582,224)	(33,723)	18,242,967
Other Financing Sources (Uses):					
Issuance of Long-Term Debt	-	-	13,584,908	-	13,584,908
Transfers In	17,703,278	16,402,414	3,940,876	-	38,046,568
Transfers Out	(12,645,537)	(1,500,584)	(14,943,599)	-	(29,089,720)
Payment to Refunding Bond Escrow Agent	-	(14,943,599)	-	-	(14,943,599)
Total other financing sources (uses)	5,057,741	(41,769)	2,582,185	-	7,598,157
Net Change in Fund Balances	27,393,680	(1,518,794)	(39)	(33,723)	25,841,124
Fund Balances (Deficit) - Beginning of Year	132,308,169	2,599,666	39	3,351,614	138,259,488
Fund Balances (Deficit) - End of Year	$ 159,701,849	$ 1,080,872	$ -	$ 3,317,891	$ 164,100,612

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Air Quality Improvement Fund	Community Development Block Grant	Drainage Funds	Drainage Benefit Assmnt Dist	Federal Funds
Assets:					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	43,218	1,331,337	2,559,822	1,192,337	69,124
Receivables:					
Accounts Receivable	-	485,708	2,454	1,147	286,501
Property tax receivable	-	-	-	811	-
Due from other funds	-	62	-	-	-
Notes and Liens	-	2,338,699	-	-	-
Advances due from other funds	-	-	4,400,000	-	-
Prepaid Items and Other Assets	-	1,114	-	-	-
Total assets	$ 43,218	$ 4,156,920	$ 6,962,276	$ 1,194,295	$ 355,625
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ 47,871	$ -	$ 2,520	$ 1,495
Due to other funds	-	-	9,238	-	426,548
Advances due to other funds	-	-	-	-	-
Notes payable	-	-	-	-	-
Deposits	-	1,755,523	-	-	-
Total liabilities	-	1,803,394	9,238	2,520	428,043
Deferred Inflows of Resources:					
Unavailable revenue	-	19,940	-	-	287,699
Total deferred inflows of resources	-	19,940	-	-	287,699
Fund Balances:					
Restricted	-	2,333,586	6,953,038	1,191,775	-
Unassigned	43,218	-	-	-	(360,117)
Total fund balances	43,218	2,333,586	6,953,038	1,191,775	(360,117)
Total liabilities, deferred inflows of resources and fund balances	$ 43,218	$ 4,156,920	$ 6,962,276	$ 1,194,295	$ 355,625

Federal Home Program	Federal Jobs Programs	Fire Facilities Impact	Gas Tax	Housing Authority	Landscape Maintenance	Local Transportation Article 3
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	7,492,929	10,845,311	207,158	13,543,084	-
2,581,891	16,677	7,207	16,319	10,190	13,025	493,440
-	-	-	-	-	87,079	-
-	-	-	1,322,844	-	-	-
7,650,408	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 10,232,299	$ 16,677	$ 7,500,136	$ 12,184,474	$ 217,348	$ 13,643,188	$ 493,440
$ 50,980	$ 5,727	$ -	$ 338,139	$ -	$ 570,828	$ -
122,731	48,100	-	-	-	-	435,917
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,000	-	-
173,711	53,827	-	338,139	1,000	570,828	435,917
2,393,025	-	-	-	-	-	-
2,393,025	-	-	-	-	-	-
7,665,563	-	7,500,136	11,846,335	216,348	13,072,360	57,523
-	(37,150)	-	-	-	-	-
7,665,563	(37,150)	7,500,136	11,846,335	216,348	13,072,360	57,523
$ 10,232,299	$ 16,677	$ 7,500,136	$ 12,184,474	$ 217,348	$ 13,643,188	$ 493,440

	Local Transportation Article 8	Measure R	Measure M	Misc Grants/ Developer Contributions	Park Assessments
Assets:					
Cash	$ -	$ 2,481	$ -	$ 1	$ -
Investments	1,004,225	5,481,241	5,559,542	3,033,175	3,232,337
Receivables:					
Accounts Receivable	437,002	2,159,719	9,445	4,100,113	3,108
Property tax receivable	-	-	-	-	59,522
Due from other funds	-	-	-	-	-
Notes and Liens	-	-	-	-	-
Advances due from other funds	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
Total assets	$ 1,441,227	$ 7,643,441	$ 5,568,987	$ 7,133,289	$ 3,294,967
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 331,108	$ 147,202	$ 4,228	$ 25,691	$ 2,613
Due to other funds	-	-	-	-	-
Advances due to other funds	-	-	-	-	-
Notes payable	-	68,026	-	-	-
Deposits	-	-	-	-	-
Total liabilities	331,108	215,228	4,228	25,691	2,613
Deferred Inflows of Resources:					
Unavailable revenue	-	1,379,843	-	4,100,043	-
Total deferred inflows of resources	-	1,379,843	-	4,100,043	-
Fund Balances:					
Restricted	1,110,119	6,048,370	5,564,759	3,007,555	3,292,354
Unassigned	-	-	-	-	-
Total fund balances	1,110,119	6,048,370	5,564,759	3,007,555	3,292,354
Total liabilities, deferred inflows of resources and fund balances	$ 1,441,227	$ 7,643,441	$ 5,568,987	$ 7,133,289	$ 3,294,967

Park Development	Proposition A	Proposition C	Public Facilities Fund	Public Safety	Road Maintenance and Rehab	SAVES
$ -	$ -	$ -	$ -	$ -	$ -	$ -
13,388,707	8,268,666	13,882,155	979,626	545,860	2,579,251	-
12,875	7,952	1,082,573	942	27,831	-	-
-	-	-	-	(303,163)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 13,401,582	$ 8,276,618	$ 14,964,728	$ 980,568	$ 270,528	$ 2,579,251	$ -
$ 562,752	$ 31,832	$ 278,435	$ -	$ -	$ 21,779	$ 20,840
-	-	-	-	-	-	12,333
5,000,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,562,752	31,832	278,435	-	-	21,779	33,173
-	-	945,301	-	-	-	-
-	-	945,301	-	-	-	-
7,838,830	8,244,786	13,740,992	980,568	270,528	2,557,472	-
-	-	-	-	-	-	(33,173)
7,838,830	8,244,786	13,740,992	980,568	270,528	2,557,472	(33,173)
$ 13,401,582	$ 8,276,618	$ 14,964,728	$ 980,568	$ 270,528	$ 2,579,251	$ -

	Sewer Maintenance Assmnt Dist	Sewer Upgrade	States Grants Fund	Street Lighting Assmnt Dist	Traffic Impact
Assets:					
Cash	$ 500	$ -	$ -	$ -	$ -
Investments	29,784,886	521,613	737,872	18,135,515	2,792,042
Receivables:					
Accounts Receivable	98,249	501	1,593,230	17,441	2,686
Property tax receivable	101,246	-	-	106,988	-
Due from other funds	-	-	-	-	-
Notes and Liens	-	-	-	-	-
Advances due from other funds	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-
Total assets	$ 29,984,881	$ 522,114	$ 2,331,102	$18,259,944	$ 2,794,728
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 47,692	$ -	$ 221,289	$ 246,194	$ -
Due to other funds	-	-	896,296	-	-
Advances due to other funds	4,400,000	-	-	-	-
Notes payable	-	-	-	-	-
Deposits	21,900	-	657	-	-
Total liabilities	4,469,592	-	1,118,242	246,194	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	1,592,917	-	-
Total deferred inflows of resources	-	-	1,592,917	-	-
Fund Balances:					
Restricted	25,515,289	522,114	(2)	18,013,750	2,794,728
Unassigned	-	-	(380,055)	-	-
Total fund balances	25,515,289	522,114	(380,057)	18,013,750	2,794,728
Total liabilities, deferred inflows of resources and fund balances	$ 29,984,881	$ 522,114	$ 2,331,102	$18,259,944	$ 2,794,728

Communications PEG	Solid Waste	Palmdale Community Foundation	Water Park	Public Art	Measure AV	Total Special Revenue Funds
$ -	$ -	$ 250,927	$ -	$ -	$ -	$ 253,909
472,080	154,215	-	3,222,391	1,000,000	1,064,801	153,124,520
53,796	-	-	1,695	-	3,971,500	17,495,217
-	-	-	-	-	-	52,483
-	-	-	-	-	-	1,322,906
-	-	-	-	-	-	9,989,107
-	-	-	-	-	-	4,400,000
-	-	-	-	-	-	1,114
$ 525,876	$ 154,215	$ 250,927	$ 3,224,086	$ 1,000,000	$ 5,036,301	$ 186,639,256
$ -	$ 3,847	$ -	$ 54,106	$ -	$ -	$ 3,017,168
-	-	3,202	-	-	-	1,954,365
-	-	-	-	-	-	9,400,000
-	-	-	-	-	-	68,026
-	-	-	-	-	-	1,779,080
-	3,847	3,202	54,106	-	-	16,218,639
-	-	-	-	-	-	10,718,768
-	-	-	-	-	-	10,718,768
525,876	150,368	247,725	3,169,980	1,000,000	5,036,301	160,469,126
-	-	-	-	-	-	(767,277)
525,876	150,368	247,725	3,169,980	1,000,000	5,036,301	159,701,849
$ 525,876	$ 154,215	$ 250,927	$ 3,224,086	$ 1,000,000	$ 5,036,301	$ 186,639,256

	Air Quality Improvement Fund	Community Development Block Grant	Drainage Funds	Drainage Benefit Assmnt Dist	Federal Funds
Revenues:					
Sales Taxes	$ -	$ -	$ -	$ -	$ -
Other Taxes	-	-	-	-	-
Subventions and grants	6,000	1,908,201	-	-	2,006,783
Park development fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Special Assessments	-	-	-	205,267	-
Charges for current services	-	-	-	-	-
Drainage fees	-	-	1,347,273	-	-
Traffic impact fees	-	-	-	-	-
Facilities impact fees	-	-	-	-	-
Interfund interest	-	-	36,868	-	-
Interest	-	6,705	10,553	5,824	-
Net increase (decrease) in fair value of investments	-	(4,921)	(8,260)	(4,220)	-
Developer contributions	-	-	-	-	-
State contributions	-	-	-	-	-
Other agency contributions	-	-	-	-	-
County contributions	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total revenues	6,000	1,909,985	1,386,434	206,871	2,006,783
Expenditures:					
Current:					
General Government	-	-	-	-	716,363
Public safety	-	-	-	-	-
Public services	-	7,353	31,914	29,043	-
Community development	-	317,447	-	-	-
Cultural and recreational	-	-	-	-	-
Health and welfare	-	926,201	-	-	-
Capital Outlay	-	111,334	54,306	-	188,600
Debt service:					
Principal	-	309,000	-	-	-
Interest	-	63,047	-	-	-
Interfund interest	-	-	30,360	-	-
Total expenditures	-	1,734,382	116,580	29,043	904,963
Excess (deficiency) of revenues over expenditures	6,000	175,603	1,269,854	177,828	1,101,820
Other Financing Sources (Uses):					
Transfers In	-	-	4,500,000	-	-
Transfers Out	-	-	(75,956)	-	-
Total other financing sources (uses)	-	-	4,424,044	-	-
Net Change in Fund Balances	6,000	175,603	5,693,898	177,828	1,101,820
Fund Balances (Deficit) - Beginning of Year	37,218	2,157,983	1,259,140	1,013,947	(1,461,937)
Fund Balances (Deficit) - End of Year	$ 43,218	$ 2,333,586	$ 6,953,038	$ 1,191,775	$ (360,117)

Federal Home Program	Federal Jobs Programs	Fire Facilities Impact	Gas Tax	Housing Authority	Landscape Maintenance	Local Transportation Article 3
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	3,387,184	-	-	-
553,041	-	-	-	-	-	493,440
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,187,184	-
-	-	-	-	93,552	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	892,001	-	-	-	-
-	-	-	-	-	-	-
36,160	-	39,871	65,088	1,129	68,845	30
-	-	(27,481)	(42,013)	(761)	(49,928)	(23)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	187,002	-	-	-
-	26,629	-	-	-	3,251	-
589,201	26,629	904,391	3,597,261	93,920	6,209,352	493,447
-	-	44,598	-	-	-	-
-	-	-	-	-	-	-
-	47,492	-	4,913,879	-	5,468,885	36,424
500,688	-	-	-	34,271	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,676,980	-	151,106	457,405
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
500,688	47,492	44,598	8,590,859	34,271	5,619,991	493,829
88,513	(20,863)	859,793	(4,993,598)	59,649	589,361	(382)
-	-	-	3,203,278	-	-	-
-	-	-	(764,131)	-	(33,295)	-
-	-	-	2,439,147	-	(33,295)	-
88,513	(20,863)	859,793	(2,554,451)	59,649	556,066	(382)
7,577,050	(16,287)	6,640,343	14,400,786	156,699	12,516,294	57,905
$ 7,665,563	$ (37,150)	$ 7,500,136	$ 11,846,335	$ 216,348	$ 13,072,360	$ 57,523

	Local Transportation Article 8	Measure R	Measure M	Misc Grants/ Developer Contributions	Park Assessments
Revenues:					
Sales Taxes	$ -	$ -	$ -	$ -	$ -
Other Taxes	-	-	-	-	-
Subventions and grants	5,195,685	4,747,805	2,677,594	-	-
Park development fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Special Assessments	-	-	-	-	2,799,429
Charges for current services	-	-	-	-	-
Drainage fees	-	-	-	-	-
Traffic impact fees	-	-	-	-	-
Facilities impact fees	-	-	-	-	-
Interfund interest	-	-	-	-	-
Interest	7,930	29,696	26,091	1,161	10,616
Net increase (decrease) in fair value of investments	(1,278)	(20,581)	(19,836)	(793)	(10,472)
Developer contributions	-	-	-	-	-
State contributions	-	-	-	-	-
Other agency contributions	-	-	-	2,215,098	-
County contributions	-	-	-	153,693	-
Other Revenue	-	-	-	33,500	-
Total revenues	5,202,337	4,756,920	2,683,849	2,402,659	2,799,573
Expenditures:					
Current:					
General Government	206,838	-	-	-	48,714
Public safety	-	-	-	26,834	-
Public services	1,359,699	253,081	5,290	10,863	-
Community development	-	-	-	-	-
Cultural and recreational	-	-	-	35,005	-
Health and welfare	-	-	-	-	-
Capital Outlay	1,366,131	5,679,521	1,601,659	1,541,397	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Interfund interest	-	-	-	-	-
Total expenditures	2,932,668	5,932,602	1,606,949	1,614,099	48,714
Excess (deficiency) of revenues over expenditures	2,269,669	(1,175,682)	1,076,900	788,560	2,750,859
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(3,212,533)	-	-	(1,892)	(2,409,690)
Total other financing sources (uses)	(3,212,533)	-	-	(1,892)	(2,409,690)
Net Change in Fund Balances	(942,864)	(1,175,682)	1,076,900	786,668	341,169
Fund Balances (Deficit) - Beginning of Year	2,052,983	7,224,052	4,487,859	2,220,887	2,951,185
Fund Balances (Deficit) - End of Year	$ 1,110,119	$ 6,048,370	$ 5,564,759	$ 3,007,555	$ 3,292,354

Park Development	Proposition A	Proposition C	Public Facilities Fund	Public Safety	Road Maintenance and Rehab	SAVES
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	3,002,383	4,639,878	-	-	2,793,676	24,450
2,089,872	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	229,511	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	488,205	-	-	-
-	-	-	-	-	-	-
47,627	42,647	72,570	4,990	-	-	-
(40,925)	(29,899)	(50,296)	(3,518)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	116,225
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,096,574	3,015,131	4,662,152	489,677	229,511	2,793,676	140,675
-	-	-	-	-	-	-
-	283,116	-	-	-	-	-
103,910	1,096,111	46,653	-	-	946	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	58,638
1,754,388	607,072	2,966,307	103,850	-	582,603	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,858,298	1,986,299	3,012,960	103,850	-	583,549	58,638
238,276	1,028,832	1,649,192	385,827	229,511	2,210,127	82,037
5,000,000	-	-	-	-	-	-
-	-	(586,948)	-	(147,017)	-	-
5,000,000	-	(586,948)	-	(147,017)	-	-
5,238,276	1,028,832	1,062,244	385,827	82,494	2,210,127	82,037
2,600,554	7,215,954	12,678,748	594,742	188,034	347,345	(115,211)
$ 7,838,830	$ 8,244,786	$ 13,740,992	$ 980,569	$ 270,528	$ 2,557,472	$ (33,174)

	Sewer Maintenance Assmnt Dist	Sewer Upgrade	States Grants Fund	Street Lighting Assmnt Dist	Traffic Impact
Revenues:					
Sales Taxes	$ -	$ -	$ -	$ -	$ -
Other Taxes	-	-	-	541,152	-
Subventions and grants	-	-	-	-	-
Park development fees	-	-	-	-	-
Licenses and Permits	107,606	-	-	-	-
Fines and forfeitures	-	-	-	13,648	-
Special Assessments	5,562,114	-	-	4,751,248	-
Charges for current services	-	-	-	-	-
Drainage fees	847,023	-	-	-	-
Traffic impact fees	-	-	-	-	806,342
Facilities impact fees	-	-	-	-	-
Interfund interest	-	-	-	-	-
Interest	153,472	3,157	1,690	88,556	13,926
Net increase (decrease) in fair value of investments	(108,481)	(2,059)	(1,211)	(64,525)	(10,375)
Developer contributions	-	-	-	18,950	-
State contributions	-	-	592,560	-	-
Other agency contributions	-	-	-	-	-
County contributions	-	-	-	-	-
Other Revenue	-	-	-	300,000	-
Total revenues	6,561,734	1,098	593,039	5,649,029	809,893
Expenditures:					
Current:					
General Government	1,970	-	-	-	-
Public safety	-	-	128,645	-	-
Public services	2,396,446	20,758	63,813	2,076,984	-
Community development	-	-	-	-	-
Cultural and recreational	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital Outlay	768,853	226,304	641,049	1,125	18,452
Debt service:					
Principal	-	-	-	708,004	-
Interest	-	-	-	256,735	-
Interfund interest	6,508	-	-	-	-
Total expenditures	3,173,777	247,062	833,507	3,042,848	18,452
Excess (deficiency) of revenues over expenditures	3,387,957	(245,964)	(240,468)	2,606,181	791,441
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(4,549,227)	-	-	-	(864,848)
Total other financing sources (uses)	(4,549,227)	-	-	-	(864,848)
Net Change in Fund Balances	(1,161,270)	(245,964)	(240,468)	2,606,181	(73,407)
Fund Balances (Deficit) - Beginning of Year	26,676,559	768,078	(139,588)	15,407,570	2,868,140
Fund Balances (Deficit) - End of Year	$ 25,515,289	$ 522,114	$ (380,056)	$18,013,751	$ 2,794,733

Communications PEG	Solid Waste	Palmdale Community Foundation	Water Park	Public Art	Measure AV	Total Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ 5,188,745	$ 5,188,745
588,249	-	-	-	-	-	4,516,585
-	-	-	-	-	-	28,048,936
-	-	-	-	-	-	2,089,872
-	-	-	-	-	-	107,606
-	-	-	-	-	-	243,159
-	-	-	-	-	-	19,505,242
-	338,827	-	628,724	-	-	1,061,103
-	-	-	-	-	-	2,194,296
-	-	-	-	-	-	806,342
-	-	-	-	-	-	1,380,206
-	-	-	-	-	-	36,868
-	-	-	-	-	-	738,334
-	-	-	-	-	-	(501,856)
-	-	-	-	-	-	18,950
-	55,854	-	-	-	-	764,639
-	-	-	-	-	-	2,215,098
-	-	-	-	-	-	340,695
-	-	132,960	-	-	-	496,340
588,249	394,681	132,960	628,724	-	5,188,745	69,251,160
62,373	-	-	-	-	148,808	1,229,664
-	-	-	-	-	-	438,595
-	244,313	-	-	-	-	18,213,857
-	-	-	-	-	-	852,406
-	-	-	1,162,002	-	-	1,197,007
-	-	103,665	-	-	-	1,088,504
-	-	19,450	-	-	3,636	22,521,528
-	-	-	-	-	-	1,017,004
-	-	-	-	-	-	319,782
-	-	-	-	-	-	36,868
62,373	244,313	123,115	1,162,002	-	152,444	46,915,215
525,876	150,368	9,845	(533,278)	-	5,036,301	22,335,945
-	-	-	4,000,000	1,000,000	-	17,703,278
-	-	-	-	-	-	(12,645,537)
-	-	-	4,000,000	1,000,000	-	5,057,741
525,876	150,368	9,845	3,466,722	1,000,000	5,036,301	27,393,686
-	-	237,880	(296,743)	-	-	132,308,169
$ 525,876	$ 150,368	$ 247,725	$ 3,169,979	$ 1,000,000	$ 5,036,301	$ 159,701,855

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ -	$ 46,000	$ 6,000	$ (40,000)
Total revenues	-	46,000	6,000	(40,000)
Expenditures:				
Excess (deficiency) of revenues over (under) expenditures	-	46,000	6,000	(40,000)
Net Change in Fund Balance	-	46,000	6,000	(40,000)
Fund Balance (Deficit) - Beginning of Year	37,218	37,218	37,218	-
Fund Balance (Deficit) - End of Year	$ 37,218	$ 83,218	$ 43,218	$ (40,000)

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 3,443,680	$ 4,958,000	$ 1,908,201	$ (3,049,799)
Interest	-	-	6,705	6,705
Net increase (decrease) in fair value of investments	-	-	(4,921)	(4,921)
Total revenues	3,443,680	4,958,000	1,909,985	(3,048,015)
Expenditures:				
Current:				
Public services	-	-	7,353	(7,353)
Community development	1,019,960	1,634,100	317,447	1,316,653
Health and welfare	209,120	1,500,700	926,201	574,499
Capital Outlay	821,900	1,626,400	111,334	1,515,066
Debt service:				
Principal	309,000	309,000	309,000	-
Interest	54,350	63,100	63,047	53
Total expenditures	2,414,330	5,133,300	1,734,382	3,398,918
Excess (deficiency) of revenues over (under) expenditures	1,029,350	(175,300)	175,603	350,903
Net Change in Fund Balance	1,029,350	(175,300)	175,603	350,903
Fund Balance (Deficit) - Beginning of Year	2,157,983	2,157,983	2,157,983	-
Fund Balance (Deficit) - End of Year	$ 3,187,333	$ 1,982,683	$ 2,333,586	$ 350,903

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Drainage fees	$ 140,000	$ 563,500	$ 1,347,273	$ 783,773
Interfund interest	150,000	150,000	36,868	(113,132)
Interest	23,000	23,000	10,553	(12,447)
Net increase (decrease) in fair value of investments	-	-	(8,260)	(8,260)
Total revenues	313,000	736,500	1,386,434	649,934
Expenditures:				
Current:				
Public services	-	-	31,914	(31,914)
Capital Outlay	1,094,620	1,766,700	54,306	1,712,394
Debt service:				
Interfund interest	-	150,000	30,360	119,640
Total expenditures	1,094,620	1,916,700	116,580	1,800,120
Excess (deficiency) of revenues over (under) expenditures	(781,620)	(1,180,200)	1,269,854	2,450,054
Other Financing Sources (Uses):				
Transfers In	150,000	256,500	4,500,000	4,243,500
Transfers Out	(87,900)	(87,900)	(75,956)	11,944
Total other financing sources (uses)	62,100	168,600	4,424,044	4,255,444
Net Change in Fund Balance	(719,520)	(1,011,600)	5,693,898	6,705,498
Fund Balance (Deficit) - Beginning of Year	1,259,140	1,259,140	1,259,140	-
Fund Balance (Deficit) - End of Year	$ 539,620	$ 247,540	$ 6,953,038	$ 6,705,498

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Special Assessments	$ 127,060	$ 127,200	$ 205,267	$ 78,067
Interest	2,040	2,000	5,824	3,824
Net increase (decrease) in fair value of investments	-	-	(4,220)	(4,220)
Total revenues	129,100	129,200	206,871	77,671
Expenditures:				
Current:				
Public services	51,490	38,400	29,043	9,357
Total expenditures	51,490	38,400	29,043	9,357
Excess (deficiency) of revenues over (under) expenditures	77,610	90,800	177,828	87,028
Net Change in Fund Balance	77,610	90,800	177,828	87,028
Fund Balance (Deficit) - Beginning of Year	1,013,947	1,013,947	1,013,947	-
Fund Balance (Deficit) - End of Year	$ 1,091,557	$ 1,104,747	$ 1,191,775	$ 87,028

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Subventions and grants	$ -	$ 8,380,700	$ 2,006,783	$ (6,373,917)
Total revenues	-	8,380,700	2,006,783	(6,373,917)
Expenditures:				
Current:				
General Government	-	843,700	716,362	127,338
Capital Outlay	-	6,301,700	188,600	6,113,100
Total expenditures	-	7,145,400	904,962	6,240,438
Excess (deficiency) of revenues over (under) expenditures	-	1,235,300	1,101,821	(133,479)
Other Financing Sources (Uses):				
Transfers In	-	1,461,900	-	(1,461,900)
Total other financing sources (uses)	-	1,461,900	-	(1,461,900)
Net Change in Fund Balance	-	2,697,200	1,101,821	(1,595,379)
Fund Balance (Deficit) - Beginning of Year	(1,461,938)	(1,461,938)	(1,461,938)	-
Fund Balance (Deficit) - End of Year	$ (1,461,938)	$ 1,235,262	$ (360,117)	$ (1,595,379)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Subventions and grants	$ 400,000	$ 824,700	$ 553,041	$ (271,659)
Interest	219,670	219,700	36,160	(183,540)
Total revenues	619,670	1,044,400	589,201	(455,199)
Expenditures:				
Current:				
Community development	412,470	1,721,200	500,688	1,220,512
Total expenditures	412,470	1,721,200	500,688	1,220,512
Excess (deficiency) of revenues over (under) expenditures	207,200	(676,800)	88,513	765,313
Net Change in Fund Balance	207,200	(676,800)	88,513	765,313
Fund Balance (Deficit) - Beginning of Year	7,577,050	7,577,050	7,577,050	-
Fund Balance (Deficit) - End of Year	$ 7,784,250	$ 6,900,250	$ 7,665,563	$ 765,313

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Revenue	$ 47,500	$ 40,000	$ 26,629	$ (13,371)
Total revenues	47,500	40,000	26,629	(13,371)
Expenditures:				
Current:				
Public services	48,400	54,400	47,492	6,908
Total expenditures	48,400	54,400	47,492	6,908
Excess (deficiency) of revenues over (under) expenditures	(900)	(14,400)	(20,863)	(6,463)
Other Financing Sources (Uses):				
Transfers In	-	30,700	-	(30,700)
Total other financing sources (uses)	-	30,700	-	(30,700)
Net Change in Fund Balance	(900)	16,300	(20,863)	(37,163)
Fund Balance (Deficit) - Beginning of Year	(16,287)	(16,287)	(16,287)	-
Fund Balance (Deficit) - End of Year	$ (17,187)	$ 13	$ (37,150)	$ (37,163)

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Facilities impact fees	$ 200,000	$ 710,000	$ 892,001	$ 182,001
Interest	10,000	10,000	39,871	29,871
Net increase (decrease) in fair value of investments	-	-	(27,481)	(27,481)
Total revenues	210,000	720,000	904,391	184,391
Expenditures:				
Current:				
General Government	10,000	35,500	44,598	(9,098)
Total expenditures	10,000	35,500	44,598	(9,098)
Excess (deficiency) of revenues over (under) expenditures	200,000	684,500	859,793	175,293
Net Change in Fund Balance	200,000	684,500	859,793	175,293
Fund Balance (Deficit) - Beginning of Year	6,640,343	6,640,343	6,640,343	-
Fund Balance (Deficit) - End of Year	$ 6,840,343	$ 7,324,843	$ 7,500,136	$ 175,293

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Other Taxes	$ 3,913,870	$ 3,614,400	$ 3,387,184	$ (227,216)
Interest	100,000	100,000	65,088	(34,912)
Net increase (decrease) in fair value of investments	-	-	(42,013)	(42,013)
State contributions	2,000	2,000	-	(2,000)
County contributions	125,000	140,000	187,002	47,002
Total revenues	4,140,870	3,856,400	3,597,261	(259,139)
Expenditures:				
Current:				
Public services	4,857,180	6,408,000	4,913,879	1,494,121
Capital Outlay	262,000	8,899,700	3,676,980	5,222,720
Total expenditures	5,119,180	15,307,700	8,590,859	6,716,841
Excess (deficiency) of revenues over (under) expenditures	(978,310)	(11,451,300)	(4,993,598)	6,457,702
Other Financing Sources (Uses):				
Transfers In	-	748,000	3,203,278	2,455,278
Transfers Out	(438,660)	(438,700)	(764,131)	(325,431)
Total other financing sources (uses)	(438,660)	309,300	2,439,147	2,129,847
Net Change in Fund Balance	(1,416,970)	(11,142,000)	(2,554,451)	8,587,549
Fund Balance (Deficit) - Beginning of Year	14,400,786	14,400,786	14,400,786	-
Fund Balance (Deficit) - End of Year	$ 12,983,816	$ 3,258,786	$ 11,846,335	$ 8,587,549

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 89,820	$ 89,800	$ 93,552	$ 3,752
Interest	500	500	1,129	629
Net increase (decrease) in fair value of investments	-	-	(761)	(761)
Total revenues	90,320	90,300	93,920	3,620
Expenditures:				
Current:				
Community development	67,660	84,500	34,271	50,229
Total expenditures	67,660	84,500	34,271	50,229
Excess (deficiency) of revenues over (under) expenditures	22,660	5,800	59,649	53,849
Net Change in Fund Balance	22,660	5,800	59,649	53,849
Fund Balance (Deficit) - Beginning of Year	156,699	156,699	156,699	-
Fund Balance (Deficit) - End of Year	$ 179,359	$ 162,499	$ 216,348	$ 53,849

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Fines and forfeitures	$ 6,000	$ 7,500	$ -	$ (7,500)
Special Assessments	6,056,190	6,056,200	6,187,184	130,984
Interest	86,700	86,700	68,845	(17,855)
Net increase (decrease) in fair value of investments	-	-	(49,928)	(49,928)
Developer contributions	5,100	5,100	-	(5,100)
Other Revenue	-	2,900	3,251	351
Total revenues	6,153,990	6,158,400	6,209,352	50,952
Expenditures:				
Current:				
Public services	6,306,680	6,072,400	5,468,885	603,515
Capital Outlay	250,000	1,380,200	151,106	1,229,094
Total expenditures	6,556,680	7,452,600	5,619,991	1,832,609
Excess (deficiency) of revenues over (under) expenditures	(402,690)	(1,294,200)	589,361	1,883,561
Other Financing Sources (Uses):				
Transfers Out	(30,000)	(30,000)	(33,295)	(3,295)
Total other financing sources (uses)	(30,000)	(30,000)	(33,295)	(3,295)
Net Change in Fund Balance	(432,690)	(1,324,200)	556,066	1,880,266
Fund Balance (Deficit) - Beginning of Year	12,516,294	12,516,294	12,516,294	-
Fund Balance (Deficit) - End of Year	$ 12,083,604	$ 11,192,094	$ 13,072,360	$ 1,880,266

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 119,730	$ 568,000	$ 493,440	$ (74,560)
Interest	-	-	30	30
Net increase (decrease) in fair value of investments	-	-	(23)	(23)
Total revenues	119,730	568,000	493,447	(74,553)
Expenditures:				
Current:				
Public services	-	-	36,424	(36,424)
Capital Outlay	-	615,800	457,405	158,395
Total expenditures	-	615,800	493,829	121,971
Excess (deficiency) of revenues over (under) expenditures	119,730	(47,800)	(382)	47,418
Net Change in Fund Balance	119,730	(47,800)	(382)	47,418
Fund Balance (Deficit) - Beginning of Year	57,905	57,905	57,905	-
Fund Balance (Deficit) - End of Year	$ 177,635	$ 10,105	$ 57,523	$ 47,418

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 7,060,380	$ 5,195,700	$ 5,195,685	$ (15)
Interest	10,000	10,000	7,930	(2,070)
Net increase (decrease) in fair value of investments	-	-	(1,278)	(1,278)
Total revenues	7,070,380	5,205,700	5,202,337	(3,363)
Expenditures:				
Current:				
General Government	-	271,900	206,838	65,062
Public services	2,054,270	1,586,400	1,359,699	226,701
Capital Outlay	-	4,327,200	1,366,131	2,961,069
Total expenditures	2,054,270	6,185,500	2,932,668	3,252,832
Excess (deficiency) of revenues over (under) expenditures	5,016,110	(979,800)	2,269,669	3,249,469
Other Financing Sources (Uses):				
Transfers Out	(116,150)	(864,200)	(3,212,533)	(2,348,333)
Total other financing sources (uses)	(116,150)	(864,200)	(3,212,533)	(2,348,333)
Net Change in Fund Balance	4,899,960	(1,844,000)	(942,864)	901,136
Fund Balance (Deficit) - Beginning of Year	2,052,983	2,052,983	2,052,983	-
Fund Balance (Deficit) - End of Year	$ 6,952,943	$ 208,983	$ 1,110,119	$ 901,136

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 2,070,090	$ 55,066,500	$ 4,747,805	$ (50,318,695)
Interest	25,000	25,000	29,696	4,696
Net increase (decrease) in fair value of investments	-	-	(20,581)	(20,581)
Total revenues	2,095,090	55,091,500	4,756,920	(50,334,580)
Expenditures:				
Current:				
Public services	-	-	253,081	(253,081)
Capital Outlay	517,000	55,325,700	5,679,521	49,646,179
Total expenditures	517,000	55,325,700	5,932,602	49,393,098
Excess (deficiency) of revenues over (under) expenditures	1,578,090	(234,200)	(1,175,682)	(941,482)
Net Change in Fund Balance	1,578,090	(234,200)	(1,175,682)	(941,482)
Fund Balance (Deficit) - Beginning of Year	7,224,052	7,224,052	7,224,052	-
Fund Balance (Deficit) - End of Year	$ 8,802,142	$ 6,989,852	$ 6,048,370	$ (941,482)

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 2,345,860	$ 10,738,300	$ 2,677,594	$ (8,060,706)
Interest	10,000	10,000	26,091	16,091
Net increase (decrease) in fair value of investments	-	-	(19,836)	(19,836)
Total revenues	2,355,860	10,748,300	2,683,849	(8,064,451)
Expenditures:				
Current:				
Public services	-	-	5,290	(5,290)
Capital Outlay	387,000	10,722,300	1,601,659	9,120,641
Total expenditures	387,000	10,722,300	1,606,949	9,115,351
Excess (deficiency) of revenues over (under) expenditures	1,968,860	26,000	1,076,900	1,050,900
Net Change in Fund Balance	1,968,860	26,000	1,076,900	1,050,900
Fund Balance (Deficit) - Beginning of Year	4,487,859	4,487,859	4,487,859	-
Fund Balance (Deficit) - End of Year	$ 6,456,719	$ 4,513,859	$ 5,564,759	$ 1,050,900

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 3,000	$ 3,000	$ 1,161	$ (1,839)
Net increase (decrease) in fair value of investments	-	-	(793)	(793)
Other agency contributions	-	3,580,000	2,215,098	(1,364,902)
County contributions	-	30,000	153,693	123,693
Other Revenue	-	36,000	33,500	(2,500)
Total revenues	3,000	3,649,000	2,402,659	(1,246,341)
Expenditures:				
Current:				
Public safety	-	30,000	26,834	3,166
Public services	-	33,500	10,863	22,637
Cultural and recreational	-	36,000	35,005	995
Capital Outlay	40,000	3,224,200	1,541,397	1,682,803
Total expenditures	40,000	3,323,700	1,614,099	1,709,601
Excess (deficiency) of revenues over (under) expenditures	(37,000)	325,300	788,560	463,260
Other Financing Sources (Uses):				
Transfers Out	-	-	(1,892)	(1,892)
Total other financing sources (uses)	-	-	(1,892)	(1,892)
Net Change in Fund Balance	(37,000)	325,300	786,668	461,368
Fund Balance (Deficit) - Beginning of Year	2,220,887	2,220,887	2,220,887	-
Fund Balance (Deficit) - End of Year	$ 2,183,887	$ 2,546,187	$ 3,007,555	$ 461,368

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Special Assessments	$ 2,776,000	$ 2,692,500	$ 2,799,429	$ 106,929
Interest	25,500	25,500	10,616	(14,884)
Net increase (decrease) in fair value of investments	-	-	(10,472)	(10,472)
Total revenues	2,801,500	2,718,000	2,799,573	81,573
Expenditures:				
Current:				
General Government	111,300	61,600	48,714	12,886
Total expenditures	111,300	61,600	48,714	12,886
Excess (deficiency) of revenues over (under) expenditures	2,690,200	2,656,400	2,750,859	94,459
Other Financing Sources (Uses):				
Transfers Out	(2,150,200)	(2,150,200)	(2,409,690)	(259,490)
Total other financing sources (uses)	(2,150,200)	(2,150,200)	(2,409,690)	(259,490)
Net Change in Fund Balance	540,000	506,200	341,169	(165,031)
Fund Balance (Deficit) - Beginning of Year	2,951,185	2,951,185	2,951,185	-
Fund Balance (Deficit) - End of Year	$ 3,491,185	$ 3,457,385	$ 3,292,354	$ (165,031)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Park development fees	$ 150,000	$ 1,320,000	$ 2,089,872	$ 769,872
Interest	10,000	10,000	47,627	37,627
Net increase (decrease) in fair value of investments	-	-	(40,925)	(40,925)
Total revenues	160,000	1,330,000	2,096,574	766,574
Expenditures:				
Current:				
Public services	-	-	103,910	(103,910)
Capital Outlay	520,000	10,120,000	1,754,388	8,365,612
Debt service:				
Interfund interest	81,700	81,700	-	81,700
Total expenditures	601,700	10,201,700	1,858,298	8,343,402
Excess (deficiency) of revenues over (under) expenditures	(441,700)	(8,871,700)	238,276	9,109,976
Other Financing Sources (Uses):				
Transfers In	-	5,000,000	5,000,000	-
Transfers Out	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	(150,000)	4,850,000	5,000,000	150,000
Net Change in Fund Balance	(591,700)	(4,021,700)	5,238,276	9,259,976
Fund Balance (Deficit) - Beginning of Year	2,600,554	2,600,554	2,600,554	-
Fund Balance (Deficit) - End of Year	$ 2,008,854	$ (1,421,146)	$ 7,838,830	$ 9,259,976

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Subventions and grants	$ 3,327,200	$ 2,844,900	$ 3,002,383	$ 157,483
Interest	30,000	30,000	42,647	12,647
Net increase (decrease) in fair value of investments	-	-	(29,899)	(29,899)
Total revenues	3,357,200	2,874,900	3,015,131	140,231
Expenditures:				
Current:				
Public safety	386,500	370,500	283,116	87,384
Public services	885,260	1,200,300	1,096,111	104,189
Capital Outlay	400,000	2,219,500	607,072	1,612,428
Total expenditures	1,671,760	3,790,300	1,986,299	1,804,001
Excess (deficiency) of revenues over (under) expenditures	1,685,440	(915,400)	1,028,832	1,944,232
Other Financing Sources (Uses):				
Transfers Out	(15,000)	(15,000)	-	15,000
Total other financing sources (uses)	(15,000)	(15,000)	-	15,000
Net Change in Fund Balance	1,670,440	(930,400)	1,028,832	1,959,232
Fund Balance (Deficit) - Beginning of Year	7,215,954	7,215,954	7,215,954	-
Fund Balance (Deficit) - End of Year	$ 8,886,394	$ 6,285,554	$ 8,244,786	$ 1,959,232

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 2,759,830	$ 13,624,800	$ 4,639,878	$ (8,984,922)
Interest	25,000	25,000	72,570	47,570
Net increase (decrease) in fair value of investments	-	-	(50,296)	(50,296)
Total revenues	2,784,830	13,649,800	4,662,152	(8,987,648)
Expenditures:				
Current:				
Public services	-	-	46,653	(46,653)
Capital Outlay	3,800,000	15,746,300	2,966,307	12,779,993
Total expenditures	3,800,000	15,746,300	3,012,960	12,733,340
Excess (deficiency) of revenues over (under) expenditures	(1,015,170)	(2,096,500)	1,649,192	3,745,692
Other Financing Sources (Uses):				
Transfers Out	(586,950)	(587,000)	(586,948)	52
Total other financing sources (uses)	(586,950)	(587,000)	(586,948)	52
Net Change in Fund Balance	(1,602,120)	(2,683,500)	1,062,244	3,745,744
Fund Balance (Deficit) - Beginning of Year	12,678,748	12,678,748	12,678,748	-
Fund Balance (Deficit) - End of Year	$ 11,076,628	$ 9,995,248	$ 13,740,992	$ 3,745,744

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Facilities impact fees	$ 100,000	$ 360,000	$ 488,205	$ 128,205
Interest	500	500	4,990	4,490
Net increase (decrease) in fair value of investments	-	-	(3,518)	(3,518)
Total revenues	100,500	360,500	489,677	129,177
Expenditures:				
Capital Outlay	-	568,300	103,850	464,450
Total expenditures	-	568,300	103,850	464,450
Excess (deficiency) of revenues over (under) expenditures	100,500	(207,800)	385,827	593,627
Net Change in Fund Balance	100,500	(207,800)	385,827	593,627
Fund Balance (Deficit) - Beginning of Year	594,742	594,742	594,742	-
Fund Balance (Deficit) - End of Year	$ 695,242	$ 386,942	$ 980,569	$ 593,627

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Fines and forfeitures	$ 280,000	$ 150,000	$ 229,511	$ 79,511
Interest	500	500	-	(500)
Total revenues	280,500	150,500	229,511	79,011
Excess (deficiency) of revenues over (under) expenditures	280,500	150,500	229,511	79,011
Other Financing Sources (Uses):				
Transfers Out	(280,000)	(150,000)	(147,017)	2,983
Total other financing sources (uses)	(280,000)	(150,000)	(147,017)	2,983
Net Change in Fund Balance	500	500	82,494	81,994
Fund Balance (Deficit) - Beginning of Year	188,034	188,034	188,034	-
Fund Balance (Deficit) - End of Year	$ 188,534	$ 188,534	$ 270,528	$ 81,994

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 2,981,370	$ 2,817,100	$ 2,793,676	$ (23,424)
Interest	4,000	4,000	-	(4,000)
Total revenues	2,985,370	2,821,100	2,793,676	(27,424)
Expenditures:				
Current:				
Public services	-	-	946	(946)
Capital Outlay	2,908,160	2,908,200	582,603	2,325,597
Total expenditures	2,908,160	2,908,200	583,549	2,324,651
Excess (deficiency) of revenues over (under) expenditures	77,210	(87,100)	2,210,127	2,297,227
Net Change in Fund Balance	77,210	(87,100)	2,210,127	2,297,227
Fund Balance (Deficit) - Beginning of Year	347,345	347,345	347,345	-
Fund Balance (Deficit) - End of Year	$ 424,555	$ 260,245	$ 2,557,472	$ 2,297,227

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Subventions and grants	$ 25,000	$ 20,300	$ 24,450	$ 4,150
State contributions	-	174,000	116,225	(57,775)
Total revenues	25,000	194,300	140,675	(53,625)
Expenditures:				
Current:				
Health and welfare	-	73,000	58,638	14,362
Capital Outlay	-	6,000	-	6,000
Total expenditures	-	79,000	58,638	20,362
Excess (deficiency) of revenues over (under) expenditures	25,000	115,300	82,037	(33,263)
Net Change in Fund Balance	25,000	115,300	82,037	(33,263)
Fund Balance (Deficit) - Beginning of Year	(115,211)	(115,211)	(115,211)	-
Fund Balance (Deficit) - End of Year	$ (90,211)	$ 89	$ (33,174)	$ (33,263)

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Licenses and Permits	$ 95,370	$ 95,400	$ 107,606	$ 12,206
Special Assessments	5,495,400	5,495,400	5,562,114	66,714
Drainage fees	333,540	652,100	847,023	194,923
Interest	86,700	86,700	153,472	66,772
Net increase (decrease) in fair value of investments	-	-	(108,481)	(108,481)
Total revenues	6,011,010	6,329,600	6,561,734	232,134
Expenditures:				
Current:				
General Government	-	-	1,970	(1,970)
Public services	3,468,810	3,171,200	2,396,446	774,754
Capital Outlay	3,365,000	6,980,700	768,853	6,211,847
Debt service:				
Interfund interest	-	-	6,508	(6,508)
Total expenditures	6,833,810	10,151,900	3,173,777	6,978,123
Excess (deficiency) of revenues over (under) expenditures	(822,800)	(3,822,300)	3,387,957	7,210,257
Other Financing Sources (Uses):				
Transfers Out	(30,000)	(136,500)	(4,549,227)	(4,412,727)
Total other financing sources (uses)	(30,000)	(136,500)	(4,549,227)	(4,412,727)
Net Change in Fund Balance	(852,800)	(3,958,800)	(1,161,270)	2,797,530
Fund Balance (Deficit) - Beginning of Year	26,676,559	26,676,559	26,676,559	-
Fund Balance (Deficit) - End of Year	$ 25,823,759	$ 22,717,759	$ 25,515,289	$ 2,797,530

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Variance
Revenues				
Interest	$ -	$ -	$ 3,157	$ 3,157
Net increase (decrease) in fair value of investments	-	-	(2,059)	(2,059)
Total revenues	-	-	1,098	1,098
Expenditures				
Current:				
Public services	-	-	20,758	(20,758)
Capital Outlay	-	704,500	226,304	478,196
Debt service:				
Total expenditures	-	704,500	247,062	457,438
Excess (deficiency) of revenues over expenditures	-	(704,500)	(245,964)	437,778
Net Change in Fund Balance	-	(704,500)	(245,964)	437,778
Fund Balance (Deficit) - Beginning of Year	768,078	768,078	768,078	-
Fund Balance (Deficit) - End of Year	$ 768,078	$ 63,578	$ 522,114	$ 437,778

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ -	$ 779,100	$ -	$ (779,100)
Interest	5,000	5,000	1,690	(3,310)
Net increase (decrease) in fair value of investments	-	-	(1,211)	(1,211)
State contributions	-	9,478,800	592,560	(8,886,240)
Total revenues	5,000	10,262,900	593,039	(9,669,861)
Expenditures:				
Current:				
Public safety	136,310	176,700	128,645	48,055
Public services	-	-	63,813	(63,813)
Community development	-	779,100	-	779,100
Capital Outlay	500,000	8,652,100	641,049	8,011,051
Total expenditures	636,310	9,607,900	833,507	8,774,393
Excess (deficiency) of revenues over (under) expenditures	(631,310)	655,000	(240,468)	(895,468)
Other Financing Sources (Uses):				
Transfers In	-	139,600	-	(139,600)
Total other financing sources (uses)	-	139,600	-	(139,600)
Net Change in Fund Balance	(631,310)	794,600	(240,468)	(1,035,068)
Fund Balance (Deficit) - Beginning of Year	(139,588)	(139,588)	(139,588)	-
Fund Balance (Deficit) - End of Year	$ (770,898)	$ 655,012	$ (380,056)	$ (1,035,068)

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Taxes	$ 250,000	$ 250,000	$ 541,152	$ 291,152
Fines and forfeitures	20,200	20,200	13,648	(6,552)
Special Assessments	4,065,010	4,065,140	4,751,248	686,108
Interest	98,940	98,900	88,556	(10,344)
Net increase (decrease) in fair value of investments	-	-	(64,525)	(64,525)
Developer contributions	20,400	20,400	18,950	(1,450)
Other Revenue	-	-	300,000	300,000
Total revenues	4,454,550	4,454,640	5,649,029	1,194,389
Expenditures:				
Current:				
Public services	4,650,050	2,599,400	2,076,984	522,416
Capital Outlay	-	3,658,900	1,125	3,657,775
Debt service:				
Principal	708,020	708,000	708,004	(4)
Interest	256,740	256,700	256,735	(35)
Total expenditures	5,614,810	7,223,000	3,042,848	4,180,152
Excess (deficiency) of revenues over (under) expenditures	(1,160,260)	(2,768,360)	2,606,181	5,374,541
Other Financing Sources (Uses):				
Transfers Out	(15,000)	(40,000)	-	40,000
Total other financing sources (uses)	(15,000)	(40,000)	-	40,000
Net Change in Fund Balance	(1,175,260)	(2,808,360)	2,606,181	5,414,541
Fund Balance (Deficit) - Beginning of Year	15,407,570	15,407,570	15,407,570	-
Fund Balance (Deficit) - End of Year	$ 14,232,310	$ 12,599,210	$ 18,013,751	$ 5,414,541

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Traffic impact fees	$ 500,000	$ 700,000	$ 806,342	$ 106,342
Interest	5,000	5,000	13,926	8,926
Net increase (decrease) in fair value of investments	-	-	(10,375)	(10,375)
Total revenues	505,000	705,000	809,893	104,893
Expenditures:				
Capital Outlay	-	906,300	18,452	887,848
Total expenditures	-	906,300	18,452	887,848
Excess (deficiency) of revenues over (under) expenditures	505,000	(201,300)	791,441	992,741
Other Financing Sources (Uses):				
Transfers Out	(648,640)	(648,600)	(864,848)	(216,248)
Total other financing sources (uses)	(648,640)	(648,600)	(864,848)	(216,248)
Net Change in Fund Balance	(143,640)	(849,900)	(73,407)	776,493
Fund Balance (Deficit) - Beginning of Year	2,868,140	2,868,140	2,868,140	-
Fund Balance (Deficit) - End of Year	$ 2,724,500	$ 2,018,240	$ 2,794,733	$ 776,493

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Other Taxes	$ 358,100	$ 358,100	$ 588,249	$ 230,149
Total revenues	358,100	358,100	588,249	230,149
Expenditures				
Current:				
General Government	84,800	172,100	62,373	109,727
Total expenditures	84,800	172,100	62,373	109,727
Excess (deficiency) of revenues over expenditures	273,300	186,000	525,876	449,603
Net Change in Fund Balance	273,300	186,000	525,876	449,603
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ 273,300	$ 186,000	$ 525,876	$ 449,603

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for current services	$ 338,840	$ 338,900	$ 338,827	$ (73)
State contributions	38,810	38,800	55,854	17,054
Total revenues	377,650	377,700	394,681	16,981
Expenditures				
Current:				
Public services	239,430	237,700	244,313	(6,613)
Total expenditures	239,430	237,700	244,313	(6,613)
Excess (deficiency) of revenues over expenditures	138,220	140,000	150,368	3,755
Net Change in Fund Balance	138,220	140,000	150,368	3,755
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ 138,220	$ 140,000	$ 150,368	$ 3,755

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Revenue	$ 132,970	$ 132,970	$ 132,960	$ (10)
Total revenues	132,970	132,970	132,960	(10)
Expenditures:				
Current:				
Health and welfare	103,670	103,670	103,665	5
Capital Outlay	19,450	19,450	19,450	-
Total expenditures	123,120	123,120	123,115	5
Excess (deficiency) of revenues over (under) expenditures	9,850	9,850	9,845	(5)
Net Change in Fund Balance	9,850	9,850	9,845	(5)
Fund Balance (Deficit) - Beginning of Year	237,880	237,880	237,880	-
Fund Balance (Deficit) - End of Year	$ 247,730	$ 247,730	$ 247,725	$ (5)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 1,440,000	$ 137,000	$ 628,724	$ 491,724
Total revenues	1,440,000	137,000	628,724	491,724
Expenditures:				
Current:				
Cultural and recreational	1,432,030	1,333,600	1,162,002	171,598
Capital Outlay	-	626,000	-	626,000
Total expenditures	1,432,030	1,959,600	1,162,002	797,598
Excess (deficiency) of revenues over (under) expenditures	7,970	(1,822,600)	(533,278)	1,289,322
Other Financing Sources (Uses):				
Transfers In	1,000,000	4,000,000	4,000,000	-
Total other financing sources (uses)	1,000,000	4,000,000	4,000,000	-
Net Change in Fund Balance	1,007,970	2,177,400	3,466,722	1,289,322
Fund Balance (Deficit) - Beginning of Year	(296,743)	(296,743)	(296,743)	-
Fund Balance (Deficit) - End of Year	$ 711,227	$ 1,880,657	$ 3,169,979	$ 1,289,322

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Sales Taxes	$ -	$ 3,000,000	$ 5,188,745	$ 2,188,745
Total revenues	-	3,000,000	5,188,745	2,188,745
Expenditures				
Current:				
General Government	-	300,000	148,808	151,192
Capital Outlay	-	2,615,000	3,636	2,611,364
Total expenditures	-	2,915,000	152,444	2,762,556
Excess (deficiency) of revenues over expenditures	-	85,000	5,036,301	5,102,493
Net Change in Fund Balance	-	85,000	5,036,301	5,102,493
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ -	$ 85,000	$ 5,036,301	$ 5,102,493

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Expenditures:				
Current:				
Cultural and recreational	$ -	$ 5,000	$ -	$ 5,000
Capital Outlay	-	30,000	-	30,000
Total expenditures	-	35,000	-	35,000
Excess (deficiency) of revenues over (under) expenditures	-	(35,000)	-	35,000
Other Financing Sources (Uses)				
Transfers In	-	1,000,000	1,000,000	-
Transfers Out	-	(25,500)	-	25,500
Total other financing sources (uses)	-	974,500	1,000,000	25,500
Net Change in Fund Balance	-	939,500	1,000,000	60,500
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ -	$ 939,500	$ 1,000,000	$ 60,500

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 19,330	$ 19,400	$ 16,941	$ (2,459)
Net increase (decrease) in fair value of investments	-	-	(4,002)	(4,002)
Total revenues	19,330	19,400	12,939	(6,461)
Expenditures:				
General Government	-	-	(1)	1
Debt service:				
Principal	525,000	525,000	525,000	-
Interest	964,950	965,000	964,965	35
Total expenditures	1,489,950	1,490,000	1,489,964	36
Excess (deficiency) of revenues over (under) expenditures	(1,470,620)	(1,470,600)	(1,477,025)	(6,425)
Other Financing Sources (Uses):				
Transfers In	1,489,950	1,490,000	16,402,414	14,912,414
Transfers Out	-	-	(1,500,584)	(1,500,584)
Payment to Refunding Bond Escrow Agent	-	-	(14,943,599)	(14,943,599)
Total other financing sources (uses)	1,489,950	1,490,000	(41,769)	(1,531,769)
Net Change in Fund Balance	19,330	19,400	(1,518,794)	(1,538,194)
Fund Balance (Deficit) - Beginning of Year	2,599,666	2,599,666	2,599,666	-
Fund Balance (Deficit) - End of Year	$ 2,618,996	$ 2,619,066	$ 1,080,872	$ (1,538,194)

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 150	$ 200	$ 5	$ (195)
Total revenues	150	200	5	(195)
Expenditures:				
Debt service:				
Principal	1,665,000	1,665,000	1,665,000	-
Interest	775,340	775,400	775,336	64
Cost of Issuance	-	-	141,893	(141,893)
Total expenditures	2,440,340	2,440,400	2,582,229	(141,829)
Excess (deficiency) of revenues over (under) expenditures	(2,440,190)	(2,440,200)	(2,582,224)	(142,024)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	-	-	13,584,908	13,584,908
Transfers In	2,440,340	2,492,700	3,940,876	1,448,176
Transfers Out	-	-	(14,943,599)	(14,943,599)
Total other financing sources (uses)	2,440,340	2,492,700	2,582,185	89,485
Net Change in Fund Balance	150	52,500	(39)	(52,539)
Fund Balance (Deficit) - Beginning of Year	39	39	39	-
Fund Balance (Deficit) - End of Year	$ 189	$ 52,539	$ -	$ (52,539)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Interest	$ 781,760	$ 781,800	$ 383	$ (781,417)
Net increase (decrease) in fair value of investments	-	-	(60)	(60)
Total revenues	781,760	781,800	323	(781,477)
Expenditures:				
General Government	-	-	2	(2)
Capital Outlay	536,000	536,000	34,044	501,956
Total expenditures	536,000	536,000	34,046	501,954
Excess (deficiency) of revenues over (under) expenditures	245,760	245,800	(33,723)	(279,523)
Net Change in Fund Balance	245,760	245,800	(33,723)	(279,523)
Fund Balance (Deficit) - Beginning of Year	3,351,614	3,351,614	3,351,614	-
Fund Balance (Deficit) - End of Year	$ 3,597,374	$ 3,597,414	$ 3,317,891	$ (279,523)

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	Information Technology	Fleet Maintenance	Total Internal Service Funds
Assets			
Current Assets			
Investments	$ 3,638,315	$ 2,345,247	$ 5,983,562
Receivables	-	16,955	16,955
Total current assets	3,638,315	2,362,202	6,000,517
Capital Assets			
Depreciable capital assets			
Vehicles	-	8,267,919	8,267,919
Equipment	5,509,107	-	5,509,107
Less accumulated depreciation	(5,237,060)	(4,972,821)	(10,209,881)
Capital assets, net	272,047	3,295,098	3,567,145
Total assets	$ 3,910,362	$ 5,657,300	$ 9,567,662
Liabilities			
Accounts payable	$ 141,005	$ 65,799	$ 206,804
Total liabilities	141,005	65,799	206,804
Net Position			
Net Investment in capital assets	272,047	3,295,098	3,567,145
Unrestricted (Deficit)	3,497,310	2,296,403	5,793,713
Total net position	3,769,357	5,591,501	9,360,858
Total net position and liabilities	$ 3,910,362	$ 5,657,300	$ 9,567,662

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Operating Revenues:			
Charges for current services	$ 1,971,900	$ 965,440	$ 2,937,340
Other Revenue	-	46,405	46,405
Total operating revenues	1,971,900	1,011,845	2,983,745
Operating Expenses:			
Salaries, Wages and Benefits	875,956	391,480	1,267,436
Material and Supplies	134,132	392,550	526,682
Utilities	9,490	240	9,730
Administrative	-	118,450	118,450
Depreciation and amortization	181,476	537,908	719,384
Repairs and Maintenance	792,777	174,942	967,719
Other Expenditures	-	2,100	2,100
Total operating expenses	1,993,831	1,617,670	3,611,501
Operating income (loss)	(21,931)	(605,825)	(627,756)
Nonoperating Revenues (Expenses)			
Investment and interest income	7,695	-	7,695
Net realized and unrealized gains (losses)	(10,369)	-	(10,369)
Prior period adjustment	(2,674)	-	(2,674)
Income (loss) before operating transfers	(24,605)	(605,825)	(630,430)
Transfers In	3,500,000	3,065,097	6,565,097
Change in Net Position	3,475,395	2,459,272	5,934,667
Net Position (Deficit) - Beginning of Year	-	-	-
Prior period adjustment	293,962	3,132,229	3,426,191
Net Position (Deficit) - Beginning of Year, Restated	293,962	3,132,229	3,426,191
Net Position (Deficit) - End of Year	$ 3,769,357	$ 5,591,501	$ 9,360,858

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Cash from Operating Activities:			
Cash received from interfund services provided	$ 1,971,900	$ 948,485	$ 2,920,385
Cash paid to employees for services	(875,955)	(391,482)	(1,267,437)
Cash paid to suppliers for goods and services	(795,395)	(622,480)	(1,417,875)
Cash (paid)/received for other services	-	46,405	46,405
Net cash provided (used) by operating activities	300,550	(19,072)	281,478
Cash from Noncapital Financing Activities:			
Transfers from other funds	3,500,000	3,065,097	6,565,097
Net cash provided (used) by noncapital financing activities	3,500,000	3,065,097	6,565,097
Cash from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(159,561)	(700,778)	(860,339)
Net cash provided (used) by capital and related financing activities	(159,561)	(700,778)	(860,339)
Cash from Investing Activities:			
Gain/(Loss) on investments	(10,369)	-	(10,369)
Investment income	7,695	-	7,695
Purchase of investments	(3,638,315)	(2,345,247)	(5,983,562)
Net cash provided (used) by investing activities	(3,640,989)	(2,345,247)	(5,986,236)
Total Cash Flow increase/(decrease)	-	-	-
Beginning Cash and Cash Equivalents	-	-	-
Ending Cash and Cash Equivalents	-	-	-
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Net income/loss from operating activities	(21,931)	(605,826)	(627,757)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation exp	181,476	537,908	719,384
Changes in assets and liabilities:			
Change in accounts receivable	-	(16,955)	(16,955)
Change in accounts payable	141,006	65,800	206,806
Net cash provided (used) by operating activities:	$ 300,551	$ (19,073)	$ 281,478

Assessment and Community Facilities District Fund - This fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds which are administered by, but are not the liability of, the City.

Retiree Health Premium Trust Funds - These funds are used to account for the receipt of City funds held in trust to provide Eligible Retirees with a supplement to reduce their premiums for participating in the City's Health Plan.

	AD 88-1 Redevelopment	CFD 99-1 Redevelopment	AD 90-2 Redevelopment	AD 87-1 Redevelopment	Anaverde	Trade and Commerce
Assets:						
Cash and Cash Equivalents	$ 2,000	$ -	$ -	$ -	$ -	$ -
Receivables						
Property tax receivable	-	-	-	-	20,741	1,076
Due from other governmental units	-	-	-	-	-	-
Restricted assets:						
Cash and investments	401,950	3	200,870	151,764	1,896,945	1,606,310
Interest receivable	389	-	192	146	2	263
Total assets	$ 404,339	$ 3	$ 201,062	$ 151,910	$ 1,917,688	$ 1,607,649
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ 6,825	$ -
Advances due to general fund	-	-	-	-	-	-
Advances due to City of Palmdale	269,908	-	313,951	-	-	-
Due to fiduciary funds	-	-	-	-	-	1,750
Deposits	57,580	-	7,210	19,917	-	-
Total liabilities	327,488	-	321,161	19,917	6,825	1,750
Net Position						
Restricted						
Held on behalf of others	76,851	3	(120,099)	131,993	1,910,863	1,605,899
Total net position	$ 76,851	$ 3	$ (120,099)	$ 131,993	$ 1,910,863	$ 1,605,899

Sierra Gateway	AD 91-2 Redevelopment	Ritter Ranch	Godde Hills	Joshua Ranch	Total
$ -	$ -	$ -	$ -	$ -	$ 2,000
-	-	-	2,377	27,891	52,085
1,565	-	-	-	-	1,565
34,085	23,564	276,484	304,771	2,278,682	7,175,428
33	22	266	-	2,192	3,505
$ 35,683	$ 23,586	$ 276,750	$ 307,148	$ 2,308,765	$ 7,234,583
$ -	$ -	$ -	$ -	$ 465,756	$ 472,581
74,071	-	-	-	-	74,071
-	-	-	-	-	583,859
-	-	-	-	-	1,750
-	-	-	-	-	84,707
74,071	-	-	-	465,756	1,216,968
(38,388)	23,586	276,750	307,148	1,843,009	6,017,615
$ (38,388)	$ 23,586	$ 276,750	$ 307,148	$ 1,843,009	$ 6,017,615

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Assets :			
Cash and Cash Equivalents	$ 14,829	$ 1,947,193	$ 1,962,022
Investments:			
Mutual funds	1,359,123	2,309,999	3,669,122
Noncurrent Assets			
Intergovernmental Receivable	-	17,278	17,278
Total noncurrent assets	-	17,278	17,278
Total assets	$ 1,373,952	$ 4,274,470	$ 5,648,422
Liabilities:			
Accounts payable	$ 433,684	$ -	$ 433,684
Due in more than one year			
Interfund promissory note	17,278	-	17,278
Total due in more than one year	17,278	-	17,278
Total liabilities	450,962	-	450,962
Net Position:			
Other Postemployment Benefits	922,990	4,274,470	5,197,460
Total net position	$ 922,990	$ 4,274,470	$ 5,197,460

	AD 88-1 Redevelopment	CFD 99-1 Redevelopment	AD 90-2 Redevelopment	AD 87-1 Redevelopment	Anaverde	Trade and Commerce
Additions						
Property taxes	$ -	$ -	$ -	$ -	$ 1,547,999	$ 1,198,159
Investment and interest income	2,192	-	1,089	833	2,227	2,370
Net realized and unrealized gains (losses)	(1,497)	-	(745)	(563)	(984)	(1,438)
Total additions	695	-	344	270	1,549,242	1,199,091
Deductions:						
Administrative expense	-	-	-	-	95,565	262,431
Interest expense	-	-	-	-	1,368,125	1,034,744
Payments to refunding bond escrow agent	-	-	-	-	-	266,024
Total deductions	-	-	-	-	1,463,690	1,563,199
Change in Net Position	-	-	-	-	(1,463,690)	(2,762,290)
Net Position (Deficit) at Beginning of Year	-	-	-	-	-	-
Prior period adjustment	76,156	3	(120,443)	131,723	1,825,311	1,970,007
Net Position (Deficit) at Beginning of Year as Restated	76,156	3	(120,443)	131,723	1,825,311	1,970,007
Net Position (Deficit) at End of Year	$ 76,851	$ 3	$ (120,099)	$ 131,993	$ 1,910,863	$ 1,605,899

Sierra Gateway	AD 91-2 Redevelopment	Ritter Ranch	Godde Hills	Joshua Ranch	Total
$ -	$ -	$ -	$ 197,953	$ 788,941	$ 3,733,052
215	128	1,524	370	10,635	21,583
(137)	(87)	(1,035)	(189)	(7,921)	(14,596)
78	41	489	198,134	791,655	3,740,039
14,933	1	26,526	29,720	519,984	949,160
-	-	-	122,580	-	2,525,449
-	-	-	-	-	266,024
14,933	1	26,526	152,300	519,984	3,740,633
(15,011)	(42)	(27,015)	(350,434)	(1,311,639)	(5,930,121)
-	-	-	-	-	-
(23,533)	23,546	302,787	261,314	1,571,338	6,018,209
(23,533)	23,546	302,787	261,314	1,571,338	6,018,209
$ (38,388)	$ 23,586	$ 276,750	$ 307,148	$ 1,843,009	$ 6,017,615

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Additions:			
Employer contributions to retiree medical trust	$ -	$ 128,500	$ 128,500
Investment and interest income	39,224	71,073	110,297
Net realized and unrealized gains (losses)	241,998	306,812	548,810
Total additions	281,222	506,385	787,607
Deductions:			
Benefits paid to participants and expenses	397,967	225,658	623,625
Total deductions	397,967	225,658	623,625
Change in net position	(116,745)	280,727	163,982
Net Position Held in Trust at Beginning of Year	1,039,735	3,993,743	5,033,478
Net Position Held in Trust at End of Year	$ 922,990	$ 4,274,470	$ 5,197,460

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Statistical Section

Palmdale, California

Year Ended June 30, 2021

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This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	166
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	171
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	179
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	182

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

	Governmental Activities			Total Governmental Activities Net Position
	Net Investments in Capital Assets	Restricted	Unrestricted	
2012	$ 687,877,989	$ 138,272,965	$ 25,291,390	$ 851,442,344
2013	648,717,242	171,783,181	17,175,066	837,675,489
2014	655,895,266	179,662,667	20,804,395	856,362,328
2015	651,915,581	160,152,582	20,470,245	832,538,408
2016	662,351,171	144,651,291	30,980,820	837,983,282
2017	659,365,081	149,318,498	36,278,228	844,961,807
2018	643,077,802	158,892,011	43,372,746	845,342,559
2019	644,332,182	168,327,294	38,660,581	851,320,057
2020	649,681,476	172,484,623	44,530,808	866,696,907
2021	635,725,018	206,139,337	39,155,744	881,020,099

Source: The information is derived from the Comprehensive Annual Financial Reports for the relevant year.

The City Palmdale implemented GASB 63 for the fiscal year ended June 30, 2013. Net Investment in Capital Assets was reported as Invested in Capital Assets, Net of Related Debt and Net Position was reported as Net Assets prior to that.

Note 1: The City of Palmdale does not have any business-type activities to report

City of Palmdale
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
General government	$ 16,855,129	$ 17,227,290	$ 24,150,674	$ 17,167,502
Public safety	21,761,897	22,873,718	22,973,910	23,763,312
Public services	48,181,827	49,082,866	47,723,268	51,743,421
Community development	22,039,137	6,480,832	5,418,368	5,852,056
Cultural and recreational	10,809,922	9,732,400	10,863,071	9,878,585
Health and welfare	-	1,402,424	-	-
Interest on long-term debt	9,253,632	5,624,571	5,152,837	4,953,848
Total governmental activities expenses	$ 128,901,544	$ 112,424,101	$ 116,282,128	$ 113,358,724
Program Revenues				
Governmental Activities				
Charges for services:				
General Government	5,665,531	8,912,099	8,451,711	5,272,710
Public safety	2,286,012	2,394,095	2,462,495	2,411,614
Public services	13,835,689	13,044,551	13,521,227	16,223,970
Community development	4,535,231	5,227,628	5,173,147	4,798,108
Cultural and recreational	4,581,581	4,628,582	4,820,809	5,157,093
Health and welfare	274,643	245,701	275,289	198,531
Operating Grants and Contributions	8,932,066	9,142,066	12,637,721	14,681,296
Capital Grants and Contributions	23,057,899	19,661,447	35,822,039	38,039,564
Total primary governmental activities program revenues	63,168,652	63,256,169	83,164,438	86,782,886
Net Revenues (Expenses)	(65,732,892)	(49,167,932)	(33,117,690)	(26,575,838)
Governmental Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Tax increment (note 1)	16,474,950	-	-	-
Property taxes	4,553,208	4,831,816	5,269,406	6,098,318
Sales and use taxes	15,177,845	15,649,190	16,396,713	17,084,411
Motor vehicle in lieu	10,391,440	10,400,447	10,651,753	11,484,571
Franchise taxes	4,445,066	4,556,419	5,847,596	5,526,119
Transient occupancy taxes	2,788,736	2,907,995	2,824,182	3,089,802
Business license taxes	480,470	468,830	515,815	551,202
Land sale proceeds	-	-	-	-
Unrestricted investment earnings	280,195	(136,096)	391,725	260,322
Other	233,760	270,275	274,312	288,740
Extraordinary item-dissolution of RDA (note 1)	125,544,368	(3,547,799)	10,346,241	-
Total governmental activities	180,370,038	35,401,077	52,517,743	44,383,485
Special Item - Write off of Permit Held for Sale	-	-	-	-
Change in Net Position	$ 114,637,146	$ (13,766,855)	$ 19,400,053	$ 17,807,647

Note 1: Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity. All assets and liabilities of the former Redevelopment Agency of the City of Palmdale was transferred to a Private Purpose Trust Fund to be held until they are distributed to other units of the state and local government. All Tax Increment is reported under a fiduciary Fund statements (Private Purpose Trust Fund). The FY2011-12 extraordinary gain recognized on the Government Wide statements is the net assets and liabilities transferred to the Fiduciary Fund at February 1, 2012. For FY2012-13, the extraordinary loss recognized are assets returned to the Private Purpose Trust Fund as the result of California's Department of Finance review and determination of transfers made prior to the dissolution of the former RDA.

Note 2: The Motor Vehicle in Lieu Taxes include property tax in lieu of VLF revenues

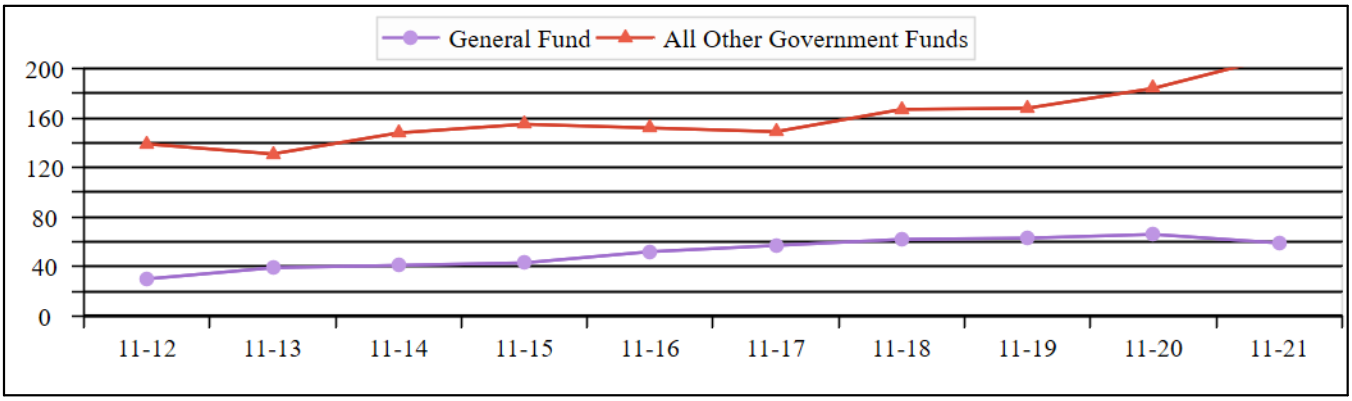
Source: The information is derived from the Comprehensive Annual Financial Reports for the relevant year.

2016	2017	2018	2019	2020	2021
$ 14,771,775	$ 15,162,734	$ 16,416,215	$ 18,136,297	$ 19,602,733	$ 23,661,402
24,453,097	26,436,495	28,284,134	29,586,144	31,440,137	34,120,577
53,165,326	51,989,170	55,006,590	59,682,264	60,561,501	64,363,055
7,900,847	8,715,698	7,584,015	8,645,117	8,673,102	10,337,092
9,704,499	10,405,253	11,463,299	12,060,182	12,643,328	8,681,441
-	-	-	-	1,287,612	1,136,316
6,116,645	3,948,940	3,327,586	3,237,967	2,955,972	2,966,821
$ 116,112,189	$ 116,658,290	$ 122,081,839	$ 131,347,971	$ 137,164,385	$ 145,266,704
5,967,654	6,095,516	6,716,003	6,933,948	10,430,987	8,697,930
3,478,453	3,188,196	2,687,364	2,667,432	3,658,425	3,352,082
16,469,772	16,853,232	17,545,979	17,712,240	18,427,062	23,981,954
6,541,258	6,674,317	6,775,750	7,486,493	7,588,544	8,177,023
5,226,101	5,320,091	5,255,553	5,262,707	3,643,056	5,885,950
344,932	354,054	311,587	322,559	289,499	220,105
9,206,823	9,058,728	8,540,307	13,858,198	9,552,177	3,828,357
29,098,236	30,874,206	23,778,358	38,211,672	40,280,273	34,148,793
76,333,229	78,418,340	71,610,901	92,455,249	93,870,023	88,292,194
(39,778,960)	(38,239,950)	(50,470,938)	(38,892,722)	(43,294,362)	(56,974,510)
-	-	-	-	-	-
6,154,152	7,026,181	7,689,753	9,298,991	10,058,703	9,962,884
19,186,043	18,577,244	19,267,083	21,798,640	21,587,441	30,305,927
12,523,079	13,062,518	13,925,859	14,171,324	15,024,455	16,133,114
5,562,090	5,352,221	5,463,623	6,225,233	5,458,426	7,441,119
3,278,724	3,716,154	4,028,350	4,653,290	3,697,656	4,667,137
569,381	589,805	628,303	628,479	666,997	468,666
-	-	133,981	-	-	-
537,396	(71,826)	519,275	2,365,811	1,504,089	401,101
412,936	592,876	594,975	569,791	673,444	1,267,638
-	-	-	-	-	-
48,223,801	48,845,173	52,251,202	59,711,559	58,671,211	70,647,586
-	-	-	(10,158,182)	-	-
$ 8,444,841	$ 10,605,223	$ 1,780,264	$ 10,660,655	$ 15,376,849	$ 13,673,076

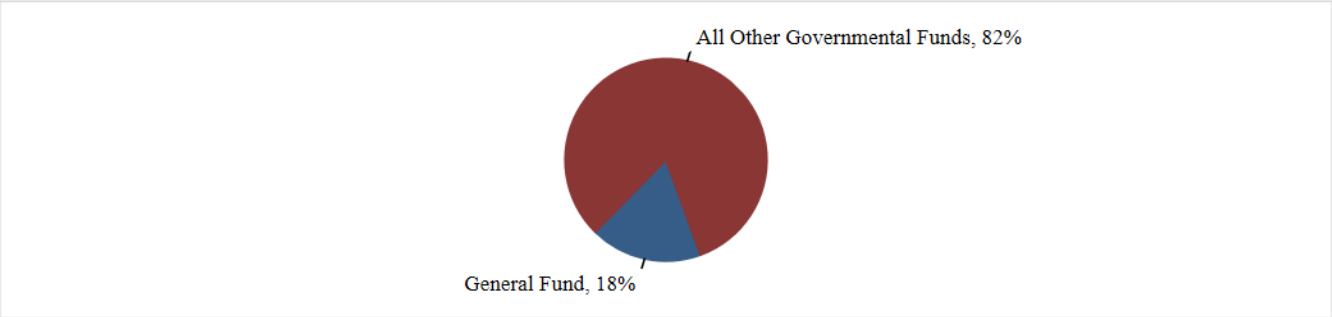
	2012	2013	2014	2015
General Fund				
Nonspendable	$ 4,685,548	$ 10,574,731	$ 10,491,577	$ 10,884,095
Restricted	2,917,536	4,135,688	3,053,154	3,004,896
Assigned	5,639,221	5,432,558	5,717,857	11,946,745
Unassigned	16,415,346	18,391,993	21,637,632	17,200,108
Total general fund	$ 29,657,651	$ 38,534,970	$ 40,900,220	$ 43,035,844
All Other Governmental Funds				
Restricted	142,828,907	147,398,476	163,742,301	169,737,885
Assigned	13,643,822	-	-	-
Unassigned	(17,187,366)	(16,444,270)	(15,388,578)	(14,667,579)
Total all other governmental funds	139,285,363	130,954,206	148,353,723	155,070,306
Total governmental funds	$ 168,943,014	$ 169,489,176	$ 189,253,943	$ 198,106,150

The information is derived from the Comprehensive Annual Financial Reports for the relevant year.

FY2011 is the first year that the City implemented GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The City chose not to restate the prior year information.



FUND BALANCES
Fiscal Year Ended June 30, 2021



2016	2017	2018	2019	2020	2021
$ 11,433,344	$ 10,889,726	$ 11,072,269	$ 876,958	$ 470,243	$ 2,390,368
3,363,298	3,433,942	3,507,069	4,414,580	2,580,329	2,923,365
7,816,109	10,808,898	11,838,025	14,021,843	15,564,685	21,456,286
29,139,751	31,648,004	35,914,833	43,846,622	47,795,298	31,731,246
$ 51,752,502	$ 56,780,570	$ 62,332,196	$ 63,160,003	$ 66,410,555	$ 58,501,265
165,219,475	164,464,462	179,943,144	184,867,493	194,970,111	215,685,053
-	-	-	-	-	-
(13,624,754)	(15,208,273)	(13,373,212)	(16,523,119)	(11,305,691)	(5,848,882)
151,594,721	149,256,189	166,569,932	168,344,374	183,664,420	209,836,171
$ 203,347,223	$ 206,036,759	$ 228,902,128	$ 231,504,377	$ 250,074,975	$ 268,337,436

City of Palmdale
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting

	2012	2013	2014	2015
Revenues:				
Taxes (see page 188)	$ 58,488,094	$ 42,329,440	$ 46,089,020	$ 48,122,305
Subventions and grants	18,185,576	15,156,355	18,645,952	21,563,749
Fees and charges	13,776,125	17,248,834	22,906,797	14,528,075
Licenses and Permits	1,574,855	1,513,526	1,652,670	1,802,758
Special Assessments	13,998,835	14,179,059	14,402,577	17,269,746
Interfund interest	570,935	661,662	636,401	606,114
Interest	750,011	601,227	683,854	830,588
Successor agency contributions	-	3,553,656	3,389,127	5,758,733
Capital contributions	328,515	443,774	315,299	11,358,487
	69,767	(736,165)	480,776	21,262
Other	3,825,141	3,556,653	4,227,192	3,939,117
Total revenues	111,567,854	98,508,021	113,429,665	125,800,934
Expenditures:				
Current:				
General Government	16,049,708	16,049,207	19,285,105	19,755,437
Public safety	21,638,652	22,692,501	22,926,361	23,904,831
Public services	17,241,488	16,929,292	17,238,982	21,215,460
Community development	13,705,233	5,962,701	4,874,350	5,119,951
Cultural and recreational	9,484,918	8,899,259	9,963,444	9,121,236
Health and welfare	1,853,032	1,388,304	2,824,602	2,178,496
Intergovernmental - tax sharing	8,289,166	-	-	-
Capital Outlay	13,489,752	12,456,560	10,777,668	25,664,366
Debt service:				
Principal	7,080,489	13,623,679	4,453,442	30,144,672
Interfund interest	570,935	661,662	636,401	606,114
Interest	8,431,895	5,506,918	5,139,543	4,950,664
Cost of issuance	-	320,404	-	207,500
Total expenditures	117,835,268	104,490,487	98,119,898	142,868,727
Excess (deficiency) of revenue over (under) expenditures	(6,267,414)	(5,982,466)	15,309,767	(17,067,793)
Other Financing Sources (Uses):				
Capital lease proceeds	-	1,345,884	-	-
Gain (loss) on resale land	-	-	-	-
Issuance of notes	-	-	-	-
Issuance of bonds	-	8,695,000	-	25,920,000
Payments to refunded bond escrow	-	-	-	-
Debt issuance premiums (discounts)	-	35,543	-	-
Transfers in	16,092,930	25,593,919	11,001,936	34,083,575
Transfers out	(16,092,930)	(25,593,919)	(11,001,936)	(34,083,575)
Total other financing sources (uses)	-	10,076,427	-	25,920,000
Special Item:				
Write-off of permit held for sale	-	-	-	-
Extraordinary Items:				
Extraordinary gain (loss) upon dissolution of the redevelopment agency	4,278,664.00	(3,547,799.00)	-	-
Net Change in Fund Balances	$ (1,988,750)	$ 546,162	$ 15,309,767	$ 8,852,207
Debt services as a percentage of non-capital expenditures	15.56 %	21.65 %	15.07 %	31.17 %

Source: City of Palmdale, Finance Department and Audited Annual Financial Reports

1. Transfers In excludes $6,565,097 of Interservice Funds Capital Assets that were transferred in 2021 (Proprietary Funds) and are not Governmental funds.

2016	2017	2018	2019	2020	2021[1]
$ 50,600,450	$ 51,283,788	$ 54,229,982	$ 59,912,769	$ 59,928,123	$ 73,442,350
25,690,529	26,057,852	28,470,216	31,759,025	41,727,112	28,048,936
18,823,349	18,711,910	18,692,915	14,995,901	22,247,921	23,850,691
2,539,507	2,667,827	2,180,693	1,998,982	3,528,336	3,385,142
17,227,611	17,579,851	18,204,324	18,569,358	18,397,067	13,943,128
577,052	543,708	516,103	481,194	882,858	440,665
1,342,135	1,695,340	2,260,381	3,487,106	3,528,323	1,203,208
17,265,417	41,258	35,953	35,925	-	-
463,304	153,796	126,153	161,608	5,898,413	3,506,182
320,522	(1,648,795)	(941,708)	2,401,196	1,317,573	(483,057)
4,218,962	4,483,380	3,925,523	9,361,216	3,657,594	3,728,242
139,068,838	121,569,915	127,700,535	143,164,280	161,113,320	151,065,487
14,681,150	15,276,501	15,629,948	16,266,972	20,039,498	17,797,687
24,785,404	26,793,853	28,107,228	29,083,581	30,684,148	33,615,289
22,095,709	20,952,691	20,980,917	22,432,301	23,487,783	28,455,439
7,242,971	7,229,495	6,566,458	7,324,760	7,192,095	9,388,083
9,206,904	9,736,509	10,086,436	10,783,255	11,246,819	7,369,676
3,031,167	3,650,042	1,872,018	1,774,890	1,209,687	1,088,504
-	-	-	-	-	-
28,470,675	26,733,173	25,935,646	37,329,350	38,890,472	24,579,551
5,433,042	3,391,747	3,425,667	3,587,279	5,744,341	4,764,954
577,052	543,708	516,103	481,194	882,858	3,052,447
4,627,754	3,663,254	3,348,492	3,416,038	3,245,817	706,665
361,287	383,662	157,280	-	-	-
120,513,115	118,354,635	116,626,193	132,479,620	142,623,518	130,818,295
18,555,723	3,215,280	11,074,342	10,684,660	18,489,802	20,247,192
1,234,862	-	14,161	-	-	-
-	-	377,481	91,753	80,796	-
-	-	-	1,252,500	-	-
4,235,000	17,475,000	11,397,102	-	-	-
(18,784,512)	(19,420,000)	-	-	-	-
-	1,419,256	-	-	-	-
8,824,216	29,471,537	8,153,168	9,104,075	7,644,581	-
(8,824,216)	(29,471,537)	(8,153,168)	(9,104,075)	(7,644,581)	42,407,576
(13,314,650)	(525,744)	11,788,744	1,344,253	80,796	42,407,576
-	-	-	(10,158,182.00)	-	-
-	-	-	-	-	-
$ 5,241,073	$ 2,689,536	$ 22,863,086	$ 1,870,731	$ 18,570,598	$ 62,654,768
12.75 %	9.36 %	12.07 %	7.60 %	8.52 %	- %

City of Palmdale
General Governmental Tax Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Property and Tax Increment Revenue[a]	Sales and Use Taxes	Business License Tax	Franchise Tax	Gasoline Tax	Transient Occupancy Tax[b]	Real Property Transfer Tax	Total
2011-12	$ 31,041,261	$ 15,177,845	$ 480,470	$ 4,445,066	$ 4,252,237	$ 2,788,736	$ 302,479	$ 58,488,094
2012-13	14,791,598	15,649,190	468,830	4,556,419	3,593,343	2,907,995	362,065	42,329,440
2013-14	15,478,125	16,396,713	515,815	5,847,596	4,649,226	2,824,182	377,364	46,089,021
2014-15	17,152,560	17,084,411	551,202	5,526,119	4,351,675	3,089,802	366,535	48,122,304
2015-16	18,118,214	19,186,043	569,381	5,562,090	3,392,713	3,278,724	493,284	50,600,449
2016-17	19,514,208	18,577,244	589,805	5,352,221	3,031,375	3,716,154	502,781	51,283,788
2017-18	20,983,338	19,267,083	628,303	5,463,623	3,310,498	4,028,350	548,787	54,229,982
2018-19	22,953,195	21,798,640	628,479	6,225,233	3,213,087	4,653,290	440,845	59,912,769
2019-20	24,442,179	21,587,441	666,997	5,458,426	3,559,379	3,697,656	516,045	59,928,123
2020-21	25,981,042	30,305,927	468,666	7,441,119	3,566,382	4,667,137	650,123	73,080,396

[a] The City's property and tax increment revenue has increased over the last ten years due to the increases in the City's population and housing boom However, the City has a significant decrease in 2012-13 as the result of the dissolution of all California Redevelopment Agencies during 2011-12. The Tax Increment previously reported under the City of Palmdale's Redevelopment Agency, a component unit of the City of Palmdale, is now reported under a Private Purpose Trust Fund effective February 1, 2012.

Source: City of Palmdale, Finance Department

Fiscal Year	Secured Property							
	Residential Property	Commercial Property	Industrial Property	Dry Farm Property	Governmental Property	Institutional Property	Irrigated Property	Miscellaneous Property
2011-12	$ 6,253,123,516	$ 1,247,918,809	$ 499,582,507	$ 2,953	$ 127,500	$ 141,963,630	$ 2,062,267	$ 956,897
2012-13	6,090,761,455	1,272,332,319	503,277,273	3,011	127,500	143,862,691	2,102,483	2,844,875
2013-14	6,272,332,777	1,297,491,324	470,738,935	3,070	273,000	218,014,208	2,143,503	3,254,005
2014-15	7,077,476,628	1,327,043,593	371,182,157	3,083	292,000	222,889,982	2,152,995	5,245,552
2015-16	7,635,291,990	1,365,232,525	511,346,775	3,144	452,000	225,436,801	2,386,169	3,365,234
2016-17	8,037,144,588	1,420,981,536	538,952,556	3,191	-	243,902,415	2,422,533	5,191,041
2017-18	8,533,219,339	1,469,739,955	591,126,895	3,254	-	255,229,741	2,470,953	5,416,084
2018-19	9,092,073,933	1,539,003,968	637,402,588	1,311,427	-	264,757,053	2,520,345	6,346,928
2019-20	9,604,501,555	1,615,682,922	461,649,492	1,337,654	-	280,936,547	2,973,968	9,002,895
2020-21	10,110,405,114	1,748,162,062	467,272,879	1,364,404	-	332,597,730	3,033,418	9,255,140

Fiscal Year	Secured Property									Total Direct Tax Rate
	Recreational Property	Vacant Land Property	Cross Reference Property	Exempt Property	Unknown Property	Total Secured	SBE Nonunitary Property	Unsecured Property	Total Taxable Assessed Value	
2011-12	$ 29,731,246	$ 584,249,065	$ 148,423,521	$ (83,267,879)	6,000	$ 8,824,880,032	$ 963,200	$ 273,267,652	$ 9,099,110,884	0.46508 %
2012-13	30,041,270	548,640,377	160,682,096	(79,247,893)	6,000	8,675,433,457	963,200	373,414,517	9,049,811,174	0.46508 %
2013-14	30,562,607	549,530,339	157,243,314	(78,516,112)	6,000	8,923,076,970	963,200	354,680,993	9,278,721,163	0.07637 %
2014-15	30,665,697	558,074,395	174,080,817	(78,416,749)	6,000	9,690,696,150	963,200	362,362,996	10,054,022,346	0.07933 %
2015-16	31,833,238	577,190,707	200,289,742	(75,198,398)	6,000	10,477,635,927	963,200	415,364,218	10,893,963,345	0.07867 %
2016-17	32,269,300	605,292,964	176,381,014	(75,989,372)	6,000	10,986,557,766	963,200	392,307,216	11,379,828,182	0.07878 %
2017-18	35,235,135	652,028,634	201,337,611	(68,143,060)	6,000	11,677,670,541	836,266	448,141,048	12,126,647,855	0.07858 %
2018-19	40,385,529	649,821,664	196,505,558	(67,773,322)	6,000	12,362,361,671	836,266	499,037,306	12,862,235,243	0.07875 %
2019-20	40,807,956	646,784,750	261,764,983	(76,302,878)	6,000	12,849,145,844	836,266	741,701,115	13,591,683,225	0.07893 %
2020-21	53,368,986	690,821,809	262,686,124	(75,151,870)	-	$ 13,603,815,796	836,266	1,014,356,469	$ 14,619,008,531	0.07824 %

Note 1: Exempt values are not included in total taxable assessed value

Note 2: In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: L.A County Assessor 2010/11 - 2019/20 Combined Tax Rolls

City of Palmdale
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per $100 of Taxable Value)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Basic Levy[1]	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %
Acton-Agua Dulce USD DS 2008 Series A	0.03523 %	0.03390 %	0.03271 %	0.03386 %	0.03538 %	0.03886 %	0.03652 %	0.03875 %	0.04022 %	0.03906 %
Antelope Valley Community College	0.02599 %	0.02949 %	0.02740 %	0.02480 %	0.02556 %	0.02560 %	0.04869 %	0.04847 %	0.04722 %	0.04247 %
Antelope Valley Union High	0.02913 %	0.03075 %	0.02602 %	0.02585 %	0.02428 %	0.02474 %	0.02357 %	0.02317 %	0.02187 %	0.02163 %
Antelope Valley East Kern Water Agency	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %
Eastside Union School District	0.08149 %	0.08302 %	0.08677 %	0.08893 %	0.08176 %	0.08449 %	0.08029 %	0.07257 %	0.07363 %	0.06430 %
Lancaster School District	0.03074 %	0.03380 %	0.05503 %	0.04837 %	0.05449 %	0.05511 %	0.06398 %	0.05620 %	0.05864 %	0.06540 %
Palmdale School District	0.02323 %	0.02527 %	0.04839 %	0.04591 %	0.04973 %	0.03819 %	0.07534 %	0.07211 %	0.07059 %	0.07264 %
Palmdale Water District	0.29166 %	0.33361 %	0.32898 %	0.34586 %	0.29922 %	0.27726 %	0.26591 %	0.22356 %	0.21817 %	0.19676 %
Westside Union School District	0.05062 %	0.05526 %	0.05615 %	0.08166 %	0.08107 %	0.07929 %	0.07904 %	0.07895 %	0.07507 %	0.07656 %
Total Direct & Overlapping[2] Tax Rates	1.63858 %	1.69559 %	1.73194 %	1.76573 %	1.72198 %	1.69403 %	1.74383 %	1.68427 %	1.67590 %	1.64931 %
City Share of 1% Levy per Prop 13[3]	0.06629 %	0.06629 %	0.06629 %	0.10374 %	0.10374 %	0.10374 %	0.10374 %	0.10367 %	0.10367 %	0.10367 %
Redevelopment Rate[4]	1.07049 %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Total Direct Rate[5]	0.46508 %	0.43604 %	0.07637 %	0.07933 %	0.07867 %	0.07878 %	0.07858 %	0.07875 %	0.07893 %	0.07824 %

Notes:

[1]In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values of the payment of any approved bonds.

[2]Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

[3]City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value with the City. ERAF general fund tax shifts may not be included in tax ratio figures

[4]RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statue. RDA direct and overlapping rates are applied only to the incremental property values. Effective February 1, 2012, all California Redevelopment Agencies were dissolved.

[5]Total direct rate is the weighted average of all individual direct rates and applied by the City of Palmdale.

Data Source: L.A. County Assessor 2012/11 - 2021/20 Tax Rate Table

	2020-21		2011-12	
Tax Payer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Percentage of Total City Taxable Assessed Valuation
Lockheed Corporation	$ 554,653,719	3.77 %	$ 354,006,864	3.86 %
Northrop Grumman Systems Corporation	447,043,067	3.04 %	32,564,864	0.35 %
Lancaster Hospital Corporation	254,988,358	1.74 %	-	0.00 %
Antelope Valley Mall LLC	206,330,473	1.40 %	115,563,572	1.26 %
MGP X Properties LLC	105,378,632	0.72 %	67,497,382	0.74 %
Walmart/Sam's Club	81,972,126	0.56 %	73,974,866	0.81 %
Time Warner Cable	63,485,662	0.43 %	57,225,454	0.62 %
Forest City Harris AVM LLC	50,948,388	0.35	-	0.00
Design Create Explore LLC	50,247,121	0.34	-	0.00
Golden Spectrum Property LLC	46,203,301	0.31 %	-	0.00 %
Bascom Fountains LLC	-	0.00 %	29,865,035	0.33 %
Universal Health Services of Palmdale	-	0.00 %	134,379,497	1.46 %
Amargosa Palmdale Investments LLC	-	0.00 %	33,809,072	0.37 %
Target Corporation	-	0.00 %	37,852,506	0.41 %
Top Ten Total	1,861,250,847	12.67 %	936,739,112	10.20 %
Total City Taxable Assessed Value	$ 14,694,160,401	100.00 %	$ 9,182,378,763	100.00 %

Source: HdL Coren & Cone, Los Angeles County Assessor 2020/21 and 2011/12 Combined Tax Roll

Fiscal Year	City Property Tax			Subsequent Collections			Total Collections	
	Levy (1)	Collections (2)	Percentage of Levy	Supplemental (3)	Redemption((4)	Refunds Adjustments (5)		Percentage of Levy
2011-12	4,569,196	4,045,607	88.54%	153,788	114,549	101,781	4,415,725	96.64%
2012-13	4,702,797	4,168,372	88.64%	198,103	102,478	119,284	4,588,237	97.56%
2013-14	4,866,006	4,295,755	88.28%	323,668	79,763	118,794	4,817,980	99.01%
2014-15	5,181,707	4,561,031	88.02%	159,671	54,300	338,739	5,113,741	98.69%
2015-16	5,564,458	4,851,602	87.19%	186,674	60,744	362,953	5,461,973	98.16%
2016-17	5,402,998	4,987,980	92.32%	140,425	61,470	155,603	5,345,478	98.94%
2017-18	5,828,578	5,228,633	89.71%	147,686	55,389	324,312	5,756,020	98.76%
2018-19	6,806,674	5,583,646	82.03%	181,836	55,887	912,182	6,733,551	98.93%
2019-20	7,618,313	5,801,915	76.16%	175,030	66,903	1,338,234	7,382,082	96.90%
2020-21	7,448,412	6,270,301	84.18%	122,110	112,061	879,714	7,384,186	99.14%

(1) Billings represents the Secured, Unsecured, and Homeowners Property Tax billed amounts for each fiscal year

(2) Collections represents the Secured, Unsecured, and Homeowners Property Tax collected amounts for each fiscal year

(3) SB813 requires than a supplemental assessment be enrolled for the amount of the difference in value between regular assessment roll and the new fair market value after a change of ownership. The Supplemental figures were taken from LA County remittances and may include supplemental amounts from prior fiscal years.

(4) Redemption collections represent tax-defaulted secured property taxes that were unpaid at the end of a fiscal year. The Redemption figures were taken from LA County remittances and may include redemption amounts from prior fiscal years.

(5) Refunds represent overpayments of taxes due because of a decrease in value; whereas adjustments represent changes to the

(6) tax roll. The Refund and Adjustment figures were taken from LA County remittances and may include refunds and/or

(7) adjustments from prior fiscal years.

Fiscal Year	Certificates of Participation	Tax Allocation Bonds[a]	Revenue Bonds	Capital Leases	Other Notes Payable	Total Governmental Activities	Percentage of Personal Income (1)	Per Capita (1)
2012	$ 78,663,861	$ -	$ 25,203,459	$ 149,214	$ 8,233,768	$ 112,250,302	3.93 %	726
2013	67,773,873	-	32,356,201	1,219,846	7,665,342	109,015,262	3.77 %	705
2014	66,537,300	-	30,392,752	962,260	7,084,485	104,976,797	3.63 %	674
2015	65,097,544	-	28,337,814	697,150	6,474,923	100,607,431	3.32 %	629
2016	62,879,049	-	12,440,000	1,636,893	6,117,000	83,072,942	2.76 %	524
2017	41,160,000	-	30,736,782	1,310,146	5,862,000	79,068,928	2.53 %	498
2018	39,815,000	-	28,901,224	1,091,639	17,614,522	87,422,385	2.80 %	550
2019	38,315,000	-	26,982,753	964,360	18,271,625	84,533,738	2.54 %	536
2020	36,655,000	-	25,054,801	832,294	15,984,014	78,526,109	2.25 %	501
2021	33,649,908	-	22,635,000	1,183,278	15,035,845	72,504,031	2.04 %	465

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a] A decrease in Tax Allocation Bonds reported is the direct result of the dissolution of all California Redevelopment Agencies during 2011-12. The Debt previously reported under the City of Palmdale's Redevelopment Agency, a component unit of the City of Palmdale, is now being reported under a Private Purpose Trust Fund effective February 1, 2012.

(1) These ratios are calculated using per capita personal income and population for the prior calendar year provided by HdL, Coren & Cone

Source: City of Palmdale, Finance Department

Fiscal Year	Tax Allocation Bonds[a]	Revenue* Bonds	Total	Percent of Assessed Value (1)	Per Capita
2012	$ -	$ 25,203,459	$ 25,203,459	0.28 %	163
2013	-	32,356,202	32,356,202	0.36 %	209
2014	-	30,392,752	30,392,752	0.33 %	195
2015	-	28,337,814	28,337,814	0.28 %	177
2016	-	8,205,000	8,205,000	0.08 %	52
2017	-	25,180,000 [b]	25,180,000	0.22 %	158
2018	-	23,685,000	23,685,000	0.19 %	149
2019	-	22,090,000	22,090,000	0.17 %	140
2020	-	20,465,000	20,465,000	0.15 %	131
2021	-	18,800,000	18,800,000	0.15 %	120

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

General bonded debt is debt payable with governmental fund resources recorded in Palmdale Financing Authority (of which the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

[a] A decrease in Tax Allocation Bonds reported is the direct result of the dissolution of all California Redevelopment Agencies during 2011-12. The Debt previously reported under the City of Palmdale's Redevelopment Agency, a component unit of the City of Palmdale, is now being reported under a Private Purpose Trust Fund effective February 1, 2012.

[b] A increase in total Revenue Bonds reported in 2017 as compared to 2016 is the result of refunding revenue bonds issued to pay off certificates of participation during 2016-17.

*During FY2012-13, $8,695,000 Lease Revenue Bonds were issued.

City Assessed Valuation	$ 8,545,515,270
Redevelopment Agency Incremental Valuation	6,148,645,131
Total Assessed Valuation	$ 14,694,160,401

OVERLAPPING DEBT:	Gross Bonded Debt Balance	Percentage Applicable	Estimated Share of Overlapping Debt
308.60-Palmdale Water District	$ 119,049,460	91.599 %	$ 109,048,115
464.50-Eastside Union Elem School District 1998 Series A Debt Service	645,985	21.735 %	140,405
464.54-Eastside Union School District Debt Service 2016 REF	3,490,000	21.735 %	758,552
529.50-Lancaster School District Debt Service 1999 Series A	1,646,521	0.548 %	9,023
529.51-Lancaster School District Debt Service 1999 Series 2001	6,096,066	0.548 %	33,406
529.53-Lancaster School District Debt Service 2012 Series 2013A Bond	17,205,000	0.548 %	94,283
529.54-Lancaster School District Debt Service 2012 Series 2013B Bond	10,370,000	0.548 %	56,828
529.55-Lancaster School District Debt Service 2012 Series 2018C	11,000,000	0.548 %	60,280
529.56-Lancaster School District Debt Service 2012 Series 2020D	15,184,908	0.548 %	83,213
593.53-Palmdale School District Debt Service 2010 Ref Bonds	1,259,827	94.835 %	1,194,757
593.54-Palmdale School District Debt Service 2012 Series 2013A Bonds	4,845,000	94.835 %	4,594,756
593.55-Palmdale School District Debt Service Ref Series 2013B Bonds	40,835,000	94.835 %	38,725,872
593.56-Palmdale School District Debt Service Ref Series 2015B	1,765,000	94.835 %	1,673,838
593.57-Palmdale School District Debt Service Ref Series 2017A	23,665,000	94.835 %	22,442,703
593.58-Palmdale School District Debt Service Ref Series B	24,420,000	94.835 %	23,158,707
593.59-Palmdale School District Debt Service 2012 SER C	29,155,000	94.835 %	27,649,144
593.60-Palmdale School District Debt Service 2016 SER C	17,205,000	94.835 %	16,316,362
689.54-Westside Union School District 1998 Series A Debt Service	1,294,174	40.108 %	519,067
689.55-Westside Union School District 1998 Series S-2001 A Debt Service	2,391,216	40.108 %	959,069
689.56-Westside Union School District 1998 Series S-2002 A Debt Service	1,720,228	40.108 %	689,949
689.61-Westside Union School District 2008 Series A Debt Service	20,048,029	40.108 %	8,040,863
689.62-Westside Union School District Debt Service 2008 Series B	9,000,000	40.108 %	3,609,720
689.63-Westside Union School District Debt Service 2012 Series A	13,410,000	40.108 %	5,378,483
689.65-Westside Union School District Debt Service 2020	3,806,694	42.058 %	1,601,019
717.51-Antelope Valley Unified High School District DS 2002 SER A	698,179	42.058 %	293,640
717.52-Antelope Valley Unified High School District DS 02 SER B	5,605,000	42.058 %	2,357,351
717.54-Antelope Valley Unified High School District Refund SR 2012	17,370,000	42.058 %	7,305,475
717.55 Antelope Valley Union High School District Refund 2015	17,815,000	42.058 %	7,492,633
717.56 Antelope Valley Union High School District DS 19 RF BD	15,700,000	39.537 %	6,207,309
792.55-Antelope Valley CCD Debt Service 2014 Ref Series A	6,060,000	39.537 %	2,395,942
792.56-Antelope Valley CCD Debt Service 2014 Ref Series B	116,385,000	39.537 %	46,015,137
792.58-Antelope Valley CCD Debt Service 2016 Series A	20,395,000	39.537 %	8,063,571
792.59-Antelope Valley CCD Debt Service 2016 Series A	95,000,000	39.537 %	37,560,150
792.60-Antelope Valley CCD Debt Service 2016 Series B	125,295,000	39.537 %	49,537,884
792.61-Antelope Valley CCD Debt Service 2020 REF BDS	10,200,664	0.006 %	612
Total overlapping debt			$ 434,068,118
City of Palmdale's Direct Debt			$ 72,982,079
Total Direct and Overlapping Debt			$ 507,050,197

Notes:

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Palmdale. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion

of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Data Source HDL Coren & Cone, L. A. County Assessor and Auditor Combined 2018/19 Lien Date Tax Rolls.

Fiscal Year	Assessed Evaluation	Debt Limit (1)	Total Net Debt Applicable to the Limit (2)	Total Debt Applicable to the Limit as a Percentage of Debt Limit
2011-12	$ 9,182,378,763	$ 344,339,204	$ 111,397,152	32.35 %
2012-13	9,129,059,067	342,339,715	116,925,374	34.15 %
2013-14	9,357,237,275	350,896,398	115,840,632	33.01 %
2014-15	10,380,860,342	389,282,263	112,074,317	28.79 %
2015-16	10,969,161,743	441,343,565	121,994,744	27.64 %
2016-17	11,455,817,554	429,593,158	121,593,787	28.30 %
2017-18	12,194,790,915	457,304,659	114,426,984	25.02 %
2018-19	12,930,008,625	484,875,323	105,383,212	21.73 %
2019-20	13,667,986,103	512,549,479	98,452,808	19.21 %
2020-21	14,694,160,401	551,031,015	91,438,375	16.59 %

Source: Los Angeles County

Note (1): The legal debt limit is statutorily computed at 3.75% of assessed valuation. Amounts applicable to the former Community Redevelopment Agency of the City of Palmdale are included in years 2002-03 through 2010-11.

Note (2): Total net debt applicable to the limit includes Tax Allocation Bonds and Revenue Bonds.

Note (3): The aggregate principal amount of the City's general obligation debt for public improvements is statutorily limited to 15.0 percent of the City's total reported assessed valuation. The City has no general obligation debt outstanding as of June 30, 2020.

Fiscal Year	1993 Revenue Bonds Debt Service (1)		2003 Revenue Bonds 19.2 Debt Service (3)		2009 Note Payable 6.0 Debt Service (4)		2011 Tax Allocation Note 27.5 Debt Service (5)	
	Principle	Interest	Principle	Interest	Principle	Interest	Principle	Interest
2012	$ -	$ -	$ 780,000	$ 737,638	$ 95,000	$ 386,843	$ 1,120,714	$ 1,629,947
2013	-	-	810,000	705,837	100,000	380,442	1,190,968	1,559,692
2014	-	-	845,000	672,737	105,000	373,713	1,265,627	1,485,033
2015	-	-	875,000	638,338	115,000	366,491	1,344,967	1,405,693
2016	-	-	910,000	602,638	125,000	358,613	1,429,282	1,321,378
2017	-	-	-	-	-	-	1,518,883	1,231,777
2018	-	-	-	-	-	-	1,614,102	1,136,558
2019	-	-	-	-	-	-	1,715,292	1,035,369
2020	-	-	-	-	-	-	1,822,825	927,835
2021	-	-	-	-	-	-	1,937,100	813,560

Fiscal Year	Debt Summary			Pledge Revenue			
	Total Principle	Total Interest	Total Debt Service	Gross Tax Increment (6)	Less: Operating Expenses (7)	Net Available	Coverage
2012	$ 1,995,714	$ 2,754,428	$ 4,750,142	$ 8,217,166	$ 274,933	$ 7,942,233	1.67
2013	2,100,968	2,645,971	4,746,939	9,961,671	356,493	9,605,178	2.02
2014	2,215,627	2,531,483	4,747,110	9,696,225	341,547	9,354,678	1.76
2015	2,334,967	2,410,522	4,745,489	8,956,435	327,804	8,628,631	1.82
2016	2,464,282	2,282,629	4,746,911	9,245,959	352,357	8,893,602	1.87
2017	1,518,883	1,231,777	2,750,660	9,666,704	393,523	9,273,181	3.37
2018	1,614,102	1,136,558	2,750,660	10,236,117	402,461	9,833,656	3.58
2019	1,715,292	1,035,369	2,750,661	10,529,801	429,833	10,099,968	3.67
2020	1,822,825	927,835	2,750,660	11,393,921	452,757	10,941,164	3.98
2021	1,937,100	813,560	2,750,660	11,560,764	477,635	11,083,129	4.03

Note: Details regarding the City's debt and the Successor Agency to the former Community Redevelopment Agency's debt can be found in the notes

Note: As the result of the dissolution of the former Community Redevelopment Agency, the debt listed on this schedule has been assumed by the Successor Agency of the Former Community Redevelopment Agency. The debt has been approved by the State Department of Finance as an enforceable obligation and will be paid from future tax revenues received by the Private Purpose Trust Fund. (Note 18)

Source: City of Palmdale, Finance Department

(1) Revenue Bonds were fully matured and paid off in FY 2011.

(2) 2003 Bond Anticipation Note was fully defeased in June 2009 by the CRA Loan associated with the 2009 Revenue Bonds.

(3) 2003 Revenue Bonds were fully defeased in April 2016 by the Successor Agency 2016 Series A Tax Allocation Refunding Bonds.

(4) 2009 Revenue Bonds were fully defeased in June 2016 by the Successor Agency 2016 Series B Tax Allocation Refunding Bonds.

(5) Sole source of payment on 2011 Tax Allocation Notes is Available Tax Increment, but is subordinate to any existing or future indebtedness.

(6) Gross Tax Increment consist of property taxes generated from Project Area No. 1&1A

(7) Operating Expenses consist of the 20% set-aside property taxes generated from Project Area No. 1&1A up until 2011, pass through payments pursuant to agreements to allocate tax increment funds to various Local Agencies, and other charges related to administering Area 1&1A debt.

City of Palmdale

Former Community Redevelopment Agency - Project Area 2A Pledged-Revenue Coverage

Last Ten Fiscal Years

	1999 Sublien TAB 2.7 Debt Service (2)		2002 TAB 5.3 Debt Service		2004 TAB 6.09 Debt Service (3)		2004 TAB 18.5 Debt Service (3)		1998 TAB 30.6 Debt Services (2)		1994 Revenue Bonds Debt Service (1)		1997 Revenue Bonds Debt Service (1)	
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest	Principle	Interest	Principle	Interest	Principle	Interest	Principle	Interest
2012	$ 95,000	$ 161,838	$ -	$ -	$ 145,000	$ 272,930	$ 280,000	$ 902,750	$ 615,000	$ 1,346,625	$ 190,000	$ -	$ 730,000	$ 204,098
2013	100,000	156,475	-	-	145,000	268,508	290,000	888,500	640,000	1,315,250	195,000	-	765,000	163,919
2014	105,000	150,837	-	-	155,000	263,780	300,000	873,750	675,000	1,282,375	205,000	-	805,000	120,820
2015	110,000	144,925	-	-	160,000	258,580	310,000	858,500	710,000	1,247,750	205,000	-	850,000	74,480
2016	115,000	70,950	-	-	165,000	252,890	320,000	842,750	740,000	1,211,500	215,000	-	905,000	25,340
2017	-	-	970,000	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2016 TAB A&B 73.1 Debt Service		Debt Summary			Pledge Revenue				
Fiscal Year	Total Principal	Total Interest	Total Principle	Total Interest	Total Debt Service	Sales Tax (4)	Gross Tax Increment (6)	Less: Operating Expenses (7)	Net Available	Coverage
2012	$ -	$ -	$ 2,055,000	$ 2,888,241	$ 4,943,241	Note (6)	$ 27,126,295	$ 16,712,555	Note (6)	-
2013	-	-	2,135,000	2,792,652	4,927,652	Note (6)	29,606,177	21,450,574	Note (6)	-
2014	-	-	2,245,000	2,691,562	4,936,562	Note (6)	29,406,998	17,777,381	Note (6)	-
2015	-	-	2,345,000	2,584,235	4,929,235	Note (6)	32,813,662	19,508,055	Note (6)	-
2016	-	-	2,460,000	2,403,430	4,863,430	Note (6)	34,915,819	20,449,662	Note (6)	-
2017	1,235,000	2,611,743	2,205,000	2,611,743	4,816,743	Note (7)	40,469,941	22,224,293	18,245,648	3.79
2018	3,130,000	3,394,850	3,130,000	3,394,850	6,524,850	Note (7)	40,400,227	22,619,322	17,780,905	2.73
2019	3,250,000	3,282	3,250,000	3,282	3,253,282	Note (7)	44,929,524	24,908,918	20,020,606	3.06
2020	3,365,000	3,133,775	3,365,000	3,133,775	6,498,775	Note (7)	45,399,840	27,528,918	17,870,922	2.75
2021	3,540,000	2,961,150	3,540,000	2,961,150	6,501,150	Note (7)	55,069,687	29,999,947	25,069,740	3.86

Note: Details regarding the City's debt and the Successor Agency to the former Community Redevelopment Agency's debt can be found in the notes to the financial statements.

Note: As the result of the dissolution of the former Community Redevelopment Agency, the debt listed on this schedule has been assumed by the Successor Agency of the Former Community Redevelopment Agency. The debt has been approved by the State Department of Finance as an enforceable obligation and will be paid from future tax revenues received by the Private Purpose Trust Fund. (Note 18)

Source: City of Palmdale, Finance Department

(1) The 1994 and 1997 Revenue Bonds were fully matured and paid off in FY 2016.

(2) The 1998 and 1999 Tax Allocation Bonds were fully defeased in April 2016 by the Successor Agency 2016 Series A Tax Allocation Refunding Bonds.

(3) The 2004 $18.5M and 2004 $6.1 Tax Allocation Bonds were fully defeased in June 2016 by the Successor Agency 2016 Series B Tax Allocation Refunding Bonds.

(4) (Gross sales tax and tax increment consist of property taxes and sales tax generated from Project Area No. 2A.

(5) Operating Expenses consist of the 20% set-aside property taxes generated from Project Area No. 2A up until 2011, pass through payments pursuant to agreements to allocate tax increment funds to various Local Agencies, and other charges related to administering Area 2A debt.

(6) Due to the dissolution of the Community Redevelopment Agency in 2012, the Sales Tax generated by Project Area was not available therefore the "Net Available" and "Coverage" percent is not available.

(7) Due to the FY 2016 refunding of bond issues with a sales tax pledge, there is no longer any pledge of sales tax towards any Successor Agency debt.

Former Community Redevelopment Agency - Project Area 2A (20 Percent Set Aside) Pledged-Revenue Coverage

Last Ten Fiscal Years

	2003 TAB 5.9 Debt Service (1)		2003 TAB 7.2 Debt Service (1)		2005 TAB 14.115 Debt Service (1)		2005 TAB 2.8 Debt Service (1)	
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest	Principle	Interest
2012	$ 175,000	$ 203,985	$ 30,000	$ 343,545	$ 475,000	$ 494,479	$ 35,000	$ 115,961
2013	175,000	198,516	30,000	342,428	500,000	472,541	35,000	114,802
2014	180,000	192,523	30,000	341,168	525,000	452,104	35,000	113,599
2015	180,000	186,043	35,000	339,803	550,000	430,541	35,000	112,356
2016	190,000	179,103	35,000	338,333	570,000	407,479	40,000	110,976
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-

	Debt Summary			Pledge Revenue		
Fiscal Year	Total Principle	Total Interest	Total Debt Service	20 Percent Set Aside Tax Increment (2)	Net Available	Coverage
2012	$ 715,000	$ 1,157,970	$ 1,872,970	$ 6,339,147	$ 6,339,147	3.39
2013	740,000	1,128,287	1,868,287	5,425,259	5,425,259	2.90
2014	770,000	1,099,394	1,869,394	5,921,235	5,921,235	3.17
2015	800,000	1,068,743	1,868,743	5,881,400	5,881,400	3.15
2016	835,000	1,035,891	1,870,891	6,562,732	6,562,732	3.51
2017	-	-	-	6,983,164	6,983,164	3.73
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-

Note: Details regarding the City's debt and the Successor Agency to the former Community Redevelopment Agency's debt can be found in the notes to the financial statements

Note: As the result of the dissolution of the former Community Redevelopment Agency, the debt listed on this schedule has been assumed by the Successor Agency of the Former Community Redevelopment Agency. The debt has been approved by the State Department of Finance as an enforceable obligation and will be paid from future tax revenues received by the Private Purpose Trust Fund. (Note 18)

Source: City of Palmdale, Finance Department

(1) The 2003 Series C & D TAB's and the 2005 Series E & F TAB's were fully defeased in April 2016 by the Successor Agency 2016 Series B TAB's.

(2) The pledged revenues represent 20% property tax increments generated from Project Area 2A and set aside as required by State law for low and moderate income housing.

(3) Due to the dissolution of the Community Redevelopment Agency during 2012, the 20% set aside is no longer required. The 20% set aside calculated is based on what it should have been if legally required.

Fiscal Year	(1) Population	(2) Personal Income (thousands of dollars)	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate	(5) Percent of Pop 25+ with HS Degree	(5) Percent of Pop 25+ with Bachelor's Degree
2011	153,708	$ 2,837,296	$ 18,459	29.00	31,915	15.2 %	73.4 %	15.2 %
2012	154,535	2,859,670	18,505	28.90	31,372	11.6 %	74.1 %	15.4 %
2013	154,629	2,890,789	18,695	28.70	31,226	10.8 %	73.0 %	14.7 %
2014	155,734	2,892,448	18,573	29.10	35,356	11.0 %	74.2 %	15.3 %
2015	160,072	3,028,678	18,920	29.30	34,932	9.0 %	73.6 %	15.5 %
2016	158,605	3,010,803	18,983	30.10	33,874	7.1 %	74.2 %	14.8 %
2017	158,905	3,121,978	19,646	30.40	36,785	6.2 %	74.0 %	15.0 %
2018	157,854	3,327,236	21,077	31.30	35,799	6.4 %	74.4 %	14.7 %
2019	156,737	3,598,995	22,962	31.90	22,166	14.9 %	75.8 %	16.5 %
2020	156,074	3,545,820	22,718	32.00	4,946	15.3 %	74.6 %	15.5 %

Source:

(1) California State Department of Finance, Demographic Research Unit E-1: City/County Population Estimates

(2) 2010-2013 Income, Age, and Education Data: ESRA - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's Boundaries. U.S. Census Bureau, most recent American Community Survey. 2010, and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey.

(3) Palmdale School District, California Department of Education - SARC Not Available for Palmdale School District and AVUHSD. Only Westside School District is available

(4) California Employment Development Department.

(5) U.S. Census Bureau

City of Palmdale

Principle Employers - Antelope Valley
Calendar Year 2020 and Calendar Year 2011

	2020			2011	
Employer	Number of Employees	Percentage of Total Valley Employment	Employer	Number of Employees	Percentage of Total Valley Employment
Northrop Grumman	28,000	27.67%	Edwards Air Force Base	10,610	7.76%
Walmart (5) stores	19,900	19.66%	China Lake NWC	6,734	4.93%
Edwards Air Force base	8,929	8.82%	County of Los Angeles	3,953	2.89%
China Lake NWC	7,995	7.90%	Lockheed Martin	3,100	2.27%
County of Los Angeles	3,933	3.89%	Palmdale School District	2,739	2.00%
Lockheed Martin	3,700	3.66%	Antelope Valley Hospital Medical Center	2,722	1.99%
Lancaster School District	2,600	2.57%	Northrop-Grumman	2,611	1.91%
Antelope Valley Hospital Medical Center	2,425	2.40%	A.V. High School District	2,054	1.50%
Antelope Valley Union Highschool District	2,300	2.27%	Tehachapi State Prison	1,911	1.40%
Antelope Valley Mall (All Stores)	1,800	1.78%	Bank of America	1,846	1.35%

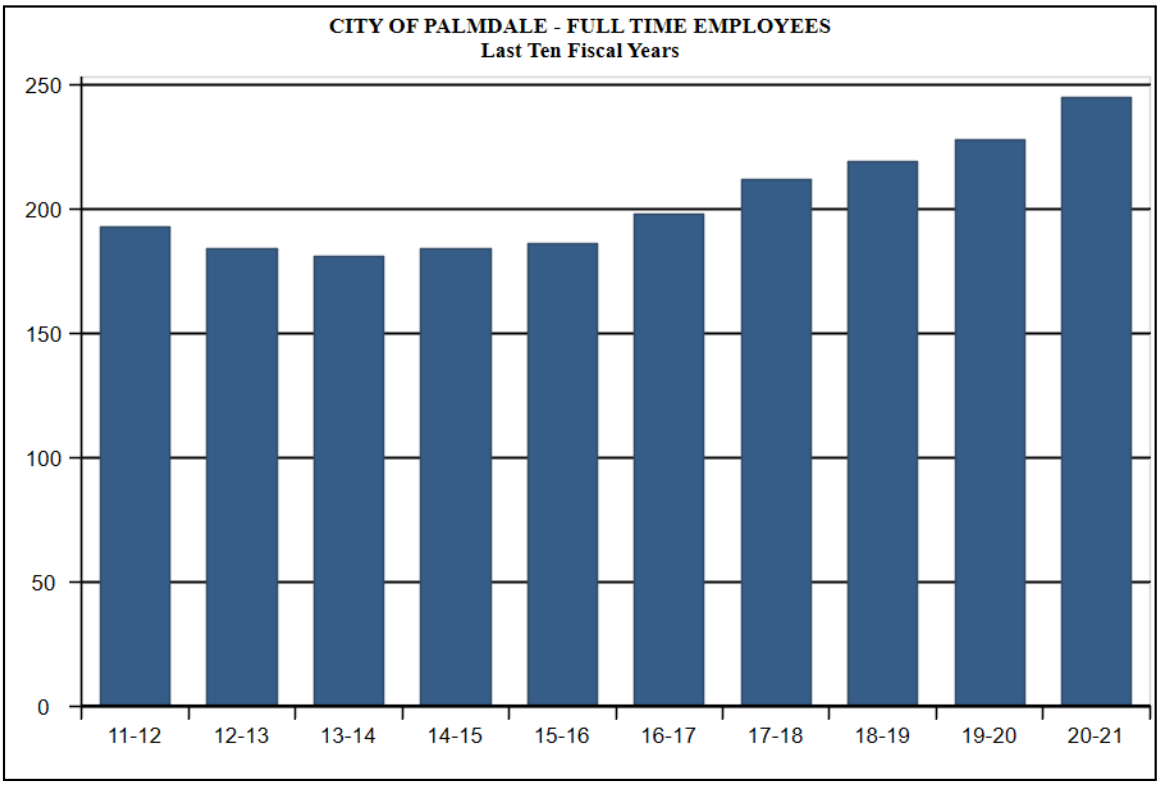
Source: City of Palmdale Economic Development Department 2020 GAVEA Report

Note 1: FY2020 represents employment reported for calendar year 2019 and the most recent year available. Calendar year 2020 will not be available until January 2021.

Note 2: "Total Employment" as used above represents the total employment located within the Greater Antelope Valley region. The Antelope Valley region is considered to be the City's economic region and covers 3,514.2 square miles of area and includes the City of Palmdale, Lancaster, Tehachapi and Ridgecrest. The principal employers represent all employers within the greater Antelope Valley region.

Note 3: 2010 total employment used to calculate the percentage of principal employers is an estimate. The estimate is based on the ratio of the 2010 employment to total population and then applied to total population reported for the calendar year 2010.

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City council	-	-	-	-	-	-	-	-	-	0.50
City manager	5.00	5.00	7.00	5.00	6.00	8.00	8.00	12.00	25.00	46.50
City attorney	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.00	6.00	8.00
Administrative services	18.00	18.00	17.00	20.00	20.00	21.00	21.00	21.00	13.00	-
Economic & community development*	38.00	35.00	33.00	39.00	25.00	27.00	29.00	29.00	30.00	31.00
Neighborhood services	21.00	19.00	24.00	21.00	20.00	21.00	24.00	23.00	23.00	24.00
Public works*	87.00	89.00	83.00	81.00	97.00	103.00	110.00	112.00	114.00	116.00
Recreation & culture	20.00	14.00	13.00	14.00	14.00	14.00	16.00	16.00	17.00	19.00
Total	193.00	184.00	181.00	184.00	186.00	198.00	212.00	219.00	228.00	245.00



*2016 Fluctuation in full time employees was caused by a reorganization.

Source: City of Palmdale, Finance Department

Function/Program	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Communications:										
Television programs produced	25	18	7	10	16	12	21	94	127	113
Commercials produced	4	2	4	5	7	8	7	5	8	8
Still Photo Shoots	-	-	2	24	39	33	39	65	68	72
Newsletters published - hard copies	3	3	3	3	3	3	3	15	15	15
Newsletters published - external e-newsletters	-	-	51	80	91	91	140	166	265	309
Newsletters published - internal e-newsletters	-	-	-	22	57	18	48	58	-	-
Economic and Community Development:										
Film permits issued	21	22	15	19	36	35	29	30	19	28
Businesses licensed	6,290	4,973	6,240	8,873	9,585	10,099	9,929	9,456	9,372	6,560
Building permits issued	851	862	1,168	1,517	1,814	1,742	1,566	1,674	1,935	1,951
Engineer grading permits issued	14	9	23	17	22	26	18	16	41	27
Engineer Geotechnical review	10	16	18	10	20	12	12	17	20	16
Engineer Improvement plans	91	74	80	70	139	-	-	-	-	-
Engineer Inspections	2,667	1,921	2,189	3,200	2,219	965	1,101	1,543	1,311	1,009
Financial assistance to businesses	-	-	-	-	-	-	-	-	-	70
SBDC business counseling hours	278	275	275	275	206	374	286	351	249	358
Business retention site visits	35	32	32	35	34	36	35	25	8	290
General Government:										
Buildings maintained	40	40	48	57	64	65	57	60	60	60
Square footage of facilities	387,300	387,300	312,600	415,830	424,488	418,000	418,000	423,000	432,000	432,000
Neighborhood Services										
Neighborhood watch presentations	93	172	115	118	66	86	88	32	14	16
Business watch presentations	12	56	36	11	52	57	63	11	3	2
PAC presentations	18	23	62	11	25	8	11	8	4	5
Administration Citations Processed	535	768	641	741	361	818	630	559	1,242	968
Parking Enforcement:										
Vehicle Impounds	292	410	330	205	500	483	462	396	405	351
Citations Issued	7,416	8,648	5,585	5,195	3,560	5,430	7,233	6,014	6,633	3,065
Calls for Service	696	719	757	1,086	2,837	9,346	2,007	2,626	2,485	3,445
Number of law violations::										
Part 1 crimes	4,087	4,305	4,093	4,750	4,200	5,946	4,082	3,757	2,895	3,232
Part 2 crimes	6,589	5,787	7,775	6,614	4,835	10,743	7,876	7,985	5,387	6,985
Crime reports taken	16,605	-	20,612	19,254	15,630	16,689	11,958	11,742	8,268	12,232
Arrests	9,901	7,435	5,267	6,206	5,976	9,061	6,583	6,652	6,554	5,355
Accident reports taken	1,385	1,278	1,572	1,967	2,081	2,226	1,435	1,850	1,720	2,320
Animal licenses issued	9,375	8,504	8,314	8,318	9,643	11,416	11,616	11,747	10,656	8,111
Code Enforcement cases closed	4,016	3,254	3,421	3,835	4,190	4,607	4,390	3,045	3,572	2,271
Mobile Home Parks paid occupied spaces	787	787	787	787	787	787	787	787	787	791
Affordable Housing - Apartment Units[4]	-	-	-	-	291	291	291	291	299	299

Function/Program	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Health and Welfare:										
Family members assisted with food and/or shelter	3,370	5,561	10,281	7,184	7,516	6,573	9,143	3,080	5,563	4,346
SAVES meals provided	87,507	86,037	575,085	361,956	94,170	94,595	118,321	209,100	347,511	387,610
SAVES motel vouchers provided (night)	188	19	25	29	59	160	101	61	42	298
Public Services:										
Number of landscape districts maintained	245	245	245	248	230	230	230	233	233	248
Landscaped area (acres) maintained	253	253	253	253	376	377	377	377	377	381
Irrigation controllers maintained	542	542	542	542	532	413	413	534	534	534
Landscape median area maintained (sq. ft.)	2,500,344	2,500,344	2,500,344	2,500,344	2,500,344	2,553,144	2,553,144	2,553,144	2,553,114	2,553,144
SR 14 Interchange area maintained (sq. ft.)	125,382	125,382	125,382	125,382	125,382	125,382	125,382	125,382	125,382	125,382
Park-n-ride spaces maintained	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,006	2,006	2,006
Park-n-ride Acres maintained	22	22	22	22	22	22	22	22	22	22
Park-n-ride security hours provided	15,240	-	-	-	-	-	-	-	-	-
Detention basins maintained	226	226	226	226	267	267	267	267	267	267
Detention basins (acres) maintained	94	94	94	94	110	110	110	110	110	110
Service requests - landscape maint.	252	215	365	1,109	1,236	1,016	1,016	1,297	1,297	1,310
Vandalism repair hours	126	200	20	20	23	13	13	42	42	42
Graffiti abatement hours	5,150	4,775	3,246	1,211	4,720	1,204	1,210	1,573	1,573	1,781
Lighting districts	149	171	150	164	164	164	164	170	170	170
Number of street lights in districts	4,100	18,692	18,437	18,513	18,515	18,515	18,515	18,523	18,523	18,523
Commercial acreage in street lighting districts	600	625	625	2,090	2,111	2,111	2,111	2,115	2,115	2,115
Commercial acreage in street lighting districts	8,000	37,038	40,730	40,770	40,785	40,785	40,792	40,790	40,790	40,790
Striping and marking sq. ft.	1,900,000	1,068,911	2,500,000	2,500,000	2,500,000	1,713,453	2,500,000	2,500,000	2,500,000	2,500,000
Trees planted	263	500	130	320	45	100	75	141	141	142
Street trees pruned	1,200	980	947	410	455	455	1,678	959	959	755
Street signs maintained	8,650	8,650	9,100	9,100	9,150	14,500	14,500	14,500	14,500	14,560
Street centerline miles	518	518	504	504	504	508	508	508	508	508
Street curb miles swept	26,400	26,400	-	-	-	-	-	-	-	-
Street pavement area (acres)	2,109	2,109	2,109	2,109	2,109	2,172	2,172	2,172	2,172	2,172
Bridges maintained	9	9	9	9	9	9	9	9	9	9
Box culverts maintained	6	6	7	7	7	7	7	7	7	7
Number of passengers served3	3,283,438	3,493,239	3,641,482	3,500,593	3,462,497	2,534,682	2,442,282	2,301,868	-	N/A
Number of commuter and fixed routes3	18	18	18	18	18	18	19	21	22	22
Cultural and Recreational:										
Library circulation*	329,002	332,010	318,006	284,027	263,750	315,639	198,361	179,521	179,521	60,700
Library volumes owned*	69,805	89,210	-	N/A	73,045	73,612	78,073	88,214	88,214	33,100
Library programs*	79	139	233	190	271	339	428	528	528	180
Playhouse general attendance[1]	6,642	8,735	-	N/A	N/A	8,900	10,800	16,200	8,000	-
Larry Chimbole Center attendance	61,099	57,850	-	75,000	80,000	80,000	80,120	80,500	40,000	9,200
Legacy Commons Attendance	36,000	36,000	36,000	37,000	40,000	55,875	55,900	59,556	49,825	5,000

Function/Program	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Oasis Park Recreation Center attendance[1]	9,013	11,000	-	N/A	N/A	47,000	47,000	47,200	15,000	1,500
Amphitheater attendance[1]	33,150	25,800	-	N/A	N/A	47,500	50,800	48,600	10,000	7,500
Day Camp participants	920	920	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
After school participants[1]	11,175	11,000	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tiny Tot Participants[1]	1,633	1,630	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recreational swimming attendance[1]	9,165	3,330	-	N/A	N/A	2,450	2,500	2,400	3,081	2,218
Lesson swimming attendance[1]	15,883	16,802	-	N/A	N/A	2,680	2,587	2,450	1,665	1,415
Youth sports participants	167,527	16,000	1,700	1,661	1,784	1,664	1,586	1,718	1,169	818
Adult sports participants	125,525	119,136	2,500	2,446	2,530	2,574	2,560	1,712	1,192	60
General Program Registrants[2]	-	-	7,193	13,701	11,328	11,510	11,264	12,000	9,000	7,600
Aquatic Program Registrants[2]	-	-	8,934	8,378	2,833	2,910	2,999	2,800	3,200	2,300
Facility Rental Bookings[2]	-	-	2,259	4,819	2,600	4,452	925	698	400	90
Airpark Attendance[2]	-	-	11,874	16,918	17,100	16,336	17,000	20,210	3,000	600
Airpark Guided Tours[2]	-	-	258	51	60	22	30	34	10	2
Community Event Attendance[2]	-	-	64,750	43,000	44,000	44,000	44,000	50,600	10,000	200
Playhouse Performance Attendance[2]	-	-	5,155	10,125	9,416	13,345	15,230	16,200	5,000	-
DryTown Admissions[2]	-	-	81,000	85,000	91,400	92,000	92,000	77,137	34,443	10,000
Tournament Attendance[2]	-	-	50,000	46,500	47,320	58,032	65,000	85,000	65,000	4,500

*Source: City of Palmdale, various City departments

Note

(1) Reported under new function/program for FY 2013-14

(2) Began reporting in FY 2013-14

(3) Figures provided by Antelope Valley Transit Authority

(4) Four multifamily apartment buildings purchased in September 2015

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Number of City owned building facilities	47	47	47	47	55	55	55	55	55	55
City Vehicles	4	4	4	4	4	4	4	4	4	4
Public Safety Vehicles	8	8	8	8	12	12	16	26	31	33
Public Services:										
Streets and Bikeways (miles)	580	580	580	580	580	580	580	580	580	580
Landscaped area (acres)	260	260	260	260	260	260	260	260	260	260
Park-n-ride	22	22	22	22	22	22	22	22	22	22
Storm drainage systems (feet)	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	100,000	100,000
Retention and detention basins	11	11	11	11	11	11	11	11	11	11
Storm drainage pump stations	3	3	3	3	3	3	3	19	19	19
Detention basins (acres)	207	207	207	207	207	207	207	207	207	207
Traffic signals	166	168	168	168	184	188	195	195	199	200
Traffic signs	8,700	8,700	8,700	8,700	8,700	8,750	8,750	8,750	8,750	8,750
Transportation Center	1	1	1	1	1	1	1	1	1	1
Bridges	9	9	9	9	9	9	9	9	9	9
Street Lights1	4,100	4,150	4,150	4,200	4,200	4,200	18,523	18,523	18,523	18,523
Vehicles	75	75	75	75	91	91	104	102	101	101
Community Development:										
Mobile Home Parks	3	3	3	3	3	3	3	3	3	3
Cultural and Recreational:										
Number of Parks	21	21	21	21	21	22	22	22	22	22
Developed park acreage	576	576	576	576	576	576	588	588	588	588
Number of swimming pools	4	4	3	3	3	3	3	4	4	4
Number of tennis courts	9	9	9	9	10	10	10	10	10	10
Number of Libraries	1	1	1	1	1	1	1	1	1	1
Number of Community Centers	4	3	3	3	3	3	3	3	3	3
Skate Parks	2	2	2	2	2	2	2	2	2	2
Soccer Fields	27	27	27	27	29	30	30	30	30	30
Basketball courts	8	8	8	8	9	9	9	9	9	9
Softball diamonds	20	20	20	20	13	13	13	15	15	15
Volleyball courts	6	6	6	6	7	7	7	7	7	7
Little league fields	11	11	11	11	11	11	11	11	11	11
Roller Hockey rinks	2	2	2	2	2	2	2	2	2	2
Aquatics Facility - Water Park	1	1	1	1	1	1	1	1	1	1
Community Theatre	1	1	1	1	1	1	1	1	1	1
Amphitheater	1	1	1	1	1	1	1	1	1	1
Vehicles	7	3	4	4	6	6	5	6	6	6
Health and Welfare:										
Vehicles	2	2	2	2	2	2	2	2	3	3

Source: City of Palmdale, various City departments

(1) The City of Palmdale obtained jurisdiction of 14,315 Los Angeles County street lights in 2013; currently in the process of acquisition of street lights.

38300 Sierra Highway, Palmdale, California 93550
661/267-5100 • www.cityofpalmdale.org

EideBailly

CPAs & BUSINESS ADVISORS

April 13, 2022

To the Honorable Mayor and City Council and Audit Committee
City of Palmdale, California

We have audited the financial statements of the City of Palmdale, California (City) as of and for the year ended June 30, 2021, and have issued our report thereon dated April 13, 2022. We are currently performing the compliance audit of the City's federal award programs (single audit). Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated August 2, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the City complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the City's major federal program compliance, is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the City's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards dated April 13, 2022.

Planned Scope and Timing of the Audit

The timing of the audit was modified to provide for the City's completion of the year-end closing and preparation of the financial statements.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. The City adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Estimates for the total OPEB liability and net pension liability, related deferred inflows of resources and deferred outflows of resources, which are based on third party actuarial valuations.

We evaluated the key factors and assumptions used to develop these estimates and determined that they were reasonable in relation to the basic financial statements taken as a whole.
Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

> Note 15 to the City's financial statements describe the net pension liability, pension expense, and deferred inflows and outflows of resources associated with the City's pension plan administered by the California Public Employee's Retirement System (CalPERS).
>
> Note 17 to the City's financial statements describe the City's net OPEB asset, OPEB expense, and deferred inflows and outflows of resources associated with the City's OPEB Plan.
>
> Notes 5, 20 and 23 describe the terms of a related party loan and subsequent event.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

<u>Opinion Unit – Entity Wide Governmental Activities:</u>

Understatement of self-insurance liabilities	$1,100,000
Understatement of general government expenses	1,100,000

The effect of these uncorrected misstatements is an overstatement of the change in net position of $1,100,000, and overstatement of net position at the end of the year of $1,100,000.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated April 13, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Modification of the Auditor's Report

We made the following modification to our auditor's report: Addition of an emphasis of matter paragraph for the City's implementation of GASB Statement No. 84, *Fiduciary Activities*, the City's conversion of certain governmental fund balances to Internal Service Funds as of July 1, 2020.

Group Audits

The financial statements include the financial statements of the Palmdale Housing Authority, the Palmdale Financing Authority, the Palmdale Civic Authority, and the Palmdale Community Foundation, which are blended component units of the City, which for the purposes of our audit we consider to be significant components within the financial statements. Consistent with the audit of the financial statements as a whole, our audit included obtaining an understanding of the component units and their environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and completion of further audit procedures.

This report is intended solely for the information and use of the City Council, audit committee, and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Rancho, Cucamonga, California

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **ALL**

SUBJECT: **APPROVE AGREEMENT WITH NBS GOVERNMENT FINANCE GROUP TO PROVIDE BONDED COMMUNITY FACILITY DISTRICT FORMATION SERVICES WITH LANDOWNER VOTE, IN AN AMOUNT NOT TO EXCEED $91,000 FOR A TWO-YEAR TERM**

ISSUE

Approve Agreement with NBS Government Finance Group to provide bonded Community Facilities District formation services with landowner vote, in an amount not to exceed $91,000 for a two-year term.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement with NBS Government Finance Group: 1) Agreement No. A-7921 to provide bonded Community Facilities District formation services with landowner vote, in an amount not to exceed $91,000 for a 2-year term.
2. Authorize the Interim City Manager or her designee to execute Agreement No. A-7921, with NBS Government Finance Group, LLC, including minimal and/or non-substantive changes.

BACKGROUND

In 1994, the City Council formed the City of Palmdale Community Facilities District No. 93-1 (Ritter Ranch), and in 1995 the City issued special tax bonds for the Community Facilities District to finance various public infrastructure improvements within and in the vicinity of the proposed Ritter Ranch development. The prior owner of the Ritter Ranch property, Ritter Holdings LLC, failed to make required special tax payments due in February of 2020, and its lender, Preston Hollow Capital, LLC (Preston Hollow), which also is the owner of the special tax bonds, foreclosed on the Ritter Ranch property and became the owner of the Ritter Ranch property and all of the rights and interests of Ritter Holdings, LLC under agreements with the City and others related to Ritter Ranch. Preston Hollow subsequently transferred the Ritter Ranch property to RdR Development Holdings, LLC, a Delaware limited liability company ("RdR"), of which Preston Hollow is the sole member.

On September 1, 2020, the City Council adopted Resolution No. 2020-091, pursuant to which, at the request of Preston Hollow, it approved a supplement to the agreement pursuant to which the special tax bonds were issued, to defer payments otherwise due on the special tax bonds during the period from March 1, 2020 to and including March 1, 2022 to allow time for Preston Hollow and RdR to determine the actions needed to commence development of the Ritter Ranch property. That Resolution also approved a Deposit Agreement (A-7107) between the City and Preston Hollow (the "Deposit Agreement") pursuant to which Preston Hollow advanced funds to pay costs of the City and its consultants related to requests by it and RdR relative to the development of the Ritter Ranch property. To date, Preston Hollow had advanced a total of $527,096.94 to the City to be used as provided in the Deposit Agreement, including City actions related to the current request to process a supplement to the agreement pursuant to which the special tax bonds were issued.

DISCUSSION

Since their obtaining ownership of the Ritter Ranch property, Preston Hollow and RdR have proceeded to take actions necessary to commence the development of Ritter Ranch. The City of Palmdale is working with RdR Development Holdings, LLC on the Community Facility District (CFD) proceedings including the new formation, financing data collection and the formulation of the Rate and Method of Apportionment (RMA) that is required.

NBS Government Finance Group is experienced in data collection, mapping out the boundaries, and of RMA's and has performed such work for the City's Anaverde CFD 2003-1 for the purpose of its refinancing in 2019. Due to the exigency by RdR Development Holdings, LLC to move forward with the financing as interest rates begin to rise, the Director of Finance has exercised the option to select NBS Government Finance Group as it is in the best interest to the City.

NBS Government Finance Group would carry out the services, including but not limited to, bonded CFD formation services with landowner vote, non-bonded CFD formation services with landowner vote, CFD bond issuance disclosure service and CFD RMA modification services.

FISCAL IMPACT

$0; the total cost of the agreement shall not exceed $91,000 for a 2-year term, to be paid by the developer, RdR Development Holdings, LLC, using funds that are on deposit with the City.

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:	Willy Galindo, Senior Financial Analyst
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Agreement A-7921 NBS Government Finance Group

AGREEMENT NO. A-7921
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 4 day of May, 2022 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:

SCOPE OF SERVICES:

- Bonded Community Facilities District Formation Services with Landowner Vote

KICK-OFF MEETING, PROJECT SCHEDULE:

CONSULTANT shall meet with CITY staff, legal counsel, financial advisor 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 regarding the formation of the CFD
-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.

LOCAL GOALS & POLICIES:

CONSULTANT shall review existing local goals and policies or assist the CITY in

developing local goals and policies for the use of CFDs, as required by the Mello-Roos Community Facilities Act of 1982 (the "Act").

DATA COLLECTION:

CONSULTANT shall gather and review data relevant to the formation of the CFD. Data shall be obtained from various sources, including CITY records, Assessor's parcel maps, and County Assessor information.

DISTRICT BOUNDARIES:

CONSULTANT shall make determinations of the property subject to the Special Tax.

- Establish boundaries for the CFD, giving consideration to both the project area and peripheral lands.

- Verify ownership based on last equalized tax roll.

- Formulate concepts with viable alternatives for spreading costs reasonably within the CFD boundary.

COST ESTIMATE:

CONSULTANT shall obtain the estimate of project costs and incidental expenses and prepare a total project Cost Estimate.

RATE MODELING:

CONSULTANT shall analyze the property data and cost estimate to formulate concepts with viable alternatives for spreading costs reasonable within the CFD boundary, taking into account the overlapping debt, value to lien and overall tax burden on the property.

RATE AND METHOD OF APPORTIONMENT:

CONSULTANT shall formulate and present the Rate and Method of Apportionment to the CITY, legal counsel, the financial advisor and others, as appropriate.

MAPPING:

CONSULTANT shall prepare the Boundary Map and related documents and present to the CITY as required by the Act.

INTENT MEETING:

CONSULTANT shall present to City Council and the public regarding the CFD formation process, the analysis that led to the setting of CFD special tax rates, and the methodology developed for the special tax.

CFD REPORT:

Based on the results of the aforementioned reviews, discussions and modifications, CONSULTANT shall prepare a detailed written report including the Cost Estimate, the Rate and Method of Apportionment and the Boundary Map and present to the CITY, legal counsel, the financial advisor and property owners. CONSULTANT shall file the Special Tax Report with the City Clerk.

PUBLIC HEARING:

CONSULTANT shall present all necessary testimony and respond to public comments regarding the district formation proceedings.

ELECTION:

CONSULTANT shall assist legal counsel in the preparation of the ballot materials for the landowner election.

COMMUNITY FACILILITES DISTRICT (CFD) BOND ISSUANCE DISCLOSURE

KICK-OFF MEETING, PROJECT SCHEDULE:

- CONSULTANT shall meet with CITY staff, legal counsel, any financial advisor 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 regarding the bond issuance.
- 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.

LOCAL GOALS & POLICIES:

CONSULTANT shall review existing local goals and policies as required by the Mello-Roos Community Facilities Act of 1982 (the "Act").

DATA COLLECTION:

CONSULTANT shall gather and review data relevant to the bond issuance. Data shall be obtained from various sources, including CITY records, Assessor's parcel maps, and County Assessor information.

PROPERTY DATA:

CONSULTANT shall provide certain disclosure data for the bond offering documents. Such data shall include parcel data, assessed value data, land use, development status and special tax classification information. CONSULTANT shall also coordinate with the financing team to order overlapping debt data and sample tax bills, as requested.

REVIEW BOND DOCUMENTS:

CONSULTANT shall review all bond documents prepared and provided by bond or other legal counsel and he financial advisor including the Official Statement, the Bond Indenture and the Continuing Disclosure Agreement.

DATA PROCESSING:

CONSULTANT shall process the property data and provide the following as requested:

- Current and prior years' special tax delinquencies.
- Assessed Valuation History.
- Top CFD Property Owners.
- Value to Lien Calculations.

NON-BONDED COMMUNITY FACILITIES DISTRICT FORMATION SERVICES WITHLANDOWNER VOTE

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 regarding the formation of the CFD.
- 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.

LOCAL GOALS & POLICIES:

CONSULTANT shall review existing local goals and policies or assist the CITY in developing local goals and policies for the use of CFDs, as required by the Mello-Roos Community Facilities Act of 1982 (the "Act").

DATA COLLECTION:

CONSULTANT shall gather and review data relevant to the formation of the CFD. Data shall be obtained from various sources, including CITY records, Assessor's parcel maps, and County Assessor information.

DISTRICT BOUNDARIES:

CONSULTANT shall make determinations of the property subject to the Special Tax.

- Establish boundaries for the CFD, giving consideration to both the project area and peripheral lands.

- Verify ownership based on last equalized tax roll.

- Formulate concepts with viable alternatives for spreading costs reasonably within the CFD boundary.

COST ESTIMATE:

CONSULTANT shall obtain the estimate of project costs and incidental expenses and prepare a total project Cost Estimate.

RATE MODELING:

CONSULTANT shall analyze the property data and cost estimate to formulate concepts with viable alternatives for spreading costs reasonably within the CFD boundary, taking into account the overlapping debt, value to lien and overall tax burden on the property.

RATE AND METHOD OF APPORTIONMENT:

CONSULTANT shall formulate and present the Rate and Method of Apportionment to the CITY, legal counsel, the financial advisor and others, as appropriate.

MAPPING:

CONSULTANT shall present to City Council and the public regarding the CFD formation process, the analysis that led to the setting of CFD special tax rates, and the methodology developed for the special tax.

CFD REPORT:

Based on the results of the aforementioned reviews, discussions and modifications, CONSULTANT shall prepare a detailed written report including the Cost Estimate, the Rate and Method of Apportionment and the Boundary Map and present to the CITY, legal counsel, and property owners. CONSULTANT shall file the Special Tax Report with the City Clerk on the Board.

PUBLIC HEARING:

CONSULTANT shall present all necessary testimony and respond to public comments regarding the district formation proceedings.

ELECTION:

CONSULTANT shall assist legal counsel in the preparation of the ballot materials for the landowner election.

BONDED COMMUNITY FACILITIES DISTRICT (CFD) RATE AND METHOD OF APPORTIONMENT MODIFICATION SERVICES (WITH LANDOWNER VOTE)

KICK-OFF MEETING, PROJECT SHCEDULE:

CONSULTANT shall meet with CITY staff, legal counsel, any financial advisor 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 regarding the formation of the CFD.
- 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.

LOCAL GOALS & POLICIES:

CONSULTANT shall review existing local goals and policies or assist the CITY in developing local goals and policies for the use of CFDs, as required by the Mello-Roos Community Facilities Act of 1982 (the "Act").

DATA COLLECTION:

CONSULTANT shall gather and review data relevant to the property within the CFD Boundary, including any changes to product mix, sales price or other factors pertinent to the CFD rate modeling. Data shall be obtained from various sources, including CITY records, Assessor's parcel maps, and County Assessor information.

COST ESTIMATE:

CONSULTANT shall obtain a revised estimate of project costs and incidental expenses and prepare a total project Cost Estimate, if applicable.

RATE MODELING:

CONSULTANT shall analyze the revised property data and cost estimate to update the CFD rates including property categories, rates and billing methodology, taking into account the overlapping debt, value to lien and overall tax burden on the property.

RATE AND METHOD OF APPORTIONMENT:

CONSULTANT shall modify the Rate and Method of Apportionment to the CITY, legal counsel, the financial advisor and others, as appropriate.

INTENT MEETING:

CONSULTANT shall present to City Council and the public regarding the CFD modification process, the analysis that led to the revision of CFD special tax rates, and the methodology developed for the special tax.

PUBLIC HEARING:

CONSULTANT shall present all necessary testimony and respond to public comments regarding the district formation proceedings.

ELECTION:

CONSULTANT shall assist legal counsel in the preparation of the ballot materials for the landowner election.

CITY'S RESPONSIBILITIES:

The CITY shall furnish CONSULTANT 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 CONSULTANT's requests for reviews and approvals of its work, and to its requests for decisions related to the Services. CITY understands and agrees that CONSULTANT is entitled to rely on all information, data and documents (collectively, "Information") supplied to CONSULTANT by 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 and CONSULTANT shall have no obligation to confirm that such information is correct and that CONSULTANT shall have no liability to CITY or any third party if such information is not correct.

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:

Sara Mares

Sandra Burkhart

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 the date this Agreement is executed by CITY.

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 Ninety One Thousand dollars ($91000), payable as follows:

See Exhibit B - Compensation for Services

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 <u>Workers’ Compensation and Employer’s Liability</u>

- 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 (Errors & Omissions) Insurance*

- $1,000,000 limit on a per occurrence 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 professional (E&O) liability 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, 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.

EXHIBIT B - COMPENSATION FOR SERVICES (2 Pages) and EXHIBIT C - MUNICIPAL ADVISOR DISCLOSURE (2 Pages)

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:

Ronda Perez Date
Interim City Manager

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Highway, Suite D
Palmdale, CA 93550

NBS GOVERNMENT FINANCE GROUP:

April 18, 2022

David Ketcham Date
Vice President

ADDRESS FOR NOTICE:
NBS GOVERNMENT FINANCE GROUP
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

ATTEST: If Corporation

Secretary - Michael Rentner

EXHIBIT B

COMPENSATION FOR SERVICES

Bonded CFD Formation Services with Landowner Vote

Consulting Fee [1] ..... $ 27,500
Estimated Expenses [2] ..... NTE $ 2,000
Total Not to Exceed ..... $ 29,500

[1] Assumes landowner election with waiver of the extended election noticing
[2] See description of expenses below.

Non-Bonded CFD Formation Services with Landowner Vote

Consulting Fee [1] ..... $ 18,500
Estimated Expenses [2] ..... NTE $ 2,000
Total Not to Exceed ..... $ 20,500

[1] Assumes landowner election with waiver of the extended election noticing
[2] See description of expenses below.

CFD Bond Issuance Disclosure

Consulting Fee ..... $ 16,500
Estimated Expenses [1] ..... NTE $ 3,000
Total Not to Exceed ..... $ 19,500

[1] See description of expenses below.

CFD RMA Modification Services

Consulting Fee [1] ..... $ 14,500
Estimated Expenses [2] ..... NTE $ 1,000
Total Not to Exceed ..... $ 15,500

[1] Assumes landowner election with waiver of the extended election noticing
[2] See description of expenses below.

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

Title	Hourly Rate
Senior Consultant / Manager	$175
Consultant	$155
Analyst	$130
Clerical/Support	$105

TERMS

Consulting services will be invoiced on a monthly basis. 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.

EXHIBIT C

MUNICIPAL ADVISOR DISCLOSURE

Disclosure of Conflicts of Interest and Legal or Disciplinary Events

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of NBS and its associated persons.

CONFLICTS OF INTEREST

Compensation

NBS represents that in connection with the issuance of municipal securities, NBS may receive compensation from an Issuer or Obligated Person for services rendered. Any such compensation may be contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, NBS hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding NBS' ability to provide unbiased advice to enter into such transaction. This conflict of interest does not impair NBS' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e., hourly or fixed-fee based) may also present a potential conflict of interest regarding NBS' ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair NBS' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

The fee paid to NBS increases the cost of investment to your agency. The increased cost occurs from compensating NBS for municipal advisory services provided

Other Municipal Advisor Relationships

NBS serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another NBS client. For example, NBS serves as Municipal Advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to your agency. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, NBS could potentially face a conflict of interest arising from these competing client interests. NBS fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with your agency.

If NBS becomes aware of any additional potential or actual conflict of interest after this disclosure, NBS will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

LEGAL OR DISCIPLINARY EVENTS

NBS does not have any legal events or disciplinary history on NBS' Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access NBS' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against NBS, NBS will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate NBS, its management and personnel.

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- NBS Government Finance Group is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
- Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, your agency may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

Successor Agency Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE CHAIR AND DIRECTORS**

FROM: **CITY MANAGER'S OFFICE**

FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. SA 2022-003, A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE DESIGNATING, BY TITLE AND NAME, THOSE OFFICIALS WHO ARE AUTHORIZED TO SIGN CHECKS AND WARRANTS, AND REPEALING RESOLUTION NO. SA 2020-006.**

ISSUE

Adopt Resolution No. SA 2022-003 a Resolution of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale designating, by title and name, those officials who are authorized to sign checks and warrants and repealing Resolution No. SA 2021-006.

RECOMMENDATION

Staff recommends that the Successor Agency to the Community Redevelopment Agency of the City of Palmdale adopt Resolution No. SA 2022-003 designating, by title and name, those officials who are authorized to sign checks and warrants and repealing Resolution No. SA 2021-006.

BACKGROUND

Throughout the year a resolution is required whenever City-hired or City-appointed personnel changes occur for designated, by title and name, officials who are authorized to sign checks, drafts, warrants or other orders for the payment of money drawn in the name of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale. The resolution is presented to the executive board members for adoption and to also repeal the prior adopted resolution.

DISCUSSION

Resolution No. SA 2022-003 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 Successor Agency to the Community Redevelopment Agency of the City of Palmdale:

Laura Bettencourt, Vice Chair – Deleting

Richard Loa, Vice Chair – Adding

John J. Murphy, Executive Director – Deleting

Ronda Perez, Executive Director - Adding

Janelle Samson, Director of Finance– Adding

Janelle Samson, City Treasurer – Adding

Janelle Samson, Assistant Finance Manager – Deleting

Janelle Samson, Deputy City Treasurer – Deleting

Keith Kang, Finance Manager – Deleting

TBD, Finance Manager - Adding

TBD, Deputy City Treasurer - 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.

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

Prepared by:	Janelle Samson, Director of Finance
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Executive Director
Approved as to form:	Christopher Beck, General Counsel

ATTACHMENTS

1. Resolution No. SA 2022-003

SUCCESSOR AGENCY
TO THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF PALMDALE, CALIFORNIA

RESOLUTION NO. SA 2022-003

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE DESIGNATING, BY TITLE AND NAME, THOSE OFFICIALS WHO ARE AUTHORIZED TO SIGN CHECKS AND WARRANTS, AND REPEALING RESOLUTION NO. SA 2021-006.

WHEREAS, the Successor Agency to the Community Redevelopment Agency of the City of Palmdale is engaging a financial institution as a depository of Successor Agency moneys and funds: and

WHEREAS, the Chair and Directors of the Agency have, 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 Successor Agency to the Community Redevelopment Agency of the City of Palmdale.

NOW THEREFORE, BE IT RESOLVED, THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY 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 Successor Agency to the Community Redevelopment Agency of the City of Palmdale:

Chair	- STEVEN D. HOFBAUER
or	
Vice Chair	- RICHARD LOA
or	
Executive Director	- RONDA PEREZ
or	
Assistant City Manager	- TBD
or	
Director of Finance	- JANELLE SAMSON
or	
City Treasurer	- JANELLE SAMSON
or	
Finance Manager	- TBD

or
Deputy City Treasurer - TBD

SECTION 2. Resolution No. SA 2021-006 is repealed in its entirety.

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

PASSED, APPROVED and **ADOPTED** this 4th day of May 2022.

_____
Steven D. Hofbauer, Chair

Approved as to form:

ATTEST:

_____
Christopher L. Beck
General Counsel

_____
Shanae S. Smith, Agency Secretary

I, Shanae S. Smith, Agency Secretary of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the Successor Agency at a regular meeting of said Agency held on the 4th day of May 2022 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, Agency Secretary

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OFFICE OF THE CITY MANAGER**

DISTRICT: **ALL**

SUBJECT: **AWARD MEASURE AV GRANT PROGRAM FUNDING, TOTALING $1,306,810, TO GRANTEES IN EXHIBIT A AND AUTHORIZE INTERIM CITY MANAGER TO ENTER INTO AGREEMENTS RANGING FROM $2,000 TO $250,000.**

ISSUE

Award Measure AV Grant Program funding, totaling $1,306,810, to grantees in Exhibit A and authorize the Interim City Manager to enter into agreements ranging from $2,000 to $250,000.

RECOMMENDATION

Staff recommends that the City Council:

1. Award Measure AV Grant Program funding, totaling $1,306,810, to grantees in Exhibit A and authorize the Interim City Manager to enter into agreements ranging from $2,000 to $250,000.

BACKGROUND

In November 2020, voters in the City of Palmdale passed a local ¾ cent sales tax generating revenue to:

- Maintain 911 emergency response times;
- Keep public parks open, safe and clean;
- Repair streets and potholes;
- Retain and recruit local businesses through economic development initiatives to ensure the City's long-term financial stability;
- Support community policing, activities for at-risk youth and mental health efforts to help keep our community safe for everyone;
- Address homelessness;
- Support services for local military veterans and seniors;
- Upgrade emergency communications and improve emergency preparedness;
- Partner with faith communities, non-profits, and local youth sports programs; and,
- Protect water resources.

On December 15th, 2021, the City Council adopted adjustments to the Measure AV Fiscal Year 2022 budget to include revised revenue projections and approving a new appropriation for the Measure AV Grant Program, totaling $1,500,000. The remaining Measure AV funds

are appropriated for budgeted projects, programs, and/or services. The Measure AV Committee also received and filed a recommendation on new grant program funding on January 26, 2022.

The City of Palmdale launched the first Measure AV Grant Program in January 2022 after approving funds, totaling $1,500,000. The funding opportunities are intended for small business, nonprofits, and other eligible agencies, that help address critical issues and meet Measure AV funding criteria set by voters. Eligible programs and services for this round include local military veterans, at-risk youth, mental health, food and shelter services, community-based policing, and crime prevention.

DISCUSSION

On January 10, 2022, online applications were made available to community organizations for the Measure AV Grant Program. A virtual workshop was held on January 13, to inform potential applicants on the submission process and to participate in a Q&A session; 80 organizations were in attendance. Eighty-four (84) applications were received, totaling $5,560,000.

All applications were assessed by an initial eligibility review committee that determined if all program and documentation requirements were met. Applicants who met program and documentation requirements continued to the second review committee. Each committee member evaluated applications individually and then met to determine a group consensus score, based on of the following criteria:

EVALUATION CRITERIA	POINTS
Organization Location	5
Services & Recipients	20
Organizational Accomplishments	10
Community Partnerships	10
Palmdale Community Benefit	30
Measurements & Outcomes	25
Total Possible Points	**100**

Upon final review of all eligible applications, twenty-nine (29) projects are recommended for funding, totaling $1,306,810 (see Exhibit A - Recommended Awardee List). The remaining funds will be available for either successful appeals or will be used towards future grant programs.

The applications recommended for funding in Exhibit A were presented to the Measure AV Oversight Committee on April 27. Staff reviewed the recommended awardee list and the Committee received and filed this item.

FISCAL IMPACT

$1,500,000; grant program funds are budgeted as part of the overall fiscal year 21/22 Measure AV budget in account 15711001-737325.

STRATEGIC PLAN

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

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

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

A. Support opportunities to celebrate rich traditions and diverse cultures in the community.
D. Develop and maintain diverse programs and events that inspire growth, pride, and lifelong learning.

Prepared by:	Eric Dombrowski, Deputy Director of Parks & Recreation
Presented by:	Jordyn Kelley, Management Analyst
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Exhibit A – Recommended Awardee List

EXHIBIT A - RECOMMENDED AWARDEE LIST

Legal Organization Name	Entity Type	Project Name	Category	Requested Grant Fund Amount	Recommended Award
American Indian Little League	Non-Profit Organization	Field Improvements & Scholarship	At-Risk Youth	$ 10,000.00	**$ 10,000.00**
American Youth Soccer Organization	Non-Profit Organization	2022 Spring Season	At-Risk Youth	$ 20,000.00	**$ 20,000.00**
Antelope Valley Blue Star Mothers	Non-Profit Organization	AVBSM Desert Lawn Beautification	Local Military/Veteran	$ 2,000.00	**$ 2,000.00**
Antelope Valley CERT	Non-Profit Organization	Palmdale Resiliency, Education and Preparedness (PREP)	Food & Shelter	$ 21,000.00	**$ 21,000.00**
Antelope Valley Partners for Health	Non-Profit Organization	Regional Violence Prevention Coalition, Community Action Plan Expansion (RVPC-CAPE)	Community-Based Policing	$ 14,950.00	**$ 14,950.00**
CHIRLA	Non-Profit Organization	CHIRLA's Palmdale Community Service Project	Community-Based Policing	$ 180,000.00	**$ 90,000.00**
Dynamic Therapy Solutions & Dyslexia Center LLC	Business Organization	The COVID Regression Solution to At Risk Youth	At-Risk Youth	$ 49,300.00	**$ 49,300.00**
FOTC - Los Angeles	Non-Profit Organization	Youth Well-Being through a 2Gen Professional Mentoring	At-Risk Youth	$ 25,000.00	**$ 25,000.00**
Homes for Families	Non-Profit Organization	Palmdale Veteran Enriched Neighborhood	Local Military/Veteran	$ 100,000.00	**$ 100,000.00**
JVS SoCal	Non-Profit Organization	JVS Veterans First	Local Military/Veteran	$ 20,700.00	**$ 20,700.00**
Marzette's House	Non-Profit Organization	Healthy Heart and Minds	Food & Shelter	$ 2,000.00	**$ 2,000.00**
Mental Health America of Los Angeles	Non-Profit Organization	TAY Academy	At-Risk Youth	$ 25,000.00	**$ 25,000.00**
Mental Health America of Los Angeles	Non-Profit Organization	Military Resource Center	Local Military/Veteran	$ 25,000.00	**$ 25,000.00**
Mighty Little Giants, Inc.	Non-Profit Organization	NICU Essential Self Care Kits	Mental Health	$ 10,000.00	**$ 10,000.00**
Saint Mary Elementary School	Education Organization	High-Dosage Tutoring Program	At-Risk Youth	$ 20,000.00	**$ 20,000.00**
SALVA	Non-Profit Organization	SALVA building healthy communities and reducing disparities with the City Of Palmdale	Mental Health/Food & Shelter	$ 355,000.00	**$ 177,500.00**
South Bay Center for Counseling	Non-Profit Organization	Child Abuse Prevention	Community-Based Policing	$ 24,758.00	**$ 24,758.00**
Spring of Evolution	Non-Profit Organization	Youth Empowerment Mentoring Component	At-Risk Youth	$ 248,803.00	**$ 124,401.50**
STARBASE Edwards, Inc.	Non-Profit Organization	STARBASE Edwards 2.0	At-Risk Youth	$ 40,000.00	**$ 40,000.00**
The Community Action League	Non-Profit Organization	Rent Relief Education & Outreach	Food & Shelter	$ 15,000.00	**$ 15,000.00**
The Community Action League	Non-Profit Organization	Jumpstart to Success	At-Risk Youth	$ 25,000.00	**$ 25,000.00**
The Way Center of Truth, Inc.	Faith-Based Organization	Youth Empowerment 2022 - Suicide Prevention: From Depression to Inspiration	Mental Health	$ 19,800.00	**$ 19,800.00**
U S Marine Corp Toys for Tots	Non-Profit Organization	Antelope Valley Toys for Tots	At-Risk Youth	$ 26,000.00	**$ 26,000.00**
United American Indian Involvement, Inc.	Non-Profit Organization	UAII City of Palmdale Native American Youth Outreach Expansion	Mental Health	$ 50,000.00	**$ 50,000.00**
Ventura Foundation	Non-Profit Organization	Developing our next generation of leaders	At-Risk Youth	$ 50,000.00	**$ 50,000.00**
Vets 4 Veterans, Inc	Non-Profit Organization	Operation Restart Immediate Need	Local Military/Veteran	$ 35,000.00	**$ 35,000.00**
Vets 4 Veterans, Inc	Non-Profit Organization	Vets 4 Veterans Transition House	Local Military/Veteran	$ 250,000.00	**$ 250,000.00**
Victory Outreach Palmdale	Non-Profit Organization	Basketball Tournament	At-Risk Youth	$ 9,400.00	**$ 9,400.00**
West Antelope Valley Education, Inc.	Education Organization	Activities for All	At-Risk Youth	$ 25,000.00	**$ 25,000.00**
				$ 1,698,711.00	**$ 1,306,810**

OFFICE OF THE CITY MANAGER

Measure AV

Grant Program Awardee Report

Grant Program Highlights

84 applications were submitted

Online application portal opened January 10 and closed January 27.

$5.5 million total requested

Total requested funding received was almost 4x more than what was budgeted for round 1.

80 participated in webinar

City staff hosted an informational webinar on January 12 to go over the application and process.

Grant Awardees

Round 1

$1,306,810

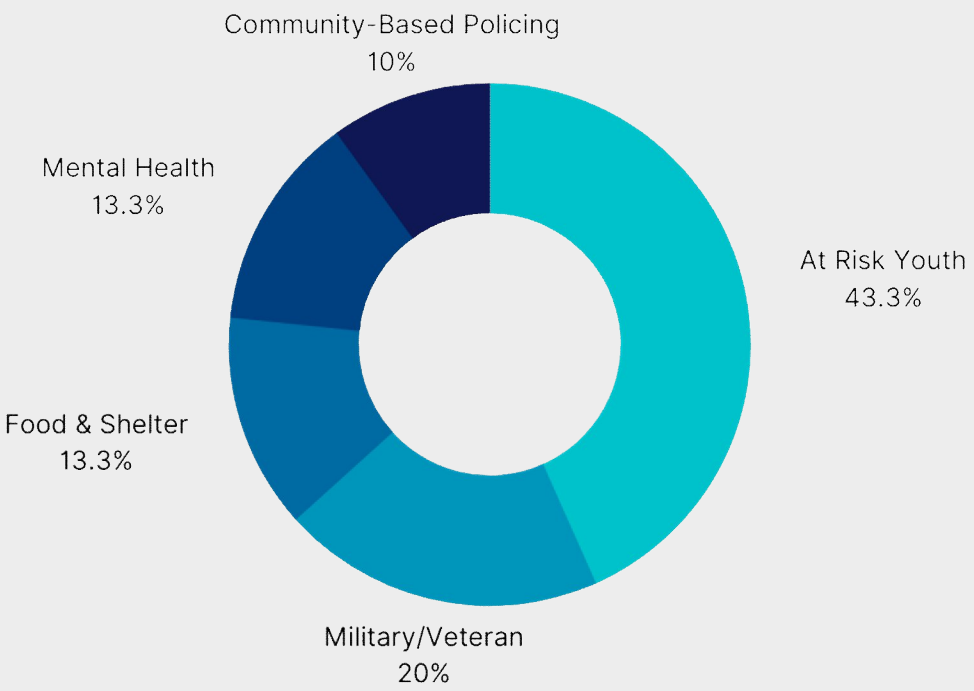
Recommended to Award

Over $1.3 million dollars will be awarded to help programs and services throughout our community.

29

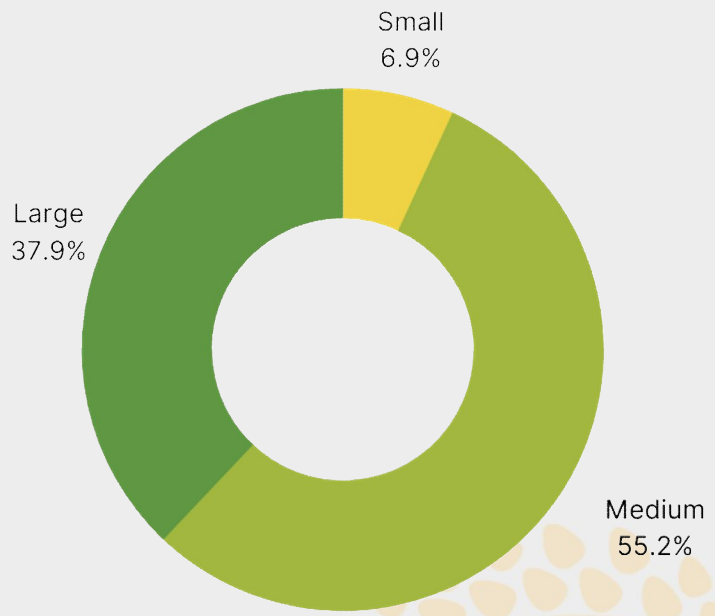
Community Projects

Round 1 of Measure AV grant funding will be awarded to 29 projects.



Project Categories

Awardees



Threshold Amounts

Awardees

Timeline

Round 1

Portal Opens

January 10
Applications accepted

Applications Due

January 27
Application deadline

Evaluation Review

February-March
Documentation & Scoring

Measure AV Meeting

April 27 - Presentation of
Awardee List

City Council Meeting

May 4 - Awardee List
Approval

Awardees Notified

May 5 - Tentative Offer
Letters are sent out

Finalization

June - Agreements
Executed & Funding Sent

**Quarterly progress reports are due throughout the year, with a final closing report due no later than (1) year after being funded, or at the conclusion of the program

Questions

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**
ENGINEERING DIVISION

DISTRICT: **1 & 2**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-037, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DIRECTING THE PREPARATION OF THE ANNUAL ENGINEER'S REPORT FOR THE CONTINUATION OF THE ANNUAL LEVY OF ASSESSMENTS AND DESIGNATING THE ENGINEER OF WORK FOR FISCAL YEAR 2022/2023 FOR THE CITY OF PALMDALE DRAINAGE BENEFIT ASSESSMENT DISTRICTS NO. 1, AND NO. 2006-02.**

ISSUE

Adopt Resolution No. CC 2022-037, a Resolution of the City Council of the City of Palmdale directing the preparation of the annual Engineer's Report for the continuation of the annual levy of assessments and designating the Engineer of Work for fiscal year 2022/2023 for the City of Palmdale Drainage Benefit Assessment Districts No. 1, and No. 2006-02.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2022-037 directing the preparation of the annual Engineer's Report for the continuation of the annual levy of assessments and designating the Engineer of Work for the City of Palmdale Drainage Benefit Assessment Districts No. 1, and No. 2006-02.

BACKGROUND

The Anaverde (Drainage Benefit Assessment District No. 1, formed in 2004), and Ritter Ranch (Drainage Benefit Assessment District No. 2006-02, formed in 2007) developments required the formation of a drainage benefit assessment district as a condition of approval in order to provide the funds to maintain the drainage facilities for the developments. As a result, the formation of the Drainage Benefit Assessment Districts No. 1, and No. 2006-02 were approved by the property owners on May 12, 2004 and January 3, 2007, respectively, pursuant to mailed ballot elections conducted in accordance with Article XIIID of the California Constitution.

The purpose of the Drainage Benefit Assessment Districts is to fund the installation, construction or maintenance of any authorized improvements under the Benefit Assessment Act of 1982 (California Government Code Section 54703 et seq.), including,

but not limited to, drainage improvements and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

DISCUSSION

Resolution No. CC 2022-037 designates NBS as the Engineer of Work and directs the preparation of the annual Engineer's Report for Fiscal Year 2022/2023 for the City of Palmdale Drainage Benefit Assessment Districts No. 1, and No. 2006-02.

Each year, in order for the City to continue to levy annual assessments within the Drainage Benefit Assessment Districts No. 1, and No. 2006-02, the City must have a detailed Engineer's Report approved by the City Council. The attached resolution, ordering the preparation of the combined annual Engineer's Report, initiates the proceedings for the annual levy of assessments for the Drainage Benefit Assessment Districts No. 1, and No. 2006-02 for Fiscal Year 2022/2023.

The annual Engineer's Report will be presented to the City Council at the June 1, 2022 meeting. A public hearing will be held at the July 13, 2022 City Council meeting in order to accept public testimony regarding the annual report and authorize the levy of assessments for Fiscal Year 2022/2023.

FISCAL IMPACT

Levy amounts will be included with the Engineer's Report that will be presented at the June 1, 2022 City Council meeting.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community viability.

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-037

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-037

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DIRECTING PREPARATION OF THE ANNUAL ENGINEER'S REPORT FOR THE CONTINUATION OF THE ANNUAL LEVY OF ASSESSMENTS AND DESIGNATING THE ENGINEER OF WORK FOR FISCAL YEAR 2022/2023 FOR THE CITY OF PALMDALE DRAINAGE BENEFIT ASSESSMENT DISTRICTS NO. 1, AND NO. 2006-02

WHEREAS, the City of Palmdale Drainage Benefit Assessment Districts No. 1, and No. 2006-02 (the “Assessment Districts” or “Districts”) were approved by property owners pursuant to mailed ballot elections conducted in accordance with Article XIIID of the California Constitution, and the "Benefit Assessment Act of 1982" (the “Act”), being Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 54703 thereof).

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 proposes to continue to levy and collect annual assessments against the lots and parcels of land within the City of Palmdale Drainage Benefit Assessment Districts No. 1, and No. 2006-02 to pay for the costs and expenses of the improvements described in Section 3 below, for the fiscal year commencing July 1, 2022 and ending June 30, 2023, pursuant to the Act, and as provided by Article XIIID of the California Constitution.

SECTION 2. The purpose of the Assessment Districts is for the installation, maintenance, and servicing of public improvements, as described in Section 3 below.

SECTION 3. Within the Assessment Districts, the existing and proposed improvements to be undertaken may be briefly described as follows: the installation, construction or maintenance of any authorized improvements under the Act, including, but not limited to, drainage improvements and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

SECTION 4. NBS is hereby designated as Engineer of Work for purposes of these proceedings and is hereby ordered to prepare an Engineer's Report in accordance with Article 4 of Chapter 6.4 of the Act and Article XIIID of the California Constitution. Upon completion, the Engineer of Work shall file the Engineer's Report with the City Clerk for submission to the City Council.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

SECTION 6. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

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 City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**
ENGINEERING DIVISION

DISTRICT: **All**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-038, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DIRECTING THE PREPARATION OF THE ANNUAL ENGINEER'S REPORTS FOR THE CONTINUATION OF THE ANNUAL LEVY OF ASSESSMENTS AND DESIGNATING THE ENGINEER OF WORK FOR FISCAL YEAR 2022/2023 FOR THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS, PARK MAINTENANCE AND RECREATION IMPROVEMENT DISTRICT, AND STREETLIGHT MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS.**

ISSUE

Adopt Resolution No. CC 2022-038, a Resolution of the City Council of the City of Palmdale directing the preparation of the annual Engineer's Reports for the continuation of the annual levy of assessments and designating the Engineer of Work for fiscal year 2022/2023 for the City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2022-038 directing the preparation of the annual Engineer's Reports for the City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations.

BACKGROUND

The City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations, were approved by property owners pursuant to several mailed ballot elections conducted in accordance with Article XIIID of the California Constitution and the Landscaping and Lighting Act of 1972 (the "Act"), Part 2

of Division 15 of the California Streets and Highways Code (commencing with Section 22500 thereof).

The purpose of the Landscape Maintenance Assessment Districts and Annexations is to fund the installation, maintenance, and servicing of ornamental structures, landscaping, including trees, shrubs, grass and other ornamental vegetation, and appurtenant facilities, including irrigation systems, drainage devices and drywells located in public places within the boundaries of the Landscape Maintenance Assessment Districts and Annexations.

The purpose of the Park Maintenance and Recreation Improvement District is to fund the installation, maintenance and servicing of public parks and recreational facilities throughout the City.

The purpose of the Streetlight Maintenance Assessment Districts and Annexations is to fund the installation, maintenance, and servicing of any authorized improvements under the Act, including, but not limited to streetlight, traffic signal, and highway safety light improvements, and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

DISCUSSION

Resolution No. CC 2022-038 designates NBS as the Engineer of Work and directs the preparation of the annual Engineer's Reports for Fiscal Year 2022/2023 for the City of Palmdale Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations.

Each year, the Landscaping and Lighting Act of 1972 requires that, in order to continue the annual levy of assessments, the Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations have a detailed Engineer's Report approved by the City Council. The attached resolution, ordering the preparation of the annual Engineer's Reports, initiates the proceedings for the annual levy of assessments for the Landscape Maintenance Assessment Districts and Annexations, Park Maintenance and Recreation Improvement District, and Streetlight Maintenance Assessment Districts and Annexations for Fiscal Year 2022/2023.

The annual Engineer's Reports will be presented to the City Council at the June 1, 2022 meeting. A public hearing will be held at the July 13, 2022 Council meeting in order to accept public testimony regarding the combined annual Engineer's Report and levy of assessments for Fiscal Year 2022/2023.

FISCAL IMPACT

Levy amounts will be included with the combined annual Engineer's Reports that will be presented at the June 1, 2022 City Council meeting.

STRATEGIC PLAN

Invest in infrastructure to improve community viability.

Prepared by:	Chuck Heffernan P. E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-038

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-038

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DIRECTING THE PREPARATION OF THE ANNUAL ENGINEER'S REPORTS FOR THE CONTINUATION OF THE ANNUAL LEVY OF ASSESSMENTS AND DESIGNATING THE ENGINEER OF WORK FOR FISCAL YEAR 2022/2023 FOR THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS, PARK MAINTENANCE AND RECREATION IMPROVEMENT DISTRICT, AND STREETLIGHT MAINTENANCE ASSESSMENT DISTRICTS AND ANNEXATIONS

WHEREAS, the City of Palmdale Landscape Maintenance Assessment Districts and Annexations (the “Landscape Assessment Districts”), Park Maintenance and Recreation Improvement District (the “Park District”), and Streetlight Maintenance Assessment Districts and Annexations (the “Streetlight Assessment Districts”, or all together, the Landscape Assessment Districts, Park District, and Streetlight Assessment Districts may be referred to as the “Districts”) were approved by property owners pursuant to several mailed ballot elections conducted in accordance with Article XIIID of the California Constitution, and the Landscaping and Lighting Act of 1972 (the "Act"), Part 2 of Division 15 of the California Streets and Highways Code (commencing with Section 22500 thereof).

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 proposes to continue to levy annual assessments for existing City of Palmdale Districts and to levy and collect assessments against the lots and parcels of land within such Districts to pay for the costs and expenses of the improvements described in Section 3 below, for the fiscal year commencing July 1, 2022 and ending June 30, 2023, pursuant to the Act, and as provided by Article XIIID of the California Constitution.

SECTION 2. The purpose of the Districts is for the installation, maintenance and servicing of public improvements, as described in Section 3 below.

SECTION 3. Within the Landscape Assessment Districts, the existing and proposed improvements to be undertaken may be briefly described as follows: the installation, maintenance and servicing of ornamental structures, landscaping, including trees, shrubs, grass and other ornamental vegetation, and appurtenant facilities, including irrigation systems, drainage devices and drywells located in public places within the boundaries of the Landscape Assessment Districts. Maintenance means the

furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the ornamental structures, landscaping and appurtenant facilities, including repair, removal or replacement of all or part of any of the ornamental structures, landscaping or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti. Servicing means the furnishing of electricity for the lighting and operation of the ornamental structures, landscaping, and appurtenant facilities, and water for the irrigation and control of the landscaping and the maintenance of any of the ornamental structures, landscaping, and appurtenant facilities.

Within the Park District, the existing and proposed improvements to be undertaken by the Park District are generally described as: installation, maintenance and servicing of public facilities, including but not limited to, landscaping, sprinkler systems, park grounds, park facilities, amphitheaters, landscape corridors, ground cover, shrubs and trees, street frontages, multi-use trails, camp sites and picnic areas, equestrian facilities, playground equipment and hardcourt areas, senior and community centers, drainage systems, lighting, fencing, entry monuments, sport and recreation fields, concession stands, basketball courts, tennis courts, running tracks, aquatic parks, swimming pools and pool enclosures, other recreational facilities, security guards, graffiti removal and repainting, and labor, materials, supplies, utilities and equipment, as applicable, for property owned, operated or maintained by the City of Palmdale. Whereas, installation means the construction of recreational improvements, including, but not limited to, land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks and drainage, lights, playground equipment, play courts, recreational facilities, and public restrooms. Whereas, maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of said improvements, including repair, removal, or replacement of all or part of any improvement; providing for the life, growth, health and beauty of landscaping; and cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti. Whereas, servicing means the furnishing of electric current or energy for the operation or lighting of any improvements, and water for irrigation of any landscaping or the maintenance of any other improvements.

Within the Streetlight Assessment Districts, the existing and proposed improvements to be undertaken may be briefly described as follows: the installation, maintenance, and servicing of any authorized improvements under the Act, including, but not limited to streetlight, traffic signal, and highway safety light improvements, and any facilities which are appurtenant to any of the aforementioned or which are necessary or convenient for the maintenance or servicing thereof.

SECTION 4. NBS is hereby designated as Engineer of Work for purposes of these proceedings and is hereby ordered to prepare an Engineer's Report in accordance with Article 4 of Chapter 1 of the Act and Article XIIID of the California Constitution. Upon completion, the Engineer of Work shall file the Engineer's Report with the City Clerk for submission to the City Council.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

SECTION 6. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

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 City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
MAINTENANCE DIVISION

DISTRICT: **All**

SUBJECT: **APPROVE PURCHASE ORDER NO. 20220444 WITH NATIONAL AUTO FLEET GROUP FOR ONE (1) ROADLINE MODEL GPMT GRAFFITI REMOVAL TRUCK IN AN AMOUNT NOT TO EXCEED $142,236.76; AND APPROVE APPROPRIATION OF $30,000 FROM MEASURE AV UNAPPROPRIATED FUND BALANCE.**

ISSUE

Approve Purchase Order No. 20220444 with National Auto Fleet Group for one (1) Roadline Model GPMT Graffiti Removal Truck in an amount not to exceed $142,236.76; and approve appropriation of $30,000 from Measure AV unappropriated fund balance.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Purchase Order No. 20220444 with National Auto Fleet Group for one (1) Roadline Model GPMT Graffiti Removal Truck in an amount not to exceed $142,236.76; and
2. Approve appropriation of $30,000 from Measure AV unappropriated fund balance.

BACKGROUND

Graffiti is one of the leading issues reported to the City's Maintenance Division. Since the beginning of 2022, there have been more than 1,000 citizen reports of graffiti throughout the City. The influx of reported incidents strains the Graffiti Abatement crew as they must find ways to respond to all the reported locations in a timely manner.

The City currently has available an inefficient method of removing graffiti. The two vehicles being used are outdated and require towing a pressure washer trailer, outfitted with two gasoline powered airless paint pumps. The towing of a trailer is cumbersome and maneuvering in tight spaces is difficult, and staff must continually clean and maintain the equipment.

The addition of a new truck made specifically for graffiti abatement will streamline their process and dramatically increase production.

DISCUSSION

Abating graffiti is an integral part of keeping the City's public areas safe and clean for all; therefore, staff proposes to allocate Measure AV funds towards the purchase of a new truck specifically designed for graffiti abatement.

On March 23, 2022, the Measure AV Oversight Committee approved the allocation of $120,000 to be put towards the purchase of a new fully equipped graffiti truck to allow staff to act more efficiently to keep the City's public parks open, safe, and clean, as well as improving public safety. On April 27, 2022, the Measure AV Oversight Committee approved the allocation of $30,000 in additional funding to cover the difference in the quoted cost of the new graffiti truck.

The proposed Roadline Model GPMT Graffiti Removal Truck will be fully equipped with up to four airless pumps and corresponding airless spray guns connected by high pressures lines of various length, contained by a reel hose located at the rear of the truck. A hot water high-pressured water blaster will rest on the bed of the truck, which uses a cleaning solution that is carried in the on-board tank to be used for the removal of graffiti. Safety lights will be installed to provide awareness of the truck to other vehicles and pedestrians. The enhancements on the proposed graffiti truck will allow for a more effective and efficient clean up of graffiti. The new equipment will also save the City on maintenance costs of the oldest vehicles and equipment.

The existing vehicles will remain in City inventory and will be used as a backup for graffiti removal when needed, as well as to support the Landscape Maintenance division.

To receive the best available pricing on the new Roadline Model GPMT Graffiti Removal Truck, the City is utilizing cooperative pricing with National Auto Fleet Group through Sourcewell Contract No. 091521-NAF.

FISCAL IMPACT

$142,236.76; The Purchase Order amount for one (1) Roadline Model GPMT Graffiti Removal Truck with National Auto Fleet Group in an amount not to exceed $142,236.76. $120,000 is budgeted and available in Fleet Maintenance account 15733006-774400, and $30,000 is requested to be appropriated from Measure AV unappropriated fund balance and will be budgeted in account 15733006-774400.

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.

Goal III: Invest in infrastructure to improve community livability.

B. 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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Sourcewell Contract No. 091521-NAF (National Auto Fleet Group)
2. Quote – National Auto Fleet Group_Graffiti Truck
3. Purchase Order No. 20220444 National Auto Fleet Group
4. Graffiti Truck Picture

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Solicitation Number: RFP #091521

CONTRACT

This Contract is between Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 (Sourcewell) and 72 Hour LLC dba: National Auto Fleet Group, 490 Auto Center Drive, Watsonville, CA 95076 (Supplier).

Sourcewell is a State of Minnesota local government unit and service cooperative created under the laws of the State of Minnesota (Minnesota Statutes Section 123A.21) that offers cooperative procurement solutions to government entities. Participation is open to eligible federal, state/province, and municipal governmental entities, higher education, K-12 education, nonprofit, tribal government, and other public entities located in the United States and Canada. Sourcewell issued a public solicitation for Automobiles, SUVs, Vans, and Light Trucks with Related Equipment and Accessories from which Supplier was awarded a contract.

Supplier desires to contract with Sourcewell to provide equipment, products, or services to Sourcewell and the entities that access Sourcewell's cooperative purchasing contracts (Participating Entities).

1. TERM OF CONTRACT

A. EFFECTIVE DATE. This Contract is effective upon the date of the final signature below.

B. EXPIRATION DATE AND EXTENSION. This Contract expires November 8, 2025, unless it is cancelled sooner pursuant to Article 22. This Contract may be extended one additional year upon the request of Sourcewell and written agreement by Supplier.

C. SURVIVAL OF TERMS. Notwithstanding any expiration or termination of this Contract, all payment obligations incurred prior to expiration or termination will survive, as will the following: Articles 11 through 14 survive the expiration or cancellation of this Contract. All rights will cease upon expiration or termination of this Contract.

2. EQUIPMENT, PRODUCTS, OR SERVICES

A. EQUIPMENT, PRODUCTS, OR SERVICES. Supplier will provide the Equipment, Products, or Services as stated in its Proposal submitted under the Solicitation Number listed above.

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Supplier's Equipment, Products, or Services Proposal (Proposal) is attached and incorporated into this Contract.

All Equipment and Products provided under this Contract must be new and the current model. Supplier may offer close-out or refurbished Equipment or Products if they are clearly indicated in Supplier's product and pricing list. Unless agreed to by the Participating Entities in advance, Equipment or Products must be delivered as operational to the Participating Entity's site.

This Contract offers an indefinite quantity of sales, and while substantial volume is anticipated, sales and sales volume are not guaranteed.

B. WARRANTY. Supplier warrants that all Equipment, Products, and Services furnished are free from liens and encumbrances, and are free from defects in design, materials, and workmanship. In addition, Supplier warrants the Equipment, Products, and Services are suitable for and will perform in accordance with the ordinary use for which they are intended. Supplier's dealers and distributors must agree to assist the Participating Entity in reaching a resolution in any dispute over warranty terms with the manufacturer. Any manufacturer's warranty that extends beyond the expiration of the Supplier's warranty will be passed on to the Participating Entity.

C. DEALERS, DISTRIBUTORS, AND/OR RESELLERS. Upon Contract execution and throughout the Contract term, Supplier must provide to Sourcewell a current means to validate or authenticate Supplier's authorized dealers, distributors, or resellers relative to the Equipment, Products, and Services offered under this Contract, which will be incorporated into this Contract by reference. It is the Supplier's responsibility to ensure Sourcewell receives the most current information.

3. PRICING

All Equipment, Products, or Services under this Contract will be priced at or below the price stated in Supplier's Proposal.

When providing pricing quotes to Participating Entities, all pricing quoted must reflect a Participating Entity's total cost of acquisition. This means that the quoted cost is for delivered Equipment, Products, and Services that are operational for their intended purpose, and includes all costs to the Participating Entity's requested delivery location.

Regardless of the payment method chosen by the Participating Entity, the total cost associated with any purchase option of the Equipment, Products, or Services must always be disclosed in the pricing quote to the applicable Participating Entity at the time of purchase.

A. SHIPPING AND SHIPPING COSTS. All delivered Equipment and Products must be properly packaged. Damaged Equipment and Products may be rejected. If the damage is not readily apparent at the time of delivery, Supplier must permit the Equipment and Products to be

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returned within a reasonable time at no cost to Sourcewell or its Participating Entities. Participating Entities reserve the right to inspect the Equipment and Products at a reasonable time after delivery where circumstances or conditions prevent effective inspection of the Equipment and Products at the time of delivery. In the event of the delivery of nonconforming Equipment and Products, the Participating Entity will notify the Supplier as soon as possible and the Supplier will replace nonconforming Equipment and Products with conforming Equipment and Products that are acceptable to the Participating Entity.

Supplier must arrange for and pay for the return shipment on Equipment and Products that arrive in a defective or inoperable condition.

Sourcewell may declare the Supplier in breach of this Contract if the Supplier intentionally delivers substandard or inferior Equipment or Products.

B. SALES TAX. Each Participating Entity is responsible for supplying the Supplier with valid tax-exemption certification(s). When ordering, a Participating Entity must indicate if it is a tax-exempt entity.

C. HOT LIST PRICING. At any time during this Contract, Supplier may offer a specific selection of Equipment, Products, or Services at discounts greater than those listed in the Contract. When Supplier determines it will offer Hot List Pricing, it must be submitted electronically to Sourcewell in a line-item format. Equipment, Products, or Services may be added or removed from the Hot List at any time through a Sourcewell Price and Product Change Form as defined in Article 4 below.

Hot List program and pricing may also be used to discount and liquidate close-out and discontinued Equipment and Products as long as those close-out and discontinued items are clearly identified as such. Current ordering process and administrative fees apply. Hot List Pricing must be published and made available to all Participating Entities.

4. PRODUCT AND PRICING CHANGE REQUESTS

Supplier may request Equipment, Product, or Service changes, additions, or deletions at any time. All requests must be made in writing by submitting a signed Sourcewell Price and Product Change Request Form to the assigned Sourcewell Supplier Development Administrator. This approved form is available from the assigned Sourcewell Supplier Development Administrator. At a minimum, the request must:

- Identify the applicable Sourcewell contract number;
- Clearly specify the requested change;
- Provide sufficient detail to justify the requested change;

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- Individually list all Equipment, Products, or Services affected by the requested change, along with the requested change (e.g., addition, deletion, price change); and
- Include a complete restatement of pricing documentation in Microsoft Excel with the effective date of the modified pricing, or product addition or deletion. The new pricing restatement must include all Equipment, Products, and Services offered, even for those items where pricing remains unchanged.

A fully executed Sourcewell Price and Product Change Request Form will become an amendment to this Contract and will be incorporated by reference.

5. PARTICIPATION, CONTRACT ACCESS, AND PARTICIPATING ENTITY REQUIREMENTS

A. PARTICIPATION. Sourcewell's cooperative contracts are available and open to public and nonprofit entities across the United States and Canada; such as federal, state/province, municipal, K-12 and higher education, tribal government, and other public entities.

The benefits of this Contract should be available to all Participating Entities that can legally access the Equipment, Products, or Services under this Contract. A Participating Entity's authority to access this Contract is determined through its cooperative purchasing, interlocal, or joint powers laws. Any entity accessing benefits of this Contract will be considered a Service Member of Sourcewell during such time of access. Supplier understands that a Participating Entity's use of this Contract is at the Participating Entity's sole convenience and Participating Entities reserve the right to obtain like Equipment, Products, or Services from any other source.

Supplier is responsible for familiarizing its sales and service forces with Sourcewell contract use eligibility requirements and documentation and will encourage potential participating entities to join Sourcewell. Sourcewell reserves the right to add and remove Participating Entities to its roster during the term of this Contract.

B. PUBLIC FACILITIES. Supplier's employees may be required to perform work at government-owned facilities, including schools. Supplier's employees and agents must conduct themselves in a professional manner while on the premises, and in accordance with Participating Entity policies and procedures, and all applicable laws.

6. PARTICIPATING ENTITY USE AND PURCHASING

A. ORDERS AND PAYMENT. To access the contracted Equipment, Products, or Services under this Contract, a Participating Entity must clearly indicate to Supplier that it intends to access this Contract; however, order flow and procedure will be developed jointly between Sourcewell and Supplier. Typically, a Participating Entity will issue an order directly to Supplier or its authorized subsidiary, distributor, dealer, or reseller. If a Participating Entity issues a purchase order, it may use its own forms, but the purchase order should clearly note the applicable Sourcewell

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contract number. All Participating Entity orders under this Contract must be issued prior to expiration or cancellation of this Contract; however, Supplier performance, Participating Entity payment obligations, and any applicable warranty periods or other Supplier or Participating Entity obligations may extend beyond the term of this Contract.

Supplier's acceptable forms of payment are included in its attached Proposal. Participating Entities will be solely responsible for payment and Sourcewell will have no liability for any unpaid invoice of any Participating Entity.

B. ADDITIONAL TERMS AND CONDITIONS/PARTICIPATING ADDENDUM. Additional terms and conditions to a purchase order, or other required transaction documentation, may be negotiated between a Participating Entity and Supplier, such as job or industry-specific requirements, legal requirements (e.g., affirmative action or immigration status requirements), or specific local policy requirements. Some Participating Entities may require the use of a Participating Addendum; the terms of which will be negotiated directly between the Participating Entity and the Supplier. Any negotiated additional terms and conditions must never be less favorable to the Participating Entity than what is contained in this Contract.

C. SPECIALIZED SERVICE REQUIREMENTS. In the event that the Participating Entity requires service or specialized performance requirements not addressed in this Contract (such as e-commerce specifications, specialized delivery requirements, or other specifications and requirements), the Participating Entity and the Supplier may enter into a separate, standalone agreement, apart from this Contract. Sourcewell, including its agents and employees, will not be made a party to a claim for breach of such agreement.

D. TERMINATION OF ORDERS. Participating Entities may terminate an order, in whole or in part, immediately upon notice to Supplier in the event of any of the following events:

1. The Participating Entity fails to receive funding or appropriation from its governing body at levels sufficient to pay for the equipment, products, or services to be purchased; or
2. Federal, state, or provincial laws or regulations prohibit the purchase or change the Participating Entity's requirements.

E. GOVERNING LAW AND VENUE. The governing law and venue for any action related to a Participating Entity's order will be determined by the Participating Entity making the purchase.

7. CUSTOMER SERVICE

A. PRIMARY ACCOUNT REPRESENTATIVE. Supplier will assign an Account Representative to Sourcewell for this Contract and must provide prompt notice to Sourcewell if that person is changed. The Account Representative will be responsible for:

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- Maintenance and management of this Contract;
- Timely response to all Sourcewell and Participating Entity inquiries; and
- Business reviews to Sourcewell and Participating Entities, if applicable.

B. BUSINESS REVIEWS. Supplier must perform a minimum of one business review with Sourcewell per contract year. The business review will cover sales to Participating Entities, pricing and contract terms, administrative fees, sales data reports, supply issues, customer issues, and any other necessary information.

8. REPORT ON CONTRACT SALES ACTIVITY AND ADMINISTRATIVE FEE PAYMENT

A. CONTRACT SALES ACTIVITY REPORT. Each calendar quarter, Supplier must provide a contract sales activity report (Report) to the Sourcewell Supplier Development Administrator assigned to this Contract. Reports are due no later than 45 days after the end of each calendar quarter. A Report must be provided regardless of the number or amount of sales during that quarter (i.e., if there are no sales, Supplier must submit a report indicating no sales were made).

The Report must contain the following fields:

- Participating Entity Name (e.g., City of Staples Highway Department);
- Participating Entity Physical Street Address;
- Participating Entity City;
- Participating Entity State/Province;
- Participating Entity Zip/Postal Code;
- Participating Entity Contact Name;
- Participating Entity Contact Email Address;
- Participating Entity Contact Telephone Number;
- Sourcewell Assigned Entity/Participating Entity Number;
- Item Purchased Description;
- Item Purchased Price;
- Sourcewell Administrative Fee Applied; and
- Date Purchase was invoiced/sale was recognized as revenue by Supplier.

B. ADMINISTRATIVE FEE. In consideration for the support and services provided by Sourcewell, the Supplier will pay an administrative fee to Sourcewell on all Equipment, Products, and Services provided to Participating Entities. The Administrative Fee must be included in, and not added to, the pricing. Supplier may not charge Participating Entities more than the contracted price to offset the Administrative Fee.

The Supplier will submit payment to Sourcewell for the percentage of administrative fee stated in the Proposal multiplied by the total sales of all Equipment, Products, and Services purchased

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by Participating Entities under this Contract during each calendar quarter. Payments should note the Supplier's name and Sourcewell-assigned contract number in the memo; and must be mailed to the address above "Attn: Accounts Receivable" or remitted electronically to Sourcewell's banking institution per Sourcewell's Finance department instructions. Payments must be received no later than 45 calendar days after the end of each calendar quarter.

Supplier agrees to cooperate with Sourcewell in auditing transactions under this Contract to ensure that the administrative fee is paid on all items purchased under this Contract.

In the event the Supplier is delinquent in any undisputed administrative fees, Sourcewell reserves the right to cancel this Contract and reject any proposal submitted by the Supplier in any subsequent solicitation. In the event this Contract is cancelled by either party prior to the Contract's expiration date, the administrative fee payment will be due no more than 30 days from the cancellation date.

9. AUTHORIZED REPRESENTATIVE

Sourcewell's Authorized Representative is its Chief Procurement Officer.

Supplier's Authorized Representative is the person named in the Supplier's Proposal. If Supplier's Authorized Representative changes at any time during this Contract, Supplier must promptly notify Sourcewell in writing.

10. AUDIT, ASSIGNMENT, AMENDMENTS, WAIVER, AND CONTRACT COMPLETE

A. AUDIT. Pursuant to Minnesota Statutes Section 16C.05, subdivision 5, the books, records, documents, and accounting procedures and practices relevant to this Agreement are subject to examination by Sourcewell or the Minnesota State Auditor for a minimum of six years from the end of this Contract. This clause extends to Participating Entities as it relates to business conducted by that Participating Entity under this Contract.

B. ASSIGNMENT. Neither party may assign or otherwise transfer its rights or obligations under this Contract without the prior written consent of the other party and a fully executed assignment agreement. Such consent will not be unreasonably withheld. Any prohibited assignment will be invalid.

C. AMENDMENTS. Any amendment to this Contract must be in writing and will not be effective until it has been duly executed by the parties.

D. WAIVER. Failure by either party to take action or assert any right under this Contract will not be deemed a waiver of such right in the event of the continuation or repetition of the circumstances giving rise to such right. Any such waiver must be in writing and signed by the parties.

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E. CONTRACT COMPLETE. This Contract represents the complete agreement between the parties. No other understanding regarding this Contract, whether written or oral, may be used to bind either party.For any conflict between the attached Proposal and the terms set out in Articles 1-22 of this Contract, the terms of Articles 1-22 will govern.

F. RELATIONSHIP OF THE PARTIES. The relationship of the parties is one of independent contractors, each free to exercise judgment and discretion with regard to the conduct of their respective businesses. This Contract does not create a partnership, joint venture, or any other relationship such as master-servant, or principal-agent.

11. INDEMNITY AND HOLD HARMLESS

Supplier must indemnify, defend, save, and hold Sourcewell and its Participating Entities, including their agents and employees, harmless from any claims or causes of action, including attorneys' fees incurred by Sourcewell or its Participating Entities, arising out of any act or omission in the performance of this Contract by the Supplier or its agents or employees; this indemnification includes injury or death to person(s) or property alleged to have been caused by some defect in the Equipment, Products, or Services under this Contract to the extent the Equipment, Product, or Service has been used according to its specifications. Sourcewell's responsibility will be governed by the State of Minnesota's Tort Liability Act (Minnesota Statutes Chapter 466) and other applicable law.

12. GOVERNMENT DATA PRACTICES

Supplier and Sourcewell must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by or provided to Sourcewell under this Contract and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Supplier under this Contract.

13. INTELLECTUAL PROPERTY, PUBLICITY, MARKETING, AND ENDORSEMENT

A. INTELLECTUAL PROPERTY

1. *Grant of License.* During the term of this Contract:
   a. Sourcewell grants to Supplier a royalty-free, worldwide, non-exclusive right and license to use thetrademark(s) provided to Supplier by Sourcewell in advertising and promotional materials for the purpose of marketing Sourcewell's relationship with Supplier.
   b. Supplier grants to Sourcewell a royalty-free, worldwide, non-exclusive right and license to use Supplier's trademarks in advertising and promotional materials for the purpose of marketing Supplier's relationship with Sourcewell.
2. *Limited Right of Sublicense*. The right and license granted herein includes a limited right of each party to grant sublicenses to their respective subsidiaries, distributors, dealers,

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resellers, marketing representatives, and agents (collectively "Permitted Sublicensees") in advertising and promotional materials for the purpose of marketing the Parties' relationship to Participating Entities. Any sublicense granted will be subject to the terms and conditions of this Article. Each party will be responsible for any breach of this Article by any of their respective sublicensees.

3. *Use; Quality Control.*

a. Neither party may alter the other party's trademarks from the form provided and must comply with removal requests as to specific uses of its trademarks or logos.

b. Each party agrees to use, and to cause its Permitted Sublicensees to use, the other party's trademarks only in good faith and in a dignified manner consistent with such party's use of the trademarks. Upon written notice to the breaching party, the breaching party has 30 days of the date of the written notice to cure the breach or the license will be terminated.

4. As applicable, Supplier agrees to indemnify and hold harmless Sourcewell and its Participating Entities against any and all suits, claims, judgments, and costs instituted or recovered against Sourcewell or Participating Entities by any person on account of the use of any Equipment or Products by Sourcewell or its Participating Entities supplied by Supplier in violation of applicable patent or copyright laws.

5. Termination. Upon the termination of this Contract for any reason, each party, including Permitted Sublicensees, will have 30 days to remove all Trademarks from signage, websites, and the like bearing the other party's name or logo (excepting Sourcewell's pre-printed catalog of suppliers which may be used until the next printing). Supplier must return all marketing and promotional materials, including signage, provided by Sourcewell, or dispose of it according to Sourcewell's written directions.

B. PUBLICITY. Any publicity regarding the subject matter of this Contract must not be released without prior written approval from the Authorized Representatives. Publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Supplier individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Contract.

C. MARKETING. Any direct advertising, marketing, or offers with Participating Entities must be approved by Sourcewell. Send all approval requests to the Sourcewell Supplier Development Administrator assigned to this Contract.

D. ENDORSEMENT. The Supplier must not claim that Sourcewell endorses its Equipment, Products, or Services.

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14. GOVERNING LAW, JURISDICTION, AND VENUE

The substantive and procedural laws of the State of Minnesota will govern this Contract. Venue for all legal proceedings arising out of this Contract, or its breach, must be in the appropriate state court in Todd County, Minnesota or federal court in Fergus Falls, Minnesota.

15. FORCE MAJEURE

Neither party to this Contract will be held responsible for delay or default caused by acts of God or other conditions that are beyond that party's reasonable control. A party defaulting under this provision must provide the other party prompt written notice of the default.

16. SEVERABILITY

If any provision of this Contract is found by a court of competent jurisdiction to be illegal, unenforceable, or void then both parties will be relieved from all obligations arising from that provision. If the remainder of this Contract is capable of being performed, it will not be affected by such determination or finding and must be fully performed.

17. PERFORMANCE, DEFAULT, AND REMEDIES

A. PERFORMANCE. During the term of this Contract, the parties will monitor performance and address unresolved contract issues as follows:

1. *Notification.* The parties must promptly notify each other of any known dispute and work in good faith to resolve such dispute within a reasonable period of time. If necessary, Sourcewell and the Supplier will jointly develop a short briefing document that describes the issue(s), relevant impact, and positions of both parties.
2. *Escalation.* If parties are unable to resolve the issue in a timely manner, as specified above, either Sourcewell or Supplier may escalate the resolution of the issue to a higher level of management. The Supplier will have 30 calendar days to cure an outstanding issue.
3. *Performance while Dispute is Pending*. Notwithstanding the existence of a dispute, the Supplier must continue without delay to carry out all of its responsibilities under the Contract that are not affected by the dispute. If the Supplier fails to continue without delay to perform its responsibilities under the Contract, in the accomplishment of all undisputed work, the Supplier will bear any additional costs incurred by Sourcewell and/or its Participating Entities as a result of such failure to proceed.

B. DEFAULT AND REMEDIES. Either of the following constitutes cause to declare this Contract, or any Participating Entity order under this Contract, in default:

1. Nonperformance of contractual requirements, or
2. A material breach of any term or condition of this Contract.

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The party claiming default must provide written notice of the default, with 30 calendar days to cure the default. Time allowed for cure will not diminish or eliminate any liability for liquidated or other damages. If the default remains after the opportunity for cure, the non-defaulting party may:

- Exercise any remedy provided by law or equity, or
- Terminate the Contract or any portion thereof, including any orders issued against the Contract.

18. INSURANCE

A. REQUIREMENTS. At its own expense, Supplier must maintain insurance policy(ies) in effect at all times during the performance of this Contract with insurance company(ies) licensed or authorized to do business in the State of Minnesota having an "AM BEST" rating of A- or better, with coverage and limits of insurance not less than the following:

1. *Workers' Compensation and Employer's Liability.*
Workers' Compensation: As required by any applicable law or regulation.
Employer's Liability Insurance: must be provided in amounts not less than listed below:
Minimum limits:
$500,000 each accident for bodily injury by accident
$500,000 policy limit for bodily injury by disease
$500,000 each employee for bodily injury by disease

2. *Commercial General Liability Insurance.* Supplier will maintain insurance covering its operations, with coverage on an occurrence basis, and must be subject to terms no less broad than the Insurance Services Office ("ISO") Commercial General Liability Form CG0001 (2001 or newer edition), or equivalent. At a minimum, coverage must include liability arising from premises, operations, bodily injury and property damage, independent contractors, products-completed operations including construction defect, contractual liability, blanket contractual liability, and personal injury and advertising injury. All required limits, terms and conditions of coverage must be maintained during the term of this Contract.
Minimum Limits:
$1,000,000 each occurrence Bodily Injury and Property Damage
$1,000,000 Personal and Advertising Injury
$2,000,000 aggregate for Products-Completed operations
$2,000,000 general aggregate

3. *Commercial Automobile Liability Insurance.* During the term of this Contract, Supplier will maintain insurance covering all owned, hired, and non-owned automobiles in limits of liability not less than indicated below. The coverage must be subject to terms

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no less broad than ISO Business Auto Coverage Form CA 0001 (2010 edition or newer), or equivalent.

Minimum Limits:
$1,000,000 each accident, combined single limit

4. *Umbrella Insurance*. During the term of this Contract, Supplier will maintain umbrella coverage over Employer's Liability, Commercial General Liability, and Commercial Automobile.

Minimum Limits:
$2,000,000

5. *Network Security and Privacy Liability Insurance*. During the term of this Contract, Supplier will maintain coverage for network security and privacy liability. The coverage may be endorsed on another form of liability coverage or written on a standalone policy. The insurance must cover claims which may arise from failure of Supplier's security resulting in, but not limited to, computer attacks, unauthorized access, disclosure of not public data – including but not limited to, confidential or private information, transmission of a computer virus, or denial of service.

Minimum limits:
$2,000,000 per occurrence
$2,000,000 annual aggregate

Failure of Supplier to maintain the required insurance will constitute a material breach entitling Sourcewell to immediately terminate this Contract for default.

B. CERTIFICATES OF INSURANCE. Prior to commencing under this Contract, Supplier must furnish to Sourcewell a certificate of insurance, as evidence of the insurance required under this Contract. Prior to expiration of the policy(ies), renewal certificates must be mailed to Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 or sent to the Sourcewell Supplier Development Administrator assigned to this Contract. The certificates must be signed by a person authorized by the insurer(s) to bind coverage on their behalf.

Failure to request certificates of insurance by Sourcewell, or failure of Supplier to provide certificates of insurance, in no way limits or relieves Supplier of its duties and responsibilities in this Contract.

C. ADDITIONAL INSURED ENDORSEMENT AND PRIMARY AND NON-CONTRIBUTORY INSURANCE CLAUSE. Supplier agrees to list Sourcewell and its Participating Entities, including their officers, agents, and employees, as an additional insured under the Supplier's commercial general liability insurance policy with respect to liability arising out of activities, "operations," or "work" performed by or on behalf of Supplier, and products and completed operations of Supplier. The policy provision(s) or endorsement(s) must further provide that coverage is

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primary and not excess over or contributory with any other valid, applicable, and collectible insurance or self-insurance in force for the additional insureds.

D. WAIVER OF SUBROGATION. Supplier waives and must require (by endorsement or otherwise) all its insurers to waive subrogation rights against Sourcewell and other additional insureds for losses paid under the insurance policies required by this Contract or other insurance applicable to the Supplier or its subcontractors. The waiver must apply to all deductibles and/or self-insured retentions applicable to the required or any other insurance maintained by the Supplier or its subcontractors. Where permitted by law, Supplier must require similar written express waivers of subrogation and insurance clauses from each of its subcontractors.

E. UMBRELLA/EXCESS LIABILITY/SELF-INSURED RETENTION. The limits required by this Contract can be met by either providing a primary policy or in combination with umbrella/excess liability policy(ies), or self-insured retention.

19. COMPLIANCE

A. LAWS AND REGULATIONS. All Equipment, Products, or Services provided under this Contract must comply fully with applicable federal laws and regulations, and with the laws in the states and provinces in which the Equipment, Products, or Services are sold.

B. LICENSES. Supplier must maintain a valid and current status on all required federal, state/provincial, and local licenses, bonds, and permits required for the operation of the business that the Supplier conducts with Sourcewell and Participating Entities.

20. BANKRUPTCY, DEBARMENT, OR SUSPENSION CERTIFICATION

Supplier certifies and warrants that it is not in bankruptcy or that it has previously disclosed in writing certain information to Sourcewell related to bankruptcy actions. If at any time during this Contract Supplier declares bankruptcy, Supplier must immediately notify Sourcewell in writing.

Supplier certifies and warrants that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Supplier certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this Contract. Supplier further warrants that it will provide immediate written notice to Sourcewell if this certification changes at any time.

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21. PROVISIONS FOR NON-UNITED STATES FEDERAL ENTITY PROCUREMENTS UNDER UNITED STATES FEDERAL AWARDS OR OTHER AWARDS

Participating Entities that use United States federal grant or FEMA funds to purchase goods or services from this Contract may be subject to additional requirements including the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 C.F.R. § 200. Participating Entities may have additional requirements based on specific funding source terms or conditions. Within this Article, all references to "federal" should be interpreted to mean the United States federal government. The following list only applies when a Participating Entity accesses Supplier's Equipment, Products, or Services with United States federal funds.

A. EQUAL EMPLOYMENT OPPORTUNITY. Except as otherwise provided under 41 C.F.R. § 60, all contracts that meet the definition of "federally assisted construction contract" in 41 C.F.R. § 60-1.3 must include the equal opportunity clause provided under 41 C.F.R. §60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 C.F.R. §, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 C.F.R. § 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor." The equal opportunity clause is incorporated herein by reference.

B. DAVIS-BACON ACT, AS AMENDED (40 U.S.C. § 3141-3148). When required by federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. § 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 C.F.R. § 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-federal entity must report all suspected or reported violations to the federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. § 3145), as supplemented by Department of Labor regulations (29 C.F.R. § 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-federal entity must report all suspected or reported violations to the federal awarding agency. Supplier must be in compliance with all applicable Davis-Bacon Act provisions.

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C. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT (40 U.S.C. § 3701-3708). Where applicable, all contracts awarded by the non-federal entity in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. §§ 3702 and 3704, as supplemented by Department of Labor regulations (29 C.F.R. § 5). Under 40 U.S.C. § 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. § 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence. This provision is hereby incorporated by reference into this Contract. Supplier certifies that during the term of an award for all contracts by Sourcewell resulting from this procurement process, Supplier must comply with applicable requirements as referenced above.

D. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT. If the federal award meets the definition of “funding agreement” under 37 C.F.R. § 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 C.F.R. § 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency. Supplier certifies that during the term of an award for all contracts by Sourcewell resulting from this procurement process, Supplier must comply with applicable requirements as referenced above.

E. CLEAN AIR ACT (42 U.S.C. § 7401-7671Q.) AND THE FEDERAL WATER POLLUTION CONTROL ACT (33 U.S.C. § 1251-1387). Contracts and subgrants of amounts in excess of $150,000 require the non-federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. § 7401- 7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. § 1251- 1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA). Supplier certifies that during the term of this Contract will comply with applicable requirements as referenced above.

F. DEBARMENT AND SUSPENSION (EXECUTIVE ORDERS 12549 AND 12689). A contract award (see 2 C.F.R. § 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 C.F.R. §180 that implement Executive Orders 12549 (3 C.F.R. § 1986 Comp., p. 189) and 12689 (3 C.F.R. § 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names

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of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. Supplier certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any federal department or agency.

G. BYRD ANTI-LOBBYING AMENDMENT, AS AMENDED (31 U.S.C. § 1352). Suppliers must file any required certifications. Suppliers must not have used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Suppliers must disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier up to the non-federal award. Suppliers must file all certifications and disclosures required by, and otherwise comply with, the Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352).

H. RECORD RETENTION REQUIREMENTS. To the extent applicable, Supplier must comply with the record retention requirements detailed in 2 C.F.R. § 200.333. The Supplier further certifies that it will retain all records as required by 2 C.F.R. § 200.333 for a period of 3 years after grantees or subgrantees submit final expenditure reports or quarterly or annual financial reports, as applicable, and all other pending matters are closed.

I. ENERGY POLICY AND CONSERVATION ACT COMPLIANCE. To the extent applicable, Supplier must comply with the mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act.

J. BUY AMERICAN PROVISIONS COMPLIANCE. To the extent applicable, Supplier must comply with all applicable provisions of the Buy American Act. Purchases made in accordance with the Buy American Act must follow the applicable procurement rules calling for free and open competition.

K. ACCESS TO RECORDS (2 C.F.R. § 200.336). Supplier agrees that duly authorized representatives of a federal agency must have access to any books, documents, papers and records of Supplier that are directly pertinent to Supplier's discharge of its obligations under this Contract for the purpose of making audits, examinations, excerpts, and transcriptions. The right also includes timely and reasonable access to Supplier's personnel for the purpose of interview and discussion relating to such documents.

L. PROCUREMENT OF RECOVERED MATERIALS (2 C.F.R. § 200.322). A non-federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation

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and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R. § 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

M. FEDERAL SEAL(S), LOGOS, AND FLAGS. The Supplier not use the seal(s), logos, crests, or reproductions of flags or likenesses of Federal agency officials without specific pre-approval.

N. NO OBLIGATION BY FEDERAL GOVERNMENT. The U.S. federal government is not a party to this Contract or any purchase by an Participating Entity and is not subject to any obligations or liabilities to the Participating Entity, Supplier, or any other party pertaining to any matter resulting from the Contract or any purchase by an authorized user.

O. PROGRAM FRAUD AND FALSE OR FRAUDULENT STATEMENTS OR RELATED ACTS. The Contractor acknowledges that 31 U.S.C. 38 (Administrative Remedies for False Claims and Statements) applies to the Supplier's actions pertaining to this Contract or any purchase by a Participating Entity.

P. FEDERAL DEBT. The Supplier certifies that it is non-delinquent in its repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowance, and benefit overpayments.

Q. CONFLICTS OF INTEREST. The Supplier must notify the U.S. Office of General Services, Sourcewell, and Participating Entity as soon as possible if this Contract or any aspect related to the anticipated work under this Contract raises an actual or potential conflict of interest (as described in 2 C.F.R. Part 200). The Supplier must explain the actual or potential conflict in writing in sufficient detail so that the U.S. Office of General Services, Sourcewell, and Participating Entity are able to assess the actual or potential conflict; and provide any additional information as necessary or requested.

R. U.S. EXECUTIVE ORDER 13224. The Supplier, and its subcontractors, must comply with U.S. Executive Order 13224 and U.S. Laws that prohibit transactions with and provision of resources and support to individuals and organizations associated with terrorism.

S. PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT. To the extent applicable, Supplier certifies that during the term of this Contract it will comply with applicable requirements of 2 C.F.R. § 200.216.

T. DOMESTIC PREFERENCES FOR PROCUREMENTS. To the extent applicable, Supplier certifies that during the term of this Contract will comply with applicable requirements of 2 C.F.R. § 200.322.

22. CANCELLATION

Sourcewell or Supplier may cancel this Contract at any time, with or without cause, upon 60 days' written notice to the other party. However, Sourcewell may cancel this Contract immediately upon discovery of a material defect in any certification made in Supplier's Proposal. Cancellation of this Contract does not relieve either party of financial, product, or service obligations incurred or accrued prior to cancellation.

Sourcewell

By: DocuSigned by: Jeremy Schwartz C0FD2A139D06489...
Jeremy Schwartz
Title: Chief Procurement Officer
Date: 11/4/2021 | 1:28 PM CDT

72 Hour LLC dba: National Auto Fleet Group

By: DocuSigned by: Jesse Cooper FACBB5730C1E467...
Jesse Cooper
Title: Fleet Manager
Date: 11/4/2021 | 10:46 AM CDT

Approved:

By: DocuSigned by: Chad Coauette 7E42B8F817A64CC...
Chad Coauette
Title: Executive Director/CEO
Date: 11/4/2021 | 1:34 PM CDT

RFP 091521 - Automobiles, SUVs, Vans, and Light Trucks with Related Equipment and Accessories

Vendor Details

Company Name:	72 HOUR LLC
Does your company conduct business under any other name? If yes, please state:	National Auto Fleet Group
Address:	490 Auto Center Drive Watsonville, CA 95076
Contact:	Jesse Cooper
Email:	Jcooper@nationalautofleetgroup.com
Phone:	951-440-0585
Fax:	831-840-8497
HST#:	263297677

Submission Details

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Submitter's IP Address:	76.81.241.2

Specifications

Table 1: Proposer Identity & Authorized Representatives

General Instructions (applies to all Tables) Sourcewell prefers a brief but thorough response to each question. Do not merely attach additional documents to your response without also providing a substantive response. Do not leave answers blank; respond “N/A” if the question does not apply to you (preferably with an explanation).

Line Item	Question	Response *	
1	Proposer Legal Name (one legal entity only): (In the event of award, will execute the resulting contract as "Supplier")	72 Hour LLC	*
2	Identify all subsidiary entities of the Proposer whose equipment, products, or services are included in the Proposal.	WCAF, LLC WCDJR, LLC Alan Jay Automotive Inc	*
3	Identify all applicable assumed names or DBA names of the Proposer or Proposer's subsidiaries in Line 1 or Line 2 above.	NAFG has numerous subsidiaries and DBA's including but not limited to: National Auto Fleet Group, Chevrolet of Watsonville, Watsonville Ford Watsonville CDJR Watsonville Fleet Group Alan Jay Chrysler Jeep Inc Alan Jay Chevrolet, Cadillac Alan Jay Buick, GMC Alan Jay Auto Outlet Clewiston Motor Company, Inc Alan Jay Chrysler Dodge Ram Jeep Alan Jay Lincoln Alan Jay Ford Alan Jay Nissan Alan Jay Toyota	*
4	Proposer Physical Address:	490 Auto Center Drive Watsonville, CA 95076	*
5	Proposer website address (or addresses):	www.NationalAutoFleetGroup.com	*
6	Proposer's Authorized Representative (name, title, address, email address & phone) (The representative must have authority to sign the “Proposer’s Assurance of Compliance” on behalf of the Proposer and, in the event of award, will be expected to execute the resulting contract):	Jesse Cooper Fleet Manager 1-855-289-6572 490 Auto Center Drive Watsonville, CA 95076 Jcooper@nationalautofleetgroup.com	*
7	Proposer's primary contact for this proposal (name, title, address, email address & phone):	Jesse Cooper Fleet Manager 1-855-289-6572 490 Auto Center Drive Watsonville, CA 95076 Jcooper@nationalautofleetgroup.com	*
8	Proposer's other contacts for this proposal, if any (name, title, address, email address & phone):	Clarke Cooper Fleet Manger 1-855-289-6572 490 Auto Center Drive Watsonville, CA 95076 ClarkeCooper@watsonvillefleetgroup.com	

Table 2: Company Information and Financial Strength

Line Item	Question	Response *	

9	Provide a brief history of your company, including your company's core values, business philosophy, and industry longevity related to the requested equipment, products or services.	National Auto Fleet Group started as a new division of 72 Hour LLC, in the summer of 2010 in the heart of Southern California. We began our network with a single automobile dealership and have now grown our network to encompass numerous dealerships located in and outside of California. We stand by providing opportunities for advancement by hiring and promoting from within our organization. Many of the Fleet Managers who started with us in 2010 are still with us today. Through the years, we have evolved and adapted to the new technology driven trends that are revolutionizing the automotive industry today. However, our brand's fundamental core values have remained unchanged – We are committed to do right for the members. If we take care of them, they will in return take care of us. National Auto Fleet Group's operational blueprint and business philosophy has always been the "4 RIGHT's" for every member: We deliver the RIGHT vehicle, at the RIGHT time, to the RIGHT place at the RIGHT price. The integrity of our business stems on our deep family roots in the automotive industry. We are and always will be family owned and operated with our future generations already in their infant stages today. We are committed to pioneering our industry for decades to come.	*
10	What are your company's expectations in the event of an award?	If awarded, this would be our 5th Sourcewell Contract and we would execute as such. We will continue to serve your members and provide them with excellent customer service while continuing to advance customer satisfaction. Along with implementing new business growth strategies that will ultimately launch us into new heights once again. Furthermore, we will launch our Partner Program detailed in the attached "marketing Plan Compressed" Zip file. This next generation application will give members the power to select upfitters they would like NAFG to partner with in providing satisfactory quotes and service. We see tremendous value in building out these mutually beneficial partnerships, so we can provide 100% satisfactory turnkey solutions to the members.	*
11	Demonstrate your financial strength and stability with meaningful data. This could include such items as financial statements, SEC filings, credit and bond ratings, letters of credit, and detailed reference letters. Upload supporting documents (as applicable) in the document upload section of your response.	To demonstrate NAFG's financial strength and stability, we have uploaded Bank Commitment letters under the Financial Strength Section of the online application. We have a direct line of credit of $52,000,00.00 that we are currently utilizing with our current and past Sourcewell Contracts. However, this number is not capped as we have the freedom to extend the cap to accommodate the revolving needs of the members. Referenced below is a short register of some of our market success from awarded government contracts that encompass over $140,000,000.00 worth of products and goods under our current Sourcewell Contract. A. City of San Diego, CA $ 72,000,000 contract under our Sourcewell Contract 120716-NAF. B. City of San Diego, CA $ 55,400,000 contract under our Sourcewell Contract 081716-NAF. C. Government Fleet Article Highlighting our transaction with the City of San Diego, CA procuring over 100 Police vehicles through NAFG Sourcewell Contract 120716-NAF. D. City of Los Angeles World Airports, CA Contract for $ 24,003,500 under Sourcewell Contract 120716-NAF for the procurement of 400 vehicles. E. City of Los Angeles Harbor, CA Contract Extension to $ 4,500,000 contract under Sourcewell Contract 120716-NAF. F. City of Los Angeles Harbor, CA Contract for $1,500,000 under our Sourcewell Contract 120716-NAF. G. City of Los Angeles Harbor, CA Renewal for another $ 1,500,000 under Sourcewell Contract Class 6, 7 and 8 Contract 081716-NAF. H. City of Costa Mesa, CA Contract $1,023,220 under our Sourcewell Contract 120716-NAF. I. Blanket Contracts with the State of Maryland, MD off our current Class 6, 7 and 8 Chassis Contract 081716-NAF. J. Blanket Contracts with the State of Maryland, MD off our Current Sourcewell Contract 120716-NAF. We have also attached our Commitment Letter's for unparallel support from leading nationally recognized upfit suppliers such The Knapheide Manufacturing Company. Along with regional suppliers such as Brand FX and Phenix Truck Body located in Southern California serve as regional support locations, whom we often work alongside to fulfill all member needs with past, present, and future orders with NAFG. Included are also Upfitter Recommendation letters to illustrate how National Auto Fleet Group has taken a proactive interest in building mutually beneficial relationship with our upfitters. Mutuality and reciprocity relationships between body companies and our dealer's are two of the key components that help members receive what they need in a smooth and efficient fashion. In addition, the adoption of our Class 6, 7, and 8 Contract from Anne Arundel County in the state of Maryland is as an example of how National Auto Fleet Group attracts and retains new clients by demonstrating to them there's a better and more efficient way of finding turnkey solutions. Lastly, we have attached supporting documents that help emphasize and exemplify our growth since our first awarded Sourcewell Contract in 2012. We sincerely hope it helps portray our commitment to building lifelong rapport and trust with our partner upfitters and members.	*
12	What is your US market share for the solutions that you are proposing?	. Of our respective brands and OEM's we represent, the US market share is estimated to be 60 – 75%.	*
13	What is your Canadian market share for the solutions that you are proposing?	It is difficult to estimate the market share for the brands and OEM's we represent, however we estimate that it should be the same 60 -75 % of the US share.	*
14	Has your business ever petitioned for bankruptcy protection? If so, explain in detail.	No.	*

15	How is your organization best described: is it a manufacturer, a distributor/dealer/reseller, or a service provider? Answer whichever question (either a) or b) just below) best applies to your organization. a) If your company is best described as a distributor/dealer/reseller (or similar entity), provide your written authorization to act as a distributor/dealer/reseller for the manufacturer of the products proposed in this RFP. If applicable, is your dealer network independent or company owned? b) If your company is best described as a manufacturer or service provider, describe your relationship with your sales and service force and with your dealer network in delivering the products and services proposed in this RFP. Are these individuals your employees, or the employees of a third party?	National Auto Fleet Group is a dealer network best categorized as "A" - Distributer/Dealer/Reseller and Dealer Partner for (15) OEM Manufacturers including Ford Motor Company, Chevrolet, RAM, GMC, Buick, Chrysler, Dodge, Jeep, Toyota, Nissan, KIA, BMW, Honda, Cadillac and Volkswagen, All orders are placed with the franchised dealer and ultimately titled directly to the member. All appropriate certification certificates and authorized DMV/Factory licenses may be found in the "Related Certification" section uploaded to this RFP. It should be noted we do not sell used equipment to members.	*
16	If applicable, provide a detailed explanation outlining the licenses and certifications that are both required to be held, and actually held, by your organization (including third parties and subcontractors that you use) in pursuit of the business contemplated by this RFP.	Required licenses include a Dealer's License, a Franchise issued by the Manufacture, a Department of Motor Vehicles License, as well as a Reseller's permit license. All which NAFG and Dealer Partner's hold. Please review our attachment documents in section "Related Certification" for licenses that we either solely own or are jointly owned by our partner dealers that pertain to this RFP. A list of all our licenses are below, some of which may not pertain to class 1-3 but to class 4-8. CA Certificate of Good Standing 200824810190 State of Florida License Certificates: VF/1000974/4 VF/1000950/1 VF/1046516/1 VF/1024619/2 VF/1024619/1 VF/1018615/1 VF/1021891/1 VF/1000974/3 VF/1105916/1 VF/1020705/1 VF/1000969/1 CA State Seller's Permit 101-135239 CA State Seller's Permit 245364864-00001 Department of Motor Vehicle, Vehicle Dealer/ License Number 97772 Department of Motor Vehicle, Vehicle Dealer License Number 97771 Department of Motor Vehicle, Vehicle Dealer License Number 43609 Bureau of Automotive repair Registration # ARD00296319 123120 CA State Seller's Permit 232781952-00001 City of Watsonville Business License Number 1792 City of Watsonville Business License Number 4358 Fictitious Business Names from Santa Cruz County for National Auto Fleet Group FBN: 2017-0000138 California General Resale Certificate Dun & Bradstreet Number: 023680653 Government of The District of Columbia Certificate Government of the District of Columbia Tax Registration # 7815888160711 City of Los Angeles Tax Registration Government of The District of Columbia CLEAN HANDS CERTIFICATION San Diego Freightliner Seller's Permit Commonwealth of Virginia State Corporation Commission Certificate State of Maryland Good Standing Certificate Kansas Department of Revenue for Kansas City Peterbilt New Jersey Department of Treasury Registration Certificate New Jersey Business Registration Notice of Compliance of the Canton City Codified Ordinance Employee Information Report for the State of New Jersey State of Maryland New Sales and Use tax License CA State Seller's Permit 98-037902 00006 South Carolina Department of Motor Vehicles License Number 36133 State of South Carolina Retail License Commonwealth of Kentucky Vehicle Dealer License 1583 20 100 State of West Virginia Dealer License Commonwealth of Kentucky Vehicle Dealer License 1581 20 036 State of Tennessee Vehicle Dealer License	*
17	Provide all "Suspension or Debarment" information that has applied to your organization during the past ten years.	Not Applicable, none.	*

Table 3: Industry Recognition & Marketplace Success

Line Item	Question	Response *	
18	Describe any relevant industry awards or recognition that your company has received in the past five years	National Auto Fleet Group's received its most prestigious award for Top Placement within Ford Motor Company as the leading dealership in Government Sales. In addition, our Chevrolet brand was highly ranked and honored 4/5 consecutive years by General Motors.	*
19	What percentage of your sales are to the governmental sector in the past three years	Within our fleet division, 90% of our contracts within the past three years have been with government accounts.	*
20	What percentage of your sales are to the education sector in the past three years	Within the past 3 years 90% of our sales have been to government accounts, 20% of which are within the education sector.	*
21	List any state, provincial, or cooperative purchasing contracts that you hold. What is the annual sales volume for each of these contracts over the past three years?	We hold the State of California contract with volumes from 200 to 500 units a year over the past three years. In addition, our Sourcewell Contract's 091219, 081716 and 120716 that we have maintained over the past three years has sold combined north of 400 million of Combined Quarterly Sales.	*
22	List any GSA contracts or Standing Offers and Supply Arrangements (SOSA) that you hold. What is the annual sales volume for each of these contracts over the past three years?	National Auto Fleet Group's focus lies on the Sourcewell Contract. NAFG holds no other GSA contract, Standing Offers, or Supply Arrangements other than the State of California contract. Our annual sales volume is estimated to be north of $200 million.	*

Table 4: References/Testimonials

Line Item 23. Supply reference information from three customers who are eligible to be Sourcewell participating entities.

Entity Name *	Contact Name *	Phone Number *	
Port of Los Angeles, CA	Mr. Dave Comer	310-72-3794	*
County of Venture, CA	Mr. Jorge Bnilla	805-672-2044	*
City of Austin, TX	Mr. Matt Sager	512-978-2637	*
County of San Joaquin, CA	Mr. David Myers	209-468-9745	
City of Palo Alto, CA	Ms. Danitra Bahlman	650-496-5920	

Table 5: Top Five Government or Education Customers

Line Item 24. Provide a list of your top five government, education, or non-profit customers (entity name is optional), including entity type, the state or province the entity is located in, scope of the project(s), size of transaction(s), and dollar volumes from the past three years.

Entity Name	Entity Type *	State / Province *	Scope of Work *	Size of Transactions *	Dollar Volume Past Three Years *	
City of Austin	Government	Texas - TX	Purchaser	10-15 Vehicles at once, Vans and SUVs	Over 1M	*
Los Angeles Department of Water and Power	Government	California - CA	Purchaser	Over 120 Vehicles, Vans and SUVs	Over 3M	*
Port of Los Angeles	Government	California - CA	Purchaser	Over 80 Trucks, Vans and SUVs	Over 2M	*
Anne Arundel County	Government	Maryland - MD	Purchaser	Over 40 Trucks, Vans and SUVs	Over 1M	*
City of San Diego	Government	California - CA	Purchaser	Over 500 Trucks, Vans, SUV'	Over 15M	*

Table 6: Ability to Sell and Deliver Service

Describe your company's capability to meet the needs of Sourcewell participating entities across the US and Canada, as applicable. Your response should address in detail at least the following areas: locations of your network of sales and service providers, the number of workers (full-time equivalents) involved in each sector, whether these workers are your direct employees (or employees of a third party), and any overlap between the sales and service functions.

Line Item	Question	Response *	
25	Sales force.	Our sales force consists of direct and an indirect sales force. Our direct sales force consists of direct employees and partner dealers, which exceeds an employee count of 300 personnel both full time and part time. Many of our sales force are spread across the US and we leverage our relationships with our larger class dealerships to service the members lower class vehicle needs as well. A cross sales force. These individuals help support our dealerships and NAFG Fleet Division directly. On the other hand, our indirect sales force made up of upfitters and partner suppliers consists of over 100 personnel with our partner network and sales force growing annually. With both direct and indirect sales force staff working together, NAFG has been able to successfully grow, maintain and service the demand of the members. As the number of your members grow, we will continuously welcome more staff to not only meet customer demand, but also to exceed customer expectations.	*

26	Dealer network or other distribution methods.	Our franchise network in Canada and the U.S. is fortunately second to none. Our 15 proposed OEMS previously mentioned, all of which have established a presence nationwide with factory stores strategically placed where all members can receive service and complete warranty repairs with their respective products. Simple put the North American and Canadian automobile supply chain network is one of the best in the world. Of the 15 brands we represent, the OEMs have put in place a dealer network across all 50 states that will allow us to best serve all members.	*
27	Service force.	The 15 manufactures we represent have thousands of service locations that would be easily accessible to all your members. Service centers and warranty repair facilities for all 15 OEMs are ample and ready to help service our members and their needs. However, Alaska and Hawaii may be exceptions as they may have farther distances between franchises where members can utilize the repair services.	*
28	Describe the ordering process. If orders will be handled by distributors, dealers or others, explain the respective roles of the Proposer and others.	The member may order their vehicles by navigating to our website, www.NationalAutoFleetGroup.com and going through the step-by-step process to generate an online quote or by calling one of our representatives at 855-289-6572 or by sending NAFG an email at Fleet@NationalAutoFleetGroup.com. Orders are then processed directly to the manufacturer who will work to supply the vehicle to the ship-to location for upfittinig or end user desired delivery location.	*
29	Describe in detail the process and procedure of your customer service program, if applicable. Include your response-time capabilities and commitments, as well as any incentives that help your providers meet your stated service goals or promises.	To best demonstrate our Customer Service program, kindly reference the ZIP file “Member Walk Through” that is attached in the Additional Documents folder. Please begin with and review in order that is explained below: How Members Can Get Quotes Online: A member can obtain most quotes by visiting our website www.NationalAutoFleetGroup.com where a simple one step form is needed for registration. This is to protect the price information from nonmembers. Once a member registers they will receive an automated welcome email with a demo video on how to use our site. Members will gain access to there very own dashboard which will house all there quotes in one safe secure login. Member’s can select which brand they are looking for and model year. Our site shows all the categories the brand offers such as: Cars, Vans, SUV’s Trucks and Chassis Cabs. Members will then be able to drill down for the right selection by picking from the filter menu of what cab there looking for (Regular, Extended or Crew) to 2 wheel or 4 wheel drive down to the bed length there looking for. All factory options are then presented for the member to select from, this will show all current factory orderable options, taking the guess work out for the member. Once a member selects a desire build, they will see there Sourcewell Price report showing the MSRP, there contract price, the saving in real dollars and as a percentage. In the PDF example you can see a saving of $ 9,175.96 of 22.345% to the member showing a significant savings. Members then can chose to add extra’s to there order like extra keys’ service manuals, sales tax and even request an upfit to be added to there quote. Lastly they will be given a complete turn key quote package to print which will include there customized Quote ID, Description and Specifications of what they built. How Members and Upfitters can Partner with NAFG: Our dedicated website www.NAFGPartner.com was built to accommodate the member who would like a certain upfitter to upfit there vehicles. It was also built for upfitters to have a place to go where they can find information on how to partner with NAFG to better serve there local members. Example of A Member with Upfit Quote: This is an example of how we use our Cab Chassis and combine them with an upfit to provide a turnkey solution for the member in a simple to follow format. ETA System for Members Walk Through: This is where members can easily come to our website, the same website they built there chassis on and track there order like they would a UPS package. We have a very simple display on our homepage “Track your order” where members can enter one of the following: Purchase Order Number, Quote ID, Upfit Quote ID or vin to easily see there in the process there particular order is in. Courtesy Confirmation Explained: After NAFG receives an order from a Member, we always like to send them a Courtesy Confirmation. This is were the member will double check some particulars on there order like, Color, Quantity, Upfit and Specification’s are all correct before order placement. We also like to ask for title information at this point so we can help process the paperwork at delivery promptly. Factory Order Cut Off Notices: Here is were we like to highlight were members can access any upcoming factory order cut off dates. We walk them through the process step by step to ensure everyone knows the upcoming order cut off date, we even print this information (if known at the time) right on the cover page of there quotes. Validation Walk Through Example: To demonstrate a price validation, we show what a member would see when they build a truck on our site. At check out the member would see the Total Configured MSRP of $ 35,730.00, A Sourcewell Price of $ 27,331.68, Total Saving of $ 8,398.32 or 23.505% for a 2020 F-250 followed by the pricing page which shows the Minimum Discount of at least 18.50%. As you see we provided an additional 5% discount on top of the 18.50% contract discount. This would be the case in most instances.	*
30	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in the United States.	Our willingness and ability to service members nationwide is unparalleled. We have dedicated staff 5 days a week, from 7am to 7pm standing by ready to assist any member help find the best solution for there needs even if helping assist them to the best Sourcewell Contract that could be a solution. We have a dedicated live chat feature on our online quote generating website in case any member has any trouble at all in building there quotes. NAFG has established a chain of suppliers who are at the ready to serve if called upon by any member. We are here to help.	*
31	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in Canada.	We are willing and eager to soon extend our business model and network into Canada. We believe partnering with local Canadian based dealer groups is key to success in the Canadian market. NAFG’s competitive pricing as well as a simple US Dollar to Canadian conversation will help NAFG expand into the Canadian market for participating Sourcewell members.	*
32	Identify any geographic areas of the United States or Canada that you will NOT be fully serving through the proposed contract.	National Auto Fleet Group will handle servicing 100% of all geographic areas located in the United States. Although it is unclear what unseen obstacles we may face in Canada, NAFG is committed to building the same model to service Canada and providing the same level of customer satisfaction, service, and care as in the United States.	*

33	Identify any Sourcewell participating entity sectors (i.e., government, education, not-for-profit) that you will NOT be fully serving through the proposed contract. Explain in detail. For example, does your company have only a regional presence, or do other cooperative purchasing contracts limit your ability to promote another contract?	NAFG will continue to service all Sourcewell Members through our 24 hour a day, 7 days a week online portal with the exclusion of Non-Profits. Unfortunately, Non-Profits are often not eligible for the same discount's government entities are qualified for. However, Non-Profits are subject to a different pricing program and will be evaluated on a case to case basis.	*
34	Define any specific contract requirements or restrictions that would apply to our participating entities in Hawaii and Alaska and in US Territories.	The only possible logistical constraints we may face is the shipping constraints for shipments arriving in Alaska, Hawaii and US Territories. For example, we often provide members in Alaska or Hawaii with vehicles that often have upfits. To circumvent this potential issue, members allow us to add these extra shipping and port costs to their quotes.	*

Table 7: Marketing Plan

Line Item	Question	Response *	
35	Describe your marketing strategy for promoting this contract opportunity. Upload representative samples of your marketing materials (if applicable) in the document upload section of your response.	National Auto Fleet Group encompasses a variety of marketing strategies to promote our products and services to streamline the vehicle purchasing process for government entities. Below are a few strategies used to serve as the gateway between our business and public agencies. Website and Inbound Marketing: The creation of a professional customer-focused website is one of our main features to market our products and services. The NAFG website encourages our members to interact and browse through products offered along with pricing and information about National Auto Fleet Group. Inbound marketing is created when potential members are directed to the company website. With this method, we are able to not only connect with members but to put the purchasing ability into the hands of each member. Our inbound marketing strategy attracts members by creating valuable content and experiences tailored to the needs of each individual. Examples include email campaign flyers on our products, informative and how-to videos, social media and engaging members with top-notched customer service to build brand awareness. Email Marketing: One of the main strategies used to engage current and potential members is Email Marketing. Our emails include different types of flyers that consist of information of the Sourcewell contract, promoting manufacturer brands, holiday themed flyers, discounts offered to first time buyers, important cutoff date reminders and upcoming products and events. The use of marketing campaigns plays a major role in enhancing the growth of our client database. Emails are a big part of our daily lives due to government agency employees utilizing emails as their main source of communication. We use campaigner.com as the emailing platform to reach our target members. Videos and descriptive images are used on all flyers and are compatible with a desktop or mobile device. Messages are short and to the point with links leading to the Sourcewell and NAFG homepage. The Campaigner email system allows the ability to track email activity based on open rate, unsubscribes and link clicks which is beneficial to understanding email effectiveness. Once potential members are directed to our website, they are welcomed with a wide range of options to explore an array of our products and services. They are able to register to become a member, view pricing, explore available in-stock vehicles, view how-to-videos, build a vehicle online to request an immediate quote or use our live chat assistant or call/email for live support. Face to Face Marketing Strategies: This strategy has proven to be successful in generating leads and creating lasting relationships by developing genuine connections with prospective members. National Auto Fleet Group attends several trades shows per year to engage members and put a face to the company. This in person meeting aids to build the brand by nurturing relationships between members and other vendors associated through the process. Trade shows attended include GFX, IAPPO, NIGP, ACT, CAPPO, and CASBO throughout the United States. NAFG has many opportunities to make in person presentations to propose products, services offered and to answer any questions potential members may have. These PowerPoint Presentations include topics on NAFG/Sourcewell process, how to facilitate the vehicle purchasing without bidding, informational videos, and the brands and services we provide. These meetings have been held at local cities, counties, school districts, water districts and ports. Relationship Marketing is a vital strategy used in building and maintaining long-term relationships practiced by National Auto Fleet Group on a daily basis. NAFG strives to create a positive and supportive connection with members by providing personalized and responsive customer service practices. The sales team has worked tirelessly to focus on providing outstanding customer support to create a powerful rapport with existing and new members. By going above and beyond, they have enhanced existing relationships and executed customer loyalty with repeat businesses. They strive to deviate from the "Car Salesperson" mentality which is 100% sales driven to a more product and customer service approach by instilling a sense of confidence in our clients. The goal is to regularly assist clients and address any needs and concerns even after the purchase has occurred. The strive to focus on solution selling vs. product selling develops into a mutually beneficial agreement for members and the business. Below are a few examples on successful relationship marketing from our Fleet Department: We had a member call in to request financing/lease options for a truck needed through our National Auto Fleet Group/Sourcewell vehicle contract. I contacted another Sourcewell vendor, Matt Geiselhart from NCL Gov Capital and he was happy to assist with a financing quote. The member also requested to trade in a current vehicle in their fleet and was directed to Govdeals for assistance in removing the outdated unit through an auction. The member was able to utilize three Sourcewell contracts to complete his transaction which simplified the entire process. The member was very satisfied with the amount of care and ease through his experience and became a repeat customer. By utilizing a cross-selling strategy, National Auto Fleet Group became his one stop shop to fulfill all fleet vehicle purchasing needs. "I had a member call in desperate to obtain a new truck because an employee had gotten into a serious accident and had the truck totaled. Due to covid restrictions, most manufacturers are currently experiencing microchip shortages which relays to production delays at the factory. We were able to direct buyer to our in-stock inventory on the NAFG website and member was ecstatic to locate truck to meet their needs. Instead of having to wait 30 weeks to receive the new vehicle, member was able to obtain the new truck within 3 weeks."	*

"I once had a member contact us two years after purchasing a vehicle from us. They had a malfunction with the liftgate on the box truck which caused a logistical nightmare. I was able to contact one of our body vendors that upfitted the lift gate installation and a service technician was able to go onsite to resolve the liftgate issue at no additional cost. The member was very impressed with the quality of our customer service even after purchase. "

"I had a member request a ¾ ton truck pricing but was unsure about their budget at the time. I took the time to go through each option with the client to provide a Sourcewell pricing quote through multiple manufacturers from Ram, Chevrolet and Ford. This empowered the member to have multiple pricing options for review to align with their budget as well as eliminating the need to shop anywhere else. "

"We work with many body companies to assist customers with the body upfitting process. One of our members called in a request to expedite a particular vehicle that was held up at one of their local body upfitters. I contacted the body company representative and put in a request to expedite the upfitting per request of the member. The body company was able to comply with the request and delivery was made sooner than expected."

Word-of-Mouth Marketing: The positive quality of service has led to more sales based on previous customers' impressions on their experience. NAFG's goal is to provide exemplary customer service throughout the entire purchasing process to encourage repeat business and advocate services to other members. NAFG has been fortunate to experience multiple instances of leads generated based solely on word-of-mouth marketing though our existing customers.

Cross-promotion: National Auto Fleet Group is currently collaborating with another Sourcewell Vendor, NCL Government Capital to promote each other's products and services. NCL Government Capital specializes in providing competitive equipment financing programs for municipalities and public education entities across the United States. As a team, NCL and NAFG produced a variety of marketing materials such as videos, flyers and info graphs to promote purchasing and leasing opportunities.

Hoglund Bus Company is another cross-promotion vendor NAFG had the opportunity to create a partnership with. Flyers were created to advertise Chassis from NAFG along with a variety of bus bodies from Hoglund Bus Company.

With cross-promotion, companies exchange knowledge and provide endorsements on websites, social media, and email campaigns. This strategy creates an influx of new leads, brand awareness, increased sales and recurrence of customers. National Auto Fleet Group will continue to create new partnerships and facilitate more cross-promotion opportunities in the near future to provide turnkey solutions for a variety of vehicle purchasing needs.

Coming in 2022, National Auto Fleet Group will be launching a NAFG Partner Website to further increase business growth. The website www.nafgpartner.com is expected to launch next year in 2022. The site encourages body upfitting companies throughout the United States to partner up with NAFG to become a preferred member. The benefits of becoming a preferred member include endorsements on website and social media avenues along with word-of-mouth referral for clients with upfitting needs. Our dedicated public relations representative will conduct phone and in person meetings to discuss the advantages of partnering up with NAFG, therefore generating more cross-promotion opportunities.

Members from government agencies are encouraged to go on the site to search for local body upfitting companies they are interested in working with. As a prerequisite in becoming a preferred vendor, they are required to advertise NAFG and the Sourcewell contract on their business website and refer their clients to purchase their cab/chassis needs through NAFG. This establishes a partnership that will generate increased sales all around. We are still currently building the website and interacting with body companies across the United States that would be interested in partnering up with NAFG.

36	Describe your use of technology and digital data (e.g., social media, metadata usage) to enhance marketing effectiveness.	Social media plays a crucial element in the way people communicate and connect with each other. LinkedIn is the go-to platform used by NAFG as it offers a variety of ways to expand our network by locating and connecting with relevant professionals in the industry. National Auto Fleet Group has utilized LinkedIn to engage current and potential members through personalized messages and posts. Personalized messages include thanking them for registering on site as well as directing them to on our link to the website, LinkedIn, YouTube, Facebook and Instagram company pages. The goal is to unite with people already on our database as well as people that would benefit from our products and services. Current flyers or messages about our company are also posted on the LinkedIn site to generate and attract more business. Time is also spent on reading posts from connections and observe any needs that National Auto Fleet Group may assist with. National Auto Fleet Group has begun utilizing video marketing strategies to further promote and market products by engaging on social media channels and email flyers. Programs such as Vimeo, Video Scribe, Cartoon Animator, Adobe Animate, Illustrate, Captive, Photoshop and Movavi Video Editor Plus are employed to edit and create videos to assist in endorsing our company. The following videos were recently created by our marketing department along with outside video production companies: Explainer Video: The first video created was a 90 second explainer video about National Auto Fleet Group that used animated characters to visualize our products and services along with information on the Sourcewell awarded contract. The video has been incorporated into all our weekly email flyers and social media platforms as an informative video on our products and how to purchase vehicles off Sourcewell Government Contract. How To Videos: National Auto Fleet Group has also created step-by-step How-To videos on the process to purchase both Light Duty and Heavy-Duty vehicles off the contract. In Stock Vehicles: This video showcases our in-stock vehicles available and the process of requesting a quote. ETA Tracking System: This video was created to not only introduce but to encourage clients to self-track their vehicle status. Holiday Themed Videos: These amusing videos were created to celebrate the holidays and add humor and lightness to our company and products sold. Cross Promotion Video: This video markets our relationship with NCL Government Capital and Sourcewell to endorse EV vehicles. Videos for social media: Mini videos were created to advertise new vehicles available, pricing and cutoff date reminders. NAFG has recently introduced a newly built live chat feature on our website for customer convenience as well as improving customer service. Visitors have access to chat with a live sales representative 24 hours a day, 7 days a week. With this feature potential customers are provided with another avenue for assistance in addition to emailing and phone calls. The benefits of a live chat option include quicker response time to assist buyers in reaching a purchasing decision and answer their questions. Improving customer service will also lead to increased sales, customer loyalty and engagement. Many studies have shown a strong correlation between live chat and increase in conversion rates. Potential clients appreciate having their questions answered in real-time when trying to build a vehicle quote online and allowing the user to multi-task different projects.	*
37	In your view, what is Sourcewell's role in promoting contracts arising out of this RFP? How will you integrate a Sourcewell-awarded contract into your sales process?	Sourcewell's mission states: "Our commitment to service and exceeding client expectations." This statement integrates with our relationship marketing strategy with our commitment to go above and beyond for all our members. Sourcewell is a trusted brand that government entities can rely on to access a wide variety of products and services for their everyday needs. With over 40 years of partnerships and relationship building, they are the glue that connects government, education, and nonprofit agencies to companies of all sizes to offer turnkey solutions to their needs. Sourcewell is also a reliable resource for vendors by not only connecting with potential prospects but by providing valuable marketing materials readily available for download on their website. Resources and tools provided include flyers, vendor training videos along with compliance information. The Sourcewell brand integrates a thorough documentation review of all vendors prior to awarding their cooperative contracts to ensure products and services are from reputable vendors. The brand provides a sense of legitimacy of our company name and members recognize that products and services are from reliable sources that will meet their needs. Sourcewell's aim is to simplify the purchasing and procurement process of government entities by eliminating the costly bidding procedure. The process of researching the right vendor is not only stressful and time-consuming but can be expensive as well. Sourcewell has completed the bidding for government entities which simplifies the overall purchasing process by providing access to competitively bid contracts procured by a government agency. Sourcewell has provided NAFG with overwhelming opportunities to work with government agencies across the United States. The Sourcewell name represents a high standard of integrity and ethics which is a dynamic National Auto Fleet Group is proud to be part of. Sourcewell members have access to a contract that is more flexible than the standard bidding process. Sourcewell is an organization that aids government entities to stay competitive without the frustrations and issues involved with the traditional bidding process. This contract can be customized to meet the unique needs of each client. The sales team has incorporated not only this standard of integrity in their sales practice ensuring clients' purchasing needs will always be met. The cost savings and stress-free nature of the cooperative contracts favors that of the traditional bidding process. It enables vendors to work with qualifying government entities in a more efficient manner. We vow to maintain these levels of standards across the board throughout all departments within the company.	*

38	Are your products or services available through an e-procurement ordering process? If so, describe your e-procurement system and how governmental and educational customers have used it.	Our website provides a hands-on empowering approach to ordering vehicles online. Clients can search through many vehicles makes and models with the ability to customize a vehicle tailored to their specific needs of their agency. A personalized quote with pricing can be available in as little as 5 minutes depending on the complexity of the vehicle. If upfitting is needed, the buyer can list the details of the up-fit while building their vehicle on our website to receive a complete quote or a sales representative can be reached through phone, email or our new live chat feature built on our website. We have recently created and uploaded a “How-To Videos” section on the homepage of our website which highlights a step-by-step process on how to build an online quote. This informative video demonstrates how to navigate the website in how to generate a vehicle quote with or without upfitting options. It begins by explaining how to register on our website as a member and then details on how to select vehicle model and type and the factory options needed. Once a customized quote is built, clients have the option to finalize the sales transaction by submitting a purchase order to our sales team via email. This gives complete autonomy to the client to purchase vehicles without the need to speak to a sales rep. If assistance is needed, they can contact sales through email, live chat or phone. If assistance is required to build a quote, our sales rep is also available to walk a client through the e-procurement process step by step. This ensures someone is available to answer any questions if needed and empowering the client to make any future purchases on their own. Clients may also call or email the needs of the company and receive a customized vehicle quote.	*

Table 8: Value-Added Attributes

Line Item	Question	Response *	
39	Describe any product, equipment, maintenance, or operator training programs that you offer to Sourcewell participating entities. Include details, such as whether training is standard or optional, who provides training, and any costs that apply.	National Auto Fleet Group extends any and all product, equipment, maintenance and operating programs provided by the Manufacturer directly to Sourcewell participating entities during the quoting process. The manufacturer will provide quotes to the member based on the vehicles class and size, and geographic location. NAFG will always pass these quotes onto members and treat them like an upfit to the vehicle.	*
40	Describe any technological advances that your proposed products or services offer.	Technological accomplishments by Manufactures like Ford Motor Company and General Motors serve members by keeping many models available for members to choose from. Additionally, NAFG allows members the ability to choose to electrify their vehicle by opting into the Motive Power Systems we can still help supply this kind of an upfit. For more information, we have attached the product and pricing information within the “Upfits Available” and “All 15 Manufactures” ZIP files under the supporting documents portion of the application.	*
41	Describe any “green” initiatives that relate to your company or to your products or services, and include a list of the certifying agency for each.	. National Auto Fleet Group helped create the Climate Mayor Purchasing Collaborative by partnering with over 400 Mayors nationwide. This initiative was created for the benefit of members who wanted to create and sustain an all-electric fleet. We offer 100% purely electric vehicles your members to choose from. Some popular models include the Chevrolet Bolt, Ford Fusion, Ford Mustang Mach-E, as well as Ford’s all electric F-150. We are confident that as more OEM’s continue to manufacture new electric vehicles, we will provide them for members to select from. More information about this initiative can be found at www.Driveevfleet.org	*
42	Identify any third-party issued eco-labels, ratings or certifications that your company has received for the equipment or products included in your Proposal related to energy efficiency or conservation, life-cycle design (cradle-to-cradle), or other green/sustainability factors.	NAFG has the California Air Resource Board (CARB) Certificate as well as the Ford Qualified Vehicle Modifier Certificate on file with some of our partner suppliers and upfitters hold these certifications and these certifications help illustrate how each vehicle conserves energy and remains energy efficient.	*
43	Describe any Women or Minority Business Entity (WMBE), Small Business Entity (SBE), or veteran owned business certifications that your company or hub partners have obtained. Upload documentation of certification (as applicable) in the document upload section of your response.	NAFG holds a current partnership with many suppliers some of which are veteran owed such as Pacific Truck Body located in CA. Our Ford, Chevrolet and Ram,Jeep,Dodge,Chrysler stores are jointly owned and operated by Minorities.	*
44	What unique attributes does your company, your products, or your services offer to Sourcewell participating entities? What makes your proposed solutions unique in your industry as it applies to Sourcewell participating entities?	. National Auto Fleet Group was not only built on dedication and hard work, but also through quantifiable metrics that directly measure the results of our efforts to ensure real goals are being measured and met. Through measuring results, NAFG takes responsibility in ensuring we deliver only the best customer care to your members. NAFG offers members 24 hour website access to customer support to personably walk members through any questions they may have. No matter what the issue may be, we always think outside the box to help members find a solution.	*

Table 9A: Warranty

Describe in detail your manufacturer warranty program, including conditions and requirements to qualify, claims procedure, and overall structure. You may upload representative samples of your warranty materials (if applicable) in the document upload section of your response in addition to responding to the questions below.

Line Item	Question	Response *	
45	Do your warranties cover all products, parts, and labor?	Each of the 15 manufactures we represent cover their own products, parts, and labor. All warranty information may be found in our attachments under the ZIP File "All 15 Manufactures".	*
46	Do your warranties impose usage restrictions or other limitations that adversely affect coverage?	Prior to purchase, members should be aware of each manufacturer's restrictions. Such as improper use of the vehicle may result in disqualification of coverage under the OEM's warranty. An example of this may be an F-350 being used for a police related pursuit, which may void certain warranties. Although, we always welcome and encourage members to contact us for their particular warranty coverage.	*
47	Do your warranties cover the expense of technicians' travel time and mileage to perform warranty repairs?	In some cases, manufacturers will tow a member's vehicle to the nearest warranty repair facility in case of a breakdown and cover expenses, but prior approval is required.	*
48	Are there any geographic regions of the United States or Canada (as applicable) for which you cannot provide a certified technician to perform warranty repairs? How will Sourcewell participating entities in these regions be provided service for warranty repair?	This may vary from manufacturer to manufacturer. Thus, we encourage members to call in prior to purchase and inquire about their specific region and how their warranty repairs will be covered with their manufacturer.	*
49	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?	All warranties are typically passed on to the original equipment manufacturer and any upfit warranty will be passed on to the upfitter to perform.	*
50	What are your proposed exchange and return programs and policies?	If a member changes their mind, NAFG will quickly make every effort to change or cancel the order with the factory. However, once the manufacturer begins producing the vehicle, there are no changes, exchanges, or refunds available. The order is then deemed non-cancellable. This includes any upfit equipment an upfitter has ordered for the unit.	*
51	Describe any service contract options for the items included in your proposal.	NAFG offers any and all manufacturer service contracts for all members. There are several parameters in which a service contract may be customizable. These customized service contracts will be treated as add factory options and following the same discount schedule provided in the pricing file.	*

Table 9B: Performance Standards or Guarantees

Describe in detail your performance standards or guarantees, including conditions and requirements to qualify, claims procedure, and overall structure. You may upload representative samples of your performance materials (if applicable) in the document upload section of your response in addition to responding to the questions below.

Line Item	Question	Response *	
52	Describe any performance standards or guarantees that apply to your services	The only guarantee we can ever provide is the guarantee that we will treat and help every member that contacts with respect, integrity and professionalism.	*
53	Describe any service standards or guarantees that apply to your services (policies, metrics, KPIs, etc.)	NAFG and staff uphold high standards with how we provide service to the members, not only holding each other accountable but by embracing member feedback of how we can improve. Then we act upon it and implement improvements.	*

Table 10: Payment Terms and Financing Options

Line Item	Question	Response *	
54	Describe your payment terms and accepted payment methods?	Standard payment terms are Net 20, with a 10 – day grace period.	*
55	Describe any leasing or financing options available for use by educational or governmental entities.	. In order to provide leasing or financing options, NAFG has partnered with National Cooperative Leasing to offer leasing terms for Sourcewell members for all NAFG quotes under the Sourcewell contract. For further review, we have attached a PDF called "NCL Sample Lease" in the "Member Walk Through" Zip file.	*
56	Describe any standard transaction documents that you propose to use in connection with an awarded contract (order forms, terms and conditions, service level agreements, etc.). Upload a sample of each (as applicable) in the document upload section of your response.	National Auto Fleet Group's transaction process (Purchase Order) is closely tracked, well documented, and neatly organized to monitor each transaction performed through our Sourcewell Contract. This way, NAFG may produce swift and accurate quarterly reporting.	*
57	Do you accept the P-card procurement and payment process? If so, is there any additional cost to Sourcewell participating entities for using this process?	Yes, NAFG accepts up to $2,500 per vehicle. However, any dollar amount higher than $2,500 will require a P-card/ Credit Card transactional fee that would be passed onto the member	*

Table 11: Pricing and Delivery

Provide detailed pricing information in the questions that follow below. Keep in mind that reasonable price and product adjustments can be made during the term of an awarded Contract as described in the RFP, the template Contract, and the Sourcewell Price and Product Change Request Form.

Line Item	Question	Response *	
58	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. Upload your pricing materials (if applicable) in the document upload section of your response.	National Auto Fleet Group is offering Line-Item Discounts Off Manufacture Suggested Retail Price for 15 manufacturers that is detailed in the Price File. NAFG will also offer any Upfits to be added to any and all vehicles' that members wish to add. Details are located on the Price Summary Page in the Price File.	*
59	Quantify the pricing discount represented by the pricing proposal in this response. For example, if the pricing in your response represents a percentage discount from MSRP or list, state the percentage or percentage range.	NAFG has an provided offerings from 15 Brands/OEMS and there respective percentage off vary and are detailed in the "Price File" zip Each Manufacture Range is detailed in the tabs below, here is an overview Chevrolet from -.077 to 24.45 % Ford Motor Company from -5.19 to 23.31 % GMC from 6.14 to 22.45 % Ram from 4.99 to 14.23 % Dodge from 3.09 to 9.96 % Jeep from 1.38 to 4.17 % Chrysler from 1.65 to 4.55 % Toyota from .03 to 8.98 % Honda from 1.34 to 4.9 % Nissan from -.085 to 14.61 % Buick from 2.36 to6.08 Kia from .69 to 8.39 % BMW from 3.8 to 4.77 % Cadillac from 4.22 to 6.77 % Volkswagen from 2.17 to 2.46 %	*
60	Describe any quantity or volume discounts or rebate programs that you offer.	If clients are considering an order of 150 or more units, we encourage members to contact us for any additional discounted quotes.	*
61	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.	"Open Market" products or "Sourced Goods" will be considered and treated as regular upfits. However, they may be quoted up to a 10% mark up, if applicable.	*
62	Identify any element of the total cost of acquisition that is NOT included in the pricing submitted with your response. This includes all additional charges associated with a purchase that are not directly identified as freight or shipping charges. For example, list costs for items like pre-delivery inspection, installation, set up, mandatory training, or initial inspection. Identify any parties that impose such costs and their relationship to the Proposer.	All considerations have already been taken into account in its entirely. The Price Summary Page and Price Table contained in the price file includes all considered costs. Although if a member requested a specialized quote for a unique situation that requires special training, direction, or installation, the additional costs would be added as a part of the upfit and then included inside the member's quote.	*
63	If freight, delivery, or shipping is an additional cost to the Sourcewell participating entity, describe in detail the complete freight, shipping, and delivery program.	All manufactures charge a standard "Factory Destination Charge". However, that is separate from the freight/destination cost that members may incur to ship a vehicle to and from an installer, if applicable. These subsequent locational movements may bare additional freight costs that will be outlined within the members quote for their review prior to purchase.	*
64	Specifically describe freight, shipping, and delivery terms or programs available for Alaska, Hawaii, Canada, or any offshore delivery.	Freight, shipping, and delivery terms among these regions sometimes carry additional logistical charges for added ferry, port and driver costs from both to and from the mainland. These added costs will be disclosed on the quote for members to review and approve prior to purchase.	*
65	Describe any unique distribution and/or delivery methods or options offered in your proposal.	National Auto Fleet Group already has a well-established Automobile Franchise Distribution Network that allows for swift and relatively seamless delivery to members and their end users.	*

Table 12: Pricing Offered

Line Item	The Pricing Offered in this Proposal is: *	Comments
66	c. better than the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.	NAFG Strives to offer the best overall value to the member with each and every quote.

Table 13: Audit and Administrative Fee

Line Item	Question	Response *	
67	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 participating entities 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. Provide sufficient detail to support your ability to report quarterly sales to Sourcewell as described in the Contract template.	Sourcewell participating members are able to obtain proper pricing directly from our website, where they are able to use our user-friendly design to build and price their vehicles. The NAFG is updated daily to reflect updated manufacturer MSRP information. Our system will provide members with an accurate quote 99.99% of the time. In addition, NAFG has a stream line and organized process hat calculates administrative fees and allows NAFG to give a turnaround time of 15 – 30 days for quarterly reports.	*
68	If you are awarded a contract, provide a few examples of internal metrics that will be tracked to measure whether you are having success with the contract.	One of the internal metrics NAFG uses to track and measure success with the Sourcewell Contract is maintained through our website. Our website keeps a detailed log of quotes that members are generating. We oversee and keep track of how many quotes are being generated and which quotes are met with a purchase order. Every month we evaluate our sales indicators and closely monitor the volume and frequency of sales. One example is by evaluating which members are purchasing from our platform – new members or frequent members to ensure we are growing our member base. We use these metrics to measure our projected growth rate and work to exceed our expectations.	*
69	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 the RFP and template Contract for additional details.)	NAFG will submit $ 300 per vehicle purchased through NAFG and $ 200 per vehicle purchased though our partner dealer Alan Jay Automotive. For the purpose of an admin fee there are no other partner dealer groups considered.	*

Table 14A: Depth and Breadth of Offered Equipment Products and Services

Line Item	Question	Response *	
70	Provide a detailed description of the equipment, products, and services that you are offering in your proposal.	NAFG has provided a "Model Roll Out" Charts in the "Price File" zip, but of the 15 manufacturers we represent, they have over 100 makes and models for members to choose from that range from Class 1-3 and supporting Class 4 Cab and Chassis trucks. NAFG's platforms can add any upfit of their choosing, ranging from toolboxes to Line Mechanic Bodies. Any and all upfits can be added to any one of our vehicles through one of our upfit partner suppliers or by an upfit supplier of the members choosing. NAFG and the supplier will work together to supply members with turnkey quotes.	*
71	Within this RFP category there may be subcategories of solutions. List subcategory titles that best describe your products and services.	National Auto Fleet Group lists the makes and models of all 15 manufacturers we represent under the ZIP File "All 15 Manufactures". These 15 OEMs make up over 100 combined makes, models, and engine combinations for members to select from along with several subtitle "Upfits" detailed for members in the price file.	*

Table 14B: Depth and Breadth of Offered Equipment Products and Services

Indicate below if the listed types or classes of equipment, products, and services are offered within your proposal. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered *	Comments
72	Automobiles	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models
73	Sport Utility Vehicles	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models
74	Vans	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models
75	Trucks	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models
76	Vehicles described in Lines 72-75 above for Public Safety applications	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models
77	Conventional internal combustion models	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models
78	Natural gas or propane autogas, hybrid, or alternative fuel models	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models
79	Electric powered models	(•) Yes ( ) No	15 Manufacturers totaling well above 700 makes and models

Table 15: Exceptions to Terms, Conditions, or Specifications Form

Line Item 80. NOTICE: To identify any exception, or to request any modification, to the Sourcewell template Contract terms, conditions, or specifications, a Proposer must submit the exception or requested modification on the **Exceptions to Terms, Conditions, or Specifications Form** immediately below. The contract section, the specific text addressed by the exception or requested modification, and the proposed modification must be identified in detail. Proposer's exceptions and proposed modifications are subject to review and approval of Sourcewell and will not automatically be included in the contract.

Contract Section	Term, Condition, or Specification	Exception or Proposed Modification

Documents

Ensure your submission document(s) conforms to the following:

1. Documents in PDF format are preferred. Documents in Word, Excel, or compatible formats may also be provided.

2. Documents should NOT have a security password, as Sourcewell may not be able to open the file. It is your sole responsibility to ensure that the uploaded document(s) are not either defective, corrupted or blank and that the documents can be opened and viewed by Sourcewell.

3. Sourcewell may reject any response where any document(s) cannot be opened and viewed by Sourcewell.

4. If you need to upload more than one (1) document for a single item, you should combine the documents into one zipped file. If the zipped file contains more than one (1) document, ensure each document is named, in relation to the submission format item responding to. For example, if responding to the Marketing Plan category save the document as “Marketing Plan.”

- Pricing - NAFG Price File for Bid 091521.zip - Monday September 13, 2021 19:29:27
- Financial Strength and Stability - Market Success and Financial Stability.zip - Monday September 13, 2021 19:30:12
- Marketing Plan/Samples - Marketing Plan Compressed.zip - Tuesday September 14, 2021 11:38:30
- WMBE/MBE/SBE or Related Certificates - Insurance and Related Documents.zip - Tuesday September 14, 2021 11:40:18
- Warranty Information - Warranties RFP 091521.zip - Tuesday September 14, 2021 11:40:36
- Standard Transaction Document Samples - Standard Transaction.zip - Monday September 13, 2021 19:54:48
- Upload Additional Document - ALL 15 Makes and Upfits.zip - Tuesday September 14, 2021 11:35:54

Addenda, Terms and Conditions

PROPOSER AFFIDAVIT AND ASSURANCE OF COMPLIANCE

I certify that I am the authorized representative of the Proposer submitting the foregoing Proposal with the legal authority to bind the Proposer to this Affidavit and Assurance of Compliance:

1. The Proposer is submitting this Proposal under its full and complete legal name, and the Proposer legally exists in good standing in the jurisdiction of its residence.

2. The Proposer warrants that the information provided in this Proposal is true, correct, and reliable for purposes of evaluation for contract award.

3. The Proposer, including any person assisting with the creation of this Proposal, has arrived at this Proposal independently and the Proposal has been created without colluding with any other person, company, or parties that have or will submit a proposal under this solicitation; and the Proposal has in all respects been created fairly without any fraud or dishonesty. The Proposer has not directly or indirectly entered into any agreement or arrangement with any person or business in an effort to influence any part of this solicitation or operations of a resulting contract; and the Proposer has not taken any action in restraint of free trade or competitiveness in connection with this solicitation. Additionally, if Proposer has worked with a consultant on the Proposal, the consultant (an individual or a company) has not assisted any other entity that has submitted or will submit a proposal for this solicitation.

4. To the best of its knowledge and belief, and except as otherwise disclosed in the Proposal, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest. An organizational conflict of interest exists when a vendor has an unfair competitive advantage or the vendor's objectivity in performing the contract is, or might be, impaired.

5. The contents of the Proposal have not been communicated by the Proposer or its employees or agents to any person not an employee or legally authorized agent of the Proposer and will not be communicated to any such persons prior to Due Date of this solicitation.

6. If awarded a contract, the Proposer will provide to Sourcewell Participating Entities the equipment, products, and services in accordance with the terms, conditions, and scope of a resulting contract.

7. The Proposer possesses, or will possess before delivering any equipment, products, or services, all applicable licenses or certifications necessary to deliver such equipment, products, or services under any resulting contract.

8. The Proposer agrees to deliver equipment, 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.

9. The Proposer will comply with all applicable provisions of federal, state, and local laws, regulations, rules, and orders.

10. The Proposer understands that Sourcewell will reject RFP proposals that are marked "confidential" (or "nonpublic," etc.), either substantially or in their entirety. Under Minnesota Statutes Section 13.591, subdivision 4, all proposals are considered nonpublic data until the evaluation is complete and a Contract is awarded. At that point, proposals become public data. Minnesota Statutes Section 13.37 permits only certain narrowly defined data to be considered a "trade secret," and thus nonpublic data under Minnesota's Data Practices Act.

11. Proposer its employees, agents, and subcontractors are not:

    1. Included on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury found at: https://www.treasury.gov/ofac/downloads/sdnlist.pdf;

    2. Included on the government-wide exclusions lists in the United States System for Award Management found at: https://sam.gov/SAM/; or

    3. Presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Vendor certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this solicitation.

☑ By checking this box I acknowledge that I am bound by the terms of the Proposer's Affidavit, have the legal authority to submit this Proposal on behalf of the Proposer, and that this electronic acknowledgment has the same legal effect, validity, and enforceability as if I had hand signed the Proposal. This signature will not be denied such legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation. - Jesse Cooper, Fleet Manager, 72 Hour LLC

The Proposer declares that there is an actual or potential Conflict of Interest relating to the preparation of its submission, and/or the Proposer foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the bid.

○ **Yes** ◉ **No**

The Bidder acknowledges and agrees that the addendum/addenda below form part of the Bid Document.

Check the box in the column "**I have reviewed this addendum"** below to acknowledge each of the addenda.

File Name	I have reviewed the below addendum and attachments (if applicable)	Pages
Addendum_6_ Autos_SUVs_Vans_Trucks_RFP_091521 Wed September 8 2021 06:27 PM	☑	1
Addendum_5_ Autos_SUVs_Vans_Trucks_RFP_091521 Tue September 7 2021 07:28 PM	☑	2
Addendum_4_ Autos_SUVs_Vans_Trucks_RFP_091521 Thu August 26 2021 05:55 PM	☑	1
Addendum_3_ Autos_SUVs_Vans_Trucks_RFP_091521 Mon August 23 2021 09:47 AM	☑	1
Addendum_2_ Autos_SUVs_Vans_Trucks_RFP_091521 Sun August 8 2021 09:02 PM	☑	1
Addendum_1_ Autos_SUVs_Vans_Trucks_RFP_091521 Thu August 5 2021 03:58 PM	☑	1

Quote Date: 2/11/22

National Auto Fleet Group
A Division of Chevrolet of Watsonville

Agency: City of Palmdale
Contact: Bruce Roadhouse
Address: 39110 3rd Street East
Address: Palmdale, CA 93550
Phone:
Email: scott@roadlineproducts.com

National Auto Fleet Group is pleased to submit the following quotation for your consideration:

Qty	Line Item	Option #	Description	Unit Price	Extended
1			2022 F550 Regular Cab	$ 45,410.00	$ 45,410.00
1			2022 PRICE INCREASE	$ 2,270.00	$ 2,270.00
1			ROAD LINE QOUTE PER ATTACHED	$ 81,325.00	$ 81,325.00
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
			Subtotal	$ 129,005.00	$ 129,005.00
			Sales Tax 10.25 %	$ 13,223.01	$ 13,223.01
			Tire Fee	$ 8.75	$ 8.75
			DMV Fees *(approx)*	$ -	$ -
			Delivery *(non taxable)*		$ -
			TOTAL PURCHASE ORDER AMOUNT	$ 142,236.76	$ 142,236.76

Notes:
This vehicle(s) is available under the Sourcewell (Formerly Known as NJPA) Contract 120716-NAF

Terms: Net 30

Quoted by: _____

Clarke Cooper, Fleet Manager (626) 457-5590
1601 W Main St. Alhambra, CA 91801

ROADLINE PRODUCTS INC. U.S.A.

Main Office
13253 Stanbridge Avenue
Downey, California 90242
Phone: (562) 803-4447
Fax: (562) 803-6506

Manufacturing
13065 Tom White Way, Suite D
Norwalk, California 90650
Phone: (562) 404-8889
Fax: (562) 404-7349

Quick Quote

Quotation Graffiti Removal Truck - Palmdale

Date 2/6/2022

To Clark Cooper

Client Name National Auto Fleet Group

Fax Number

From Scott Givens

Quantity	Description	Unit Price	Extended Price
	Roadline Model GPMT		
1	Roadline Model GPMT - Graffiti Removal System Truck	81,250.00	$81,250.00
	Ford F550 - Regular Cab - Supplied by NAFG		
	Roadline Graffti Truck Bed		
	(2) Paint Systems		
	Wanco Arrow Board		
	Safety Lighting as Needed		
	Hot Water Blasting System		
Terms	Net 30 Days	**Sub Total**	$81,250.00
FOB Point	Palmdale	**Sales Tax**	$0.00
		Shipping	$75.00
		Grand Total	$81,325.00

Approved By

CHROMEDATA
An Autodata Solutions Brand

Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (✓ Complete)

Technical Specifications

Chassis

Weight Information

Standard Weight - Front	0.00 lbs	Standard Weight - Rear	0.00 lbs
Base Curb Weight	6718 lbs	Gross Axle Wt Rating - Front	5600 lbs
Gross Axle Wt Rating - Rear	13660 lbs	Curb Weight - Front	3788 lbs
Curb Weight - Rear	2921 lbs	Option Weight - Front	22.00 lbs
Option Weight - Rear	16.00 lbs	Reserve Axle Capacity - Front	1790.00 lbs
Reserve Axle Capacity - Rear	10723.00 lbs	As Spec'd Curb Weight	6747.00 lbs
As Spec'd Payload	11253.00 lbs	Maximum Payload Capacity	11291.00 lbs
Gross Combined Wt Rating	28000 lbs	Gross Axle Weight Rating	19260.00 lbs
Curb Weight	6709.00 lbs	Reserve Axle Capacity	12513.00 lbs
Total Option Weight	38.00 lbs	Payload Weight Front	0 lbs
Payload Weight Rear	0 lbs	Gross Vehicle Weight Rating	18000.00 lbs

Trailering

Dead Weight Hitch - Max Trailer Wt.	5000 lbs	Dead Weight Hitch - Max Tongue Wt.	500 lbs
Wt Distributing Hitch - Max Trailer Wt.	18340 lbs	Wt Distributing Hitch - Max Tongue Wt.	1834 lbs
Fifth Wheel Hitch - Max Trailer Wt.	20200 lbs	Fifth Wheel Hitch - Max Tongue Wt.	5050 lbs
Maximum Trailering Capacity	18340 lbs		

Frame

Frame Type	N/A	Sect Modulus Rails Only	N/A
Frame RBM	N/A	Frame Strength	N/A
Frame Thickness	N/A		

Suspension

Suspension Type - Front	Other	Suspension Type - Rear	Leaf
Spring Capacity - Front	5600 lbs	Spring Capacity - Rear	13660 lbs
Axle Type - Front	Non-Independent	Axle Type - Rear	Rigid Axle
Axle Capacity - Front	7000 lbs	Axle Capacity - Rear	13660 lbs
Axle Ratio (:1) - Front	4.88	Axle Ratio (:1) - Rear	4.88
Shock Absorber Diameter - Front	N/A	Shock Absorber Diameter - Rear	N/A

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Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (✓ Complete)

Chassis

Suspension

Stabilizer Bar Diameter - Front	N/A	Stabilizer Bar Diameter - Rear	N/A

Tires

Front Tire Order Code	TGJ	Rear Tire Order Code	TGJ
Spare Tire Order Code	N/A	Front Tire Size	LT225/70SR19.5
Rear Tire Size	LT225/70SR19.5	Spare Tire Size	N/A
Front Tire Capacity	7500 lbs	Rear Tire Capacity	15000 lbs
Spare Tire Capacity	N/A	Revolutions/Mile @ 45 mph - Front	647
Revolutions/Mile @ 45 mph - Rear	647	Revolutions/Mile @ 45 mph - Spare	N/A

Wheels

Front Wheel Size	19.5 X 6 in	Rear Wheel Size	19.5 X 6 in
Spare Wheel Size	N/A	Front Wheel Material	Steel
Rear Wheel Material	Steel	Spare Wheel Material	N/A

Steering

Steering Type	Re-Circulating Ball	Steering Ratio (:1), Overall	N/A
Steering Ratio (:1), On Center	N/A	Steering Ratio (:1), At Lock	N/A
Turning Diameter - Curb to Curb	48.5 ft	Turning Diameter - Wall to Wall	N/A

Brakes

Brake Type	4-Wheel Disc	Brake ABS System	4-Wheel
Brake ABS System (Second Line)	4-Wheel	Disc - Front (Yes or)	Yes
Disc - Rear (Yes or)	Yes	Front Brake Rotor Diam x Thickness	15.4 in
Rear Brake Rotor Diam x Thickness	15.8 in	Drum - Rear (Yes or)	N/A
Rear Drum Diam x Width	N/A		

Fuel Tank

Fuel Tank Capacity, Approx	40 gal	Aux Fuel Tank Capacity, Approx	N/A
Fuel Tank Location	N/A	Aux Fuel Tank Location	N/A

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Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (✓ Complete)

Vehicle

Emissions

Tons/yr of CO2 Emissions @ 15K mi/year	N/A	EPA Greenhouse Gas Score	N/A

Powertrain

Transmission

Drivetrain	Rear Wheel Drive	Trans Order Code	44G
Trans Type	10	Trans Description Cont.	Automatic w/OD
Trans Description Cont. Again	N/A	First Gear Ratio (:1)	4.62
Second Gear Ratio (:1)	2.92	Third Gear Ratio (:1)	2.13
Fourth Gear Ratio (:1)	1.77	Fifth Gear Ratio (:1)	1.52
Sixth Gear Ratio (:1)	1.28	Reverse Ratio (:1)	4.70
Clutch Size	N/A	Trans Power Take Off	Yes
Final Drive Axle Ratio (:1)	N/A	Transfer Case Model	None
Transfer Case Gear Ratio (:1), High	N/A	Transfer Case Gear Ratio (:1), Low	N/A
Transfer Case Power Take Off	Yes	Seventh Gear Ratio (:1)	1.00
Eighth Gear Ratio (:1)	0.85	Ninth Gear Ratio (:1)	N/A
Tenth Gear Ratio (:1)	N/A		

Mileage

EPA Fuel Economy Est - Hwy	N/A	Cruising Range - City	N/A
EPA Fuel Economy Est - City	N/A	Fuel Economy Est-Combined	N/A
Cruising Range - Hwy	N/A	Estimated Battery Range	N/A

Engine

Engine Order Code	99N	Engine Type	Regular Unleaded V-8
Displacement	7.3 L/445	Fuel System	Sequential MPI
SAE Net Horsepower @ RPM	350 @ 3900	SAE Net Torque @ RPM	468 @ 3900
Engine Oil Cooler	None		

Electrical

Cold Cranking Amps @ 0° F (Primary)	750	Cold Cranking Amps @ 0° F (2nd)	750
Cold Cranking Amps @ 0° F (3rd)	N/A	Maximum Alternator Capacity (amps)	240

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Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (Complete)

Powertrain

Cooling System

Total Cooling System Capacity	N/A

Dimensions

Interior Dimensions

Passenger Capacity	3	Front Head Room	40.8 in
Front Leg Room	43.9 in	Front Shoulder Room	66.7 in
Front Hip Room	62.5 in	Second Head Room	N/A
Second Leg Room	N/A	Second Shoulder Room	N/A
Second Hip Room	N/A		

Exterior Dimensions

Wheelbase	169 in	Length, Overall w/o rear bumper	N/A
Length, Overall w/rear bumper	N/A	Length, Overall	254.8 in
Width, Max w/o mirrors	80 in	Height, Overall	81.7 in
Overhang, Front	38.3 in	Overhang, Rear w/o bumper	47.2 in
Front Bumper to Back of Cab	N/A	Cab to Axle	84 in
Cab to End of Frame	131.2 in	Ground to Top of Load Floor	N/A
Ground to Top of Frame	N/A	Frame Width, Rear	34.2 in
Ground Clearance, Front	8.3 in	Ground Clearance, Rear	8.3 in
Body Length	0.00 ft	Cab to Body	N/A

Cargo Area Dimensions

Cargo Box Width @ Top, Rear	N/A	Cargo Box Width @ Floor	N/A
Cargo Box Width @ Wheelhousings	N/A	Cargo Box (Area) Height	N/A
Tailgate Width	N/A	Cargo Volume	N/A
Ext'd Cab Cargo Volume	N/A		

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Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (✓ Complete)

Standard Equipment

Mechanical

Engine: 7.3L 2V DEVCT NA PFI V8 Gas (STD)

Transmission: TorqShift 10-Speed Automatic -inc: 10R140 w/neutral idle and selectable drive modes: normal, tow/haul, eco, deep sand/snow and slippery (STD)

4.88 Axle Ratio (STD)

50-State Emissions System

Transmission w/Oil Cooler

Rear-Wheel Drive

78-Amp/Hr 750CCA Maintenance-Free Battery w/Run Down Protection

HD 240 Amp Alternator

Towing Equipment -inc: Trailer Sway Control

Trailer Wiring Harness

11290# Maximum Payload

GVWR: 18,000 lbs Payload Package

HD Shock Absorbers

Front And Rear Anti-Roll Bars

Firm Suspension

Hydraulic Power-Assist Steering

40 Gal. Fuel Tank

Single Stainless Steel Exhaust

Dual Rear Wheels

Front Suspension w/Coil Springs

Leaf Rear Suspension w/Leaf Springs

4-Wheel Disc Brakes w/4-Wheel ABS, Front And Rear Vented Discs and Brake Assist

Upfitter Switches

Exterior

Wheels: 19.5" x 6" Argent Painted Steel -inc: Hub covers/center ornaments not included

Tires: 225/70Rx19.5G BSW A/P (STD)

Clearcoat Paint

Black Front Bumper w/Black Rub Strip/Fascia Accent and 2 Tow Hooks

Black Fender Flares

Black Side Windows Trim and Black Front Windshield Trim

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Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (✓ Complete)

Exterior

Black Door Handles

Black Manual Side Mirrors w/Manual Folding

Manual Extendable Trailer Style Mirrors

Fixed Rear Window

Light Tinted Glass

Variable Intermittent Wipers

Aluminum Panels

Front Splash Guards

Black Grille

Autolamp Auto On/Off Aero-Composite Halogen Daytime Running Lights Preference Setting Headlamps w/Delay-Off

Cab Clearance Lights

Entertainment

Radio w/Seek-Scan and Clock

Radio: AM/FM Stereo w/MP3 Player -inc: 4 speakers

Fixed Antenna

SYNC Communications & Entertainment System -inc: enhanced voice recognition, 911 Assist, 4.2" LCD center stack screen, AppLink, 1 smart-charging USB port and steering wheel audio controls

2 LCD Monitors In The Front

Interior

4-Way Driver Seat -inc: Manual Recline and Fore/Aft Movement

4-Way Passenger Seat -inc: Manual Recline and Fore/Aft Movement

Manual Tilt/Telescoping Steering Column

Gauges -inc: Speedometer, Odometer, Oil Pressure, Engine Coolant Temp, Tachometer, Transmission Fluid Temp, Engine Hour Meter, Trip Odometer and Trip Computer

FordPass Connect 4G Mobile Hotspot Internet Access

Manual Air Conditioning

Illuminated Locking Glove Box

Interior Trim -inc: Chrome Interior Accents

Full Cloth Headliner

Urethane Gear Shifter Material

HD Vinyl 40/20/40 Split Bench Seat -inc: center armrest, cupholder, storage and driver's side manual lumbar

Day-Night Rearview Mirror

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Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (Complete)

Interior

Passenger Visor Vanity Mirror

3 12V DC Power Outlets

Front Map Lights

Fade-To-Off Interior Lighting

Full Vinyl/Rubber Floor Covering

Smart Device Remote Engine Start

Instrument Panel Covered Bin and Dashboard Storage

Manual 1st Row Windows

Systems Monitor

Trip Computer

Outside Temp Gauge

Analog Appearance

Seats w/Vinyl Back Material

Manual Adjustable Front Head Restraints

Air Filtration

Safety-Mechanical

Driveline Traction Control

Safety-Exterior

Side Impact Beams

Safety-Interior

Dual Stage Driver And Passenger Seat-Mounted Side Airbags

Dual Stage Driver And Passenger Front Airbags w/Passenger Off Switch

Safety Canopy System Curtain 1st Row Airbags

Outboard Front Lap And Shoulder Safety Belts -inc: Height Adjusters

WARRANTY

Basic Years: 3
Basic Miles/km: 36,000
Drivetrain Years: 5
Drivetrain Miles/km: 60,000
Corrosion Years: 5
Corrosion Miles/km: Unlimited
Roadside Assistance Years: 5
Roadside Assistance Miles/km: 60,000

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Vehicle: [Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA (✓ Complete)

Window Sticker

SUMMARY

[Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA MSRP:$43,335.00

Interior:Medium Earth Gray, HD Vinyl 40/20/40 Split Bench Seat

Exterior 1:Oxford White

Exterior 2:No color has been selected.

Engine: 7.3L 2V DEVCT NA PFI V8 Gas

Transmission: TorqShift 10-Speed Automatic

OPTIONS

CODE	MODEL	MSRP
F5G	[Fleet] 2022 Ford Super Duty F-550 DRW (F5G) XL 2WD Reg Cab 169" WB 84" CA	$43,335.00
	OPTIONS	
18B	Platform Running Boards	$320.00
44G	Transmission: TorqShift 10-Speed Automatic	$0.00
62R	Transmission Power Take-Off Provision	$280.00
660A	Order Code 660A	$0.00
99N	Engine: 7.3L 2V DEVCT NA PFI V8 Gas	$0.00
AS	Medium Earth Gray, HD Vinyl 40/20/40 Split Bench Seat	$0.00
TGJ	Tires: 225/70Rx19.5G BSW A/P	$0.00
X48	4.88 Axle Ratio	$0.00
Z1	Oxford White	$0.00
	SUBTOTAL	**$43,935.00**
	Adjustments Total	$0.00
	Destination Charge	$1,695.00
	TOTAL PRICE	**$45,630.00**

FUEL ECONOMY

Est City:N/A

Est Highway:N/A

Est Highway Cruising Range:N/A

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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

Revisions 000
Expiration Date 06/30/2022

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order # 20220444

NO SUBSTITUTIONS WITHOUT APPROVAL OF PURCHASING DIVISION. USE CITY OF PALMDALE ADDRESS SPECIFIED BELOW. MERCHANDISE MUST BE DELIVERED TO SPECIFIC DEPARTMENT.

VENDOR
NATIONAL AUTO FLEET GROUP
490 AUTO CENTER DRIVE
WATSONVILLE, CA 95076
Fax: 831-480-8497

SHIP TO
ADAM DYER, FLEET SUPERINTENDENT
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
855-289-6572	831-480-8497		Sharon Williams

Date Ordered	Vendor Number	Date Required	Freight Method/Terms	Department/Location
03/31/2022	7857	05/04/2022	DESTINATION/NET 45	STREET MAINTENANCE

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
	VEHICLES, SPECIALTY The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading				
1	2022 F550 REGULAR CAB QUOTE DATED 2/11/22. THIS PURCHASE ORDER IS THROUGH SOURCEWELL COOPERATIVE AGREEMENT NO. RFP #091521-NAF AND IS PENDING CITY COUNCIL APPROVAL OF THIS PURCHASE ORDER ON MAY 4, 2022. ***15733006 - 774400***	1.0	EA	$45,410.00	$45,410.00 ***$45,410.00***
2	2022 PRICE INCREASE ***15733006 - 774400***	1.0	EA	$2,270.00	$2,270.00 ***$2,270.00***
3	ROADLINE MODEL GPMT: ROAD LINE QUOTE PER ATTACHED ***15733006 - 774400***	1.0	EA	$81,325.00	$81,325.00 ***$81,325.00***
4	CALIFORNIA SALES TAX 10.25% ***15733006 - 774400***	1.0	EA	$13,223.01	$13,223.01 ***$13,223.01***
5	TIRE FEE ***15733006 - 774400***	8.7	DL	$1.00	$8.75 ***$8.75***

IMPORTANT: Read Terms and Conditions provided as part of this purchase order

By: _____
Approved City Representative

VENDOR COPY

Sales Tax	$0.00
Order Total	**$142,236.76**

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.

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**
ENGINEERING DIVISION

DISTRICT: **4**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-033, A RESOLUTION OF THE COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO ADJUST THE MAXIMUM ASSESSMENT OF THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT NO. 2020-290**

ISSUE

Adopt Resolution No. CC 2022-033, a Resolution of the Council of the City of Palmdale declaring its intention to adjust the maximum assessment of the City of Palmdale Landscape Maintenance Assessment District No. 2020-290.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. CC 2022-033 adjusting the maximum assessment of the City of Palmdale Landscape Maintenance Assessment District No. 2020-290 (the "District") and approving the amended Engineers Report within said Assessment District for Fiscal Year 2022-2023.

BACKGROUND

Developer, Pacific Community Builders, Inc. requested the formation of District No. 2020-290 and it was also a condition of approval for the project, Tract 54209. Tract 54209 is a 97 lot residential subdivision consisting of 95 single family residential homes on 28.71 acres is located between Avenue Q-12, 37th Street East, Avenue R and 35th Street East.

According to the "Landscaping and Lighting Act of 1972", Part 2 of Division 15 of the California Streets and Highways Code, the City may establish a landscape maintenance assessment district or annex territory into an existing district to provide for the installation, continued maintenance, and servicing of the landscaping improvements. Placement of the landscaping improvements into a district will provide for the continued maintenance of these improvements after the developer installs and the City accepts them.

On January 12, 2022, the City Council acted to initiate proceedings and declare its intention to form the District, called for the preparation of an engineer's report, and set January 12, 2022 as the date for the public hearing. An assessment ballot was mailed to the property owner of record of the parcel(s) to be assessed, in accordance with Article XIII D of the California Constitution. At the public hearing, the ballot returned was affirmative and the City Council approved the District.

DISCUSSION

Tonight's action will reduce the maximum allowable assessment amount per the Amended Engineer's Report, Attachment 2. The revised maximum allowable assessment beginning in Fiscal Year 2022/23 will be $83,506.90 or $879.02 per residential parcel. The maximum allowable rate is escalated each year on July 1 by the annual change in the February to February Consumer Price Index for all Urban Consumers in the Los Angeles-Long Beach-Anaheim CA region in an amount not to exceed 3% annually.

FISCAL IMPACT

The Report indicates the proposed assessments for the City of Palmdale Landscape Maintenance Assessment District No. 2020-290. The total combined maximum assessment revenue from the District for fiscal year 2022/2023 is $83,506.90 and the City's general benefit contribution is $8,276.13. The appropriate funding source for the general benefit contribution will be determined during the FY 2022/2023 budget review process.

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-033
2. Amended Engineer's Report for City of Palmdale Landscape Maintenance Assessment District No. 2020-290

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-033

A RESOLUTION OF THE COUNCIL OF THE CITY OF PALMDALE DECLARING ITS INTENTION TO ADJUST THE MAXIMUM ASSESSMENT OF THE CITY OF PALMDALE LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT NO. 2020-290

WHEREAS, the City Council (the "Council") of the City of Palmdale ("City"), State of California, by its previous Resolution No. CC 2021-003 initiated proceedings to form the City of Palmdale Landscape Maintenance Assessment District No. 2020-290 (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 finance the cost and expenses of the maintenance of certain improvements described in Section 7 hereof for the fiscal year commencing July 1, 2022 and ending Jun 30, 2023.

WHEREAS, the City Council did order and subsequently receive an Engineer's Report (hereafter referred to as the "Report") prepared by NBS in accordance with the Assessment Law; and

WHEREAS, the Report has been made a part of the record of these proceedings and is on file in the office of the City Clerk of the City (the "City Clerk"); and

WHEREAS, on January 12, 2022 by Resolution No. CC 2022-004, the City Council (a) set the time and place for the purpose of hearing protests to the proposed District and (b) ordered that the record owner of each parcel proposed to be assessed have the right to submit an assessment ballot in favor of or in opposition to the assessment proposed to be levied on such parcel; and

WHEREAS, NBS has revised the Report for fiscal year 2022/23 to reflect adjustments to the cost estimate contained therein, thereby reducing the maximum assessment. Such Engineer's Report (the "Amended Report") has been filed with the City Clerk and submitted to this Council; and

WHEREAS, the Council has carefully examined and reviewed the Amended Report as presented and is satisfied with the proposed District, 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 District as set forth in said Amended Report; and

WHEREAS, at this time the Council desires to accept the Amended Report thereby reducing the maximum assessments for the District as described therein for fiscal year 2022/23; 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. The Council hereby declares that it is its intention to approve the Amended Report and to order the levy of assessments within the District and seek the Annual Levy of the District pursuant to the Act, over and including the land within the District, and to levy and collect assessments on all such land to pay the annual costs of the improvements. 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 not required to approve the Amended Report and assessments contained therein because the assessment amounts are not being increased above the assessments previously approved.

SECTION 4. The Amended 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 District, 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 5. Generally, the improvements within the District 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, parkways, drywells and drainage basins;

(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 6. For Fiscal Year 2022/23, the proposed assessments are outlined in the Amended Report which details the annual assessments and formula.

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 its approval.

PASSED, APPROVED and **ADOPTED** this 4th day of May 2022.

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 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

CITY OF PALMDALE

***Amended* Engineer's Report For:**

Landscape Maintenance Assessment District No. 2020-290

Tract No. 54209

March 2022

Fiscal Year 2022/23

Prepared by:

NBS
helping communities fund tomorrow
nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

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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 through assessments as described in Section 2 of this Report. 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 54209 is required to fund landscape maintenance associated with the frontage improvements for a 97 lot residential subdivision including a drainage basin (lots 88 and 93) and three sets of drywells. The property proposed to be included in the District consists of 95 single family residential homes on 28.71 acres of property. The Landscape Maintenance Assessment District No. 2020-290 (the "District") 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 District.

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.*"

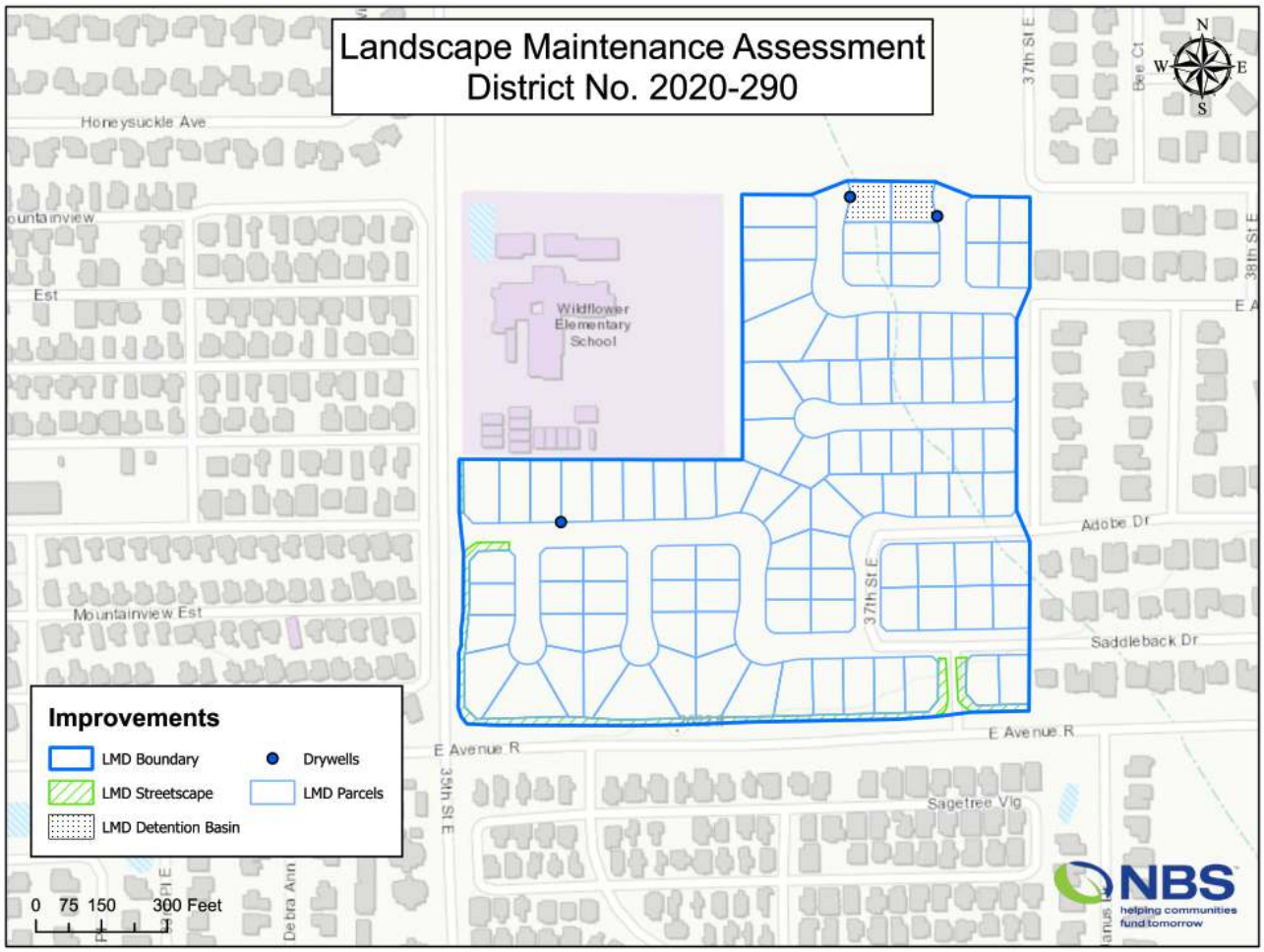
The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *"may be a legally justifiable approach to measuring and apportioning special benefits,* [but] *it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning 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 Trees 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 is below. The Assessment Diagram for the District 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 trees and landscaping including, but not limited to, trees, shrubs, grass and other ornamental vegetation, a drainage basin (lots 88 and 93), three sets of drywells and appurtenant devices, including irrigation systems, watering, and other associated landscape maintenance along 35th Street East and East Avenue R with the City, as well as incidental expenses, associated with the frontage improvements for 95 single family residential parcels located between Avenue Q-12, 37th Street East, East Avenue R and 35th Street East.

3. BENEFITS

The Improvements will confer special benefits upon certain parcels within the District. 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 District. 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 District. The Improvements are designed to create a more welcoming environment for the residents within the District. 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 District are proposed to be single family residential homes 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 District 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 District.

> **Single Family Residential Property** consists of parcels that are detached with a residential structure intended 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 District 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 District.

4.2.3 LAND USE BENEFIT POINTS

The table below summaries the Land Use Benefit Points assigned to each parcel within the District:

Land Use Type	Aesthetic	Desirability	Total Land Use Benefit Points
Single Family Residential	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 District. The Total District Special Benefit Points are 190. These Total District 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 District:

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 District are located within the District boundaries only. There will be no District maintenance activities provided for Improvements located outside of the District boundaries.

The ongoing maintenance of the Improvements will provide aesthetic and desirability benefits to the property within the District. However, it is recognized that the ongoing maintenance activities will also provide a level of benefit to some property within proximity to the District, as well as individuals passing through. Therefore, the general benefit created as a result of the District 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 District. In order for property within the District to be assessed only for that portion of special benefits received from the District's maintenance activities, general benefits provided by the ongoing maintenance of the improvements need to be quantified. The amount of general benefit that is provided from the District's maintenance activities cannot be funded via property owners' assessments.

5.4 General Benefit: Vehicles Passing Through the District

5.4.1 ARTERIAL STREETS

The boundaries of the District include landscaping on two arterial streets, 35th Street East and East Avenue R. While portions of these streets are within the boundaries of the District, it is recognized that not all traffic will access property within the District, but instead pass-through. As a result of the operational and well-

maintained landscaping, there will be a level of general benefit conferred to this pass-through vehicle traffic driving along 35th Street East and East Avenue R. As such, the benefit derived by this pass-through vehicle traffic needs to be quantified. In order to do this, we must first estimate the average daily vehicle trips through the District on these arterial streets. Traffic count data for 35th Street East and East Avenue R was provided by the City of Palmdale Traffic Transportation Division. As illustrated in the table below, the total estimated daily traffic through the District is 8,706.50 vehicle trips.

Arterial Streets	Estimated Average Daily Vehicle Trips
35th Street East	1,960
East Avenue R	6,747
Total Vehicle Trips	**8,706.50**

In order to identify the approximate number of pass-through trips, the number of daily vehicle trips that occur within the District must be estimated. To accomplish this, we utilize the average daily trip ("ADT") rates for single family homes from the ITE Trip Generation Report, 9th Edition to estimate the daily vehicle trips for each property within the District. The estimated number of daily vehicle trips generated by properties within the District is approximately 896.80, as summarized below:

Land Use Type	Estimated Daily Vehicle Trips
Single Family Residential ADT Value (1)	9.44
Total Single Family Residential Homes	95
District Vehicle Trips	**896.80**

(1) From the ITE Trip Generation Report, 9th Edition

Therefore, the estimated number of pass-through vehicle trips allocated to the Arterial Streets is 7,809.70:

Estimated Vehicle Trips Through the District		Estimated District Generated Vehicle Trips		Estimated Pass-Through Vehicle Trips
8,706.50	-	896.80	=	7,809.70

To estimate the total time these pass-through vehicles spend within the District and receive benefit from the Improvements, we must take into account the total length of 35th Street East and East Avenue R within the District, as well as the average traffic speed of each street (using current local speed limits):

Arterial Street	Length (in Miles) Within District		Average Speed Within District (MPH)		Travel Time (in Hours) Through District per Vehicle
35th Street East	0.250	/	55	=	0.0045
East Avenue R	0.240	/	50	=	0.0048
Totals	**0.490**				**0.0093**

Applying the total travel time through the District per vehicle of 0.0093 hours to each of the pass-through vehicle trips results in an aggregate daily pass-through time of 72.99 hours, in which vehicles passing through the District spend in proximity to the Improvements:

Travel Time (in Hours) Through District per Vehicle	Estimated Pass Through Vehicle Trips	Total Pass-Through Time (in Hours)
0.0093	7,809.70	72.99

Further, the amount of time that the District properties spend in proximity to the Improvements should also be considered to determine the overall benefit of the Improvements. Properties within the District are permanently located in close proximity to the Improvements and experience the most benefit from these Improvements during the dusk to dawn hours, approximately 12 hours per day. Vehicles passing through only receive benefit from the Improvements while passing through the District. As such, the previously identified daily pass-through time for vehicles receiving limited benefit from the Improvements should be compared to the total time the District properties benefit from being in permanent proximity to the District Improvements:

Time Class	Hours	Percentage
Total Pass-Through Time	72.99	6.017%
Total District Property Time (1)	1,140	93.983%
Totals	**1,213**	**100.000%**

(1) Equals the number of properties in the District (95) multiplied by 12 (hours).

Of the total benefits provided by the District Improvements, the percentage of time allocated to vehicles passing through the District is 6.017%. Therefore, this percentage reflects the amount of general benefit accruing to vehicles passing through the District on Arterial Streets.

5.4.2 LOCAL/COLLECTOR STREETS

For purposes of determining general and special benefits, all streets within the District other than the specific streets listed as arterial streets above are considered local or collector streets. The local/collector streets within the District are intended to serve individual neighborhoods and not to be pass-through streets, but cul-de-sacs or loop roads to reduce through traffic. In addition, according to the City's Adopted General Plan Circulation Element[1], "a system of local and collector streets serves residential neighborhoods while protecting them from intrusion of through traffic flow…local street patterns should provide access between subdivisions within a neighborhood, with the exception of through traffic which should be directed onto major and secondary arterials" (January 25, 1993).

From a visual inspection of the layout of the District, one must conclude that the purpose of the local/collector streets is exclusively intended for the benefit of the parcels on such streets. There is no local street that provides a direct or efficient means of traveling from one place to another such that one could reasonably expect a driver to purposefully choose the residential community's local streets as the best route for travel unless necessary because the route either began or ended with a parcel in the District. A route beginning or ending with a parcel within the District does not include the "general public" for purposes of determining general benefit.

[1] *Extracted from the City of Palmdale General Plan Circulation Element, page C-5, Adopted January 25, 1993*

However, one can imagine a minimal degree of pass-through traffic even on something such as a cul-de-sac. As expressed by the Court in Beutz v. County of Riverside (2010), "... courts of this state have long recognized that virtually all public improvement projects provide general benefits."

Given the location to the Oak Tree Learning Center Elementary School and E. Palmdale Boulevard, there are bound to be drivers that make use of the local/collector streets for no other reason but to turn around or go back from where they came, especially if they are dropping their children off at the school. Additionally, given the nature of the street landscaping, one could imagine a small degree of "residential tourism" wherein drivers and pedestrians are in fact simply "passing through" to enjoy the beautiful views of the homes, the natural surroundings, or visiting friends.

Additionally, the commonly accepted distance people will walk for public transportation, goods and services is one-quarter mile. Although unlikely, a person may decide to use the paths within the District, particularly for those walking children to the school nearby. A conservative estimate of 1.00% for each scenario would result in the general benefit portion of the improved aesthetics and increased desirability resulting from the street landscaping improvements to be 2.00%.

5.4.3 BICYCLE PASS-THROUGH TRAFFIC

An estimated 1% of all US trips are made by bicycle[2]. There is a bike lane on East Avenue R fronting the District. According to the National Household Travel Surveys, 49% of bike trips are for recreation, exercise, and sports[3]. As a result of the District maintenance activities, there will be a level of general benefit to bicycle traffic that is not associated with property in the District. As such, the general benefit portion of the improved aesthetics and increased desirability benefits resulting from the landscaping improvements is estimated to be .50%, rounded up to 1.00%.

Pass-thru Biking General Benefit	1.00%

5.4.4 COLLECTIVE DISTRICT-WIDE GENERAL BENEFIT

Since the District is comprised of improved aesthetics and desirability benefits resulting from the Improvements, the activity of vehicles, pedestrians and bicycles passing through the District must be addressed in a collective form rather than independently. This general benefit result is provided in the table below:

Pass-through Traffic Arterial Streets General Benefit	6.017%
Pass-through Traffic Local/Collector Street General Benefit	2.000%
Pass-thru Bicycle Traffic General Benefit	1.000%
Total General Benefit	**9.017%**

[2] *U.S Department of Transportation. Federal Highway Administration. (2011). Summary of Travel Trends: 2009 National Household Travel Survey. (Report No. FHWA-PL-11-022). Retrieved from http://nhts.ornl.gov*

[3] *Pucher, J., Buehler R., Meron, F., and Bauman, A. American Journals of Public Health, Supplement 1, Vol 101, No S1 (2011). Walking and Cycling in the United States, 2001-2009: Evidence from the National Household Travel Surveys. Retrieved from http://www.ncbi.nlm.nih.gov/pubmed/21551387*

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	$45,115.00
Dry Well and Detention Basin Maintenance	39,590.00
Irrigation Maintenance and Repairs	1,814.50
Water and Electric Costs	4,264.24
Administration	
Engineer/Consultant Costs	1,000.00
Total Cost of Improvements	**$91,783.74**

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	$91,783.74
Less Maintenance General Benefit Portion (9.017%)	(8,276.13)
Less Rounding	(0.71)
Total Cost of Improvements to Be Assessed	**$83,506.90**

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 District 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	$83,506.90
Total District Special Benefit Points	190
Maximum Assessment Rate per Special Benefit Point(1)	**$439.51**

(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 District:

Maximum Assessment Rate per Special Benefit Point		Total Special Benefit Points		Total Maximum Assessment Amount Per Parcel
$439.51	X	2.00	=	$879.02

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 District 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 District's parcel characteristics and the budget in effect for such fiscal year. Development within the District 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 No. 2020-290 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 4 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 District 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 3-23-2022
R.C.E. 14853

REGISTERED PROFESSIONAL ENGINEER
JOHN G. EGAN
No. 14853
CIVIL
EXPIRATION DATE 3/31/23
STATE OF CALIFORNIA

8. ASSESSMENT DIAGRAM

The following pages contain the assessment diagram for the District.

ASSESSMENT DIAGRAM
LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT NO. 2020-290

CITY OF PALMDALE
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA

ID	APN	ID	APN
1	3020-042-001	50	3020-042-050
2	3020-042-002	51	3020-042-051
3	3020-042-003	52	3020-042-052
4	3020-042-004	53	3020-042-053
5	3020-042-005	54	3020-042-054
6	3020-042-006	55	3020-042-055
7	3020-042-007	56	3020-042-056
8	3020-042-008	57	3020-042-057
9	3020-042-009	58	3020-042-058
10	3020-042-010	59	3020-042-059
11	3020-042-011	60	3020-042-060
12	3020-042-012	61	3020-042-061
13	3020-042-013	62	3020-042-062
14	3020-042-014	63	3020-042-063
15	3020-042-015	64	3020-042-064
16	3020-042-016	65	3020-042-065
17	3020-042-017	66	3020-042-066
18	3020-042-018	67	3020-042-067
19	3020-042-019	68	3020-042-068
20	3020-042-020	69	3020-042-069
21	3020-042-021	70	3020-043-001
22	3020-042-022	71	3020-043-002
23	3020-042-023	72	3020-043-003
24	3020-042-024	73	3020-043-004
25	3020-042-025	74	3020-043-005
26	3020-042-026	75	3020-043-006
27	3020-042-027	76	3020-043-007
28	3020-042-028	77	3020-043-008
29	3020-042-029	78	3020-043-009
30	3020-042-030	79	3020-043-010
31	3020-042-031	80	3020-043-011
32	3020-042-032	81	3020-043-012
33	3020-042-033	82	3020-043-013
34	3020-042-034	83	3020-043-014
35	3020-042-035	84	3020-043-015
36	3020-042-036	85	3020-043-016
37	3020-042-037	86	3020-043-017
38	3020-042-038	87	3020-043-018
39	3020-042-039	88	3020-043-019
40	3020-042-040	89	3020-043-020
41	3020-042-041	90	3020-043-021
42	3020-042-042	91	3020-043-022
43	3020-042-043	92	3020-043-023
44	3020-042-044	93	3020-043-024
45	3020-042-045	94	3020-043-025
46	3020-042-046	95	3020-043-026
47	3020-042-047	96	3020-043-900
48	3020-042-048	97	3020-043-901
49	3020-042-049		

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS ____ DAY OF _____, 20__.

_____
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 _____, 20__.

_____
SUPERINTENDENT OF STREETS
CITY OF PALMDALE
COUNTY OF LOS ANGELES

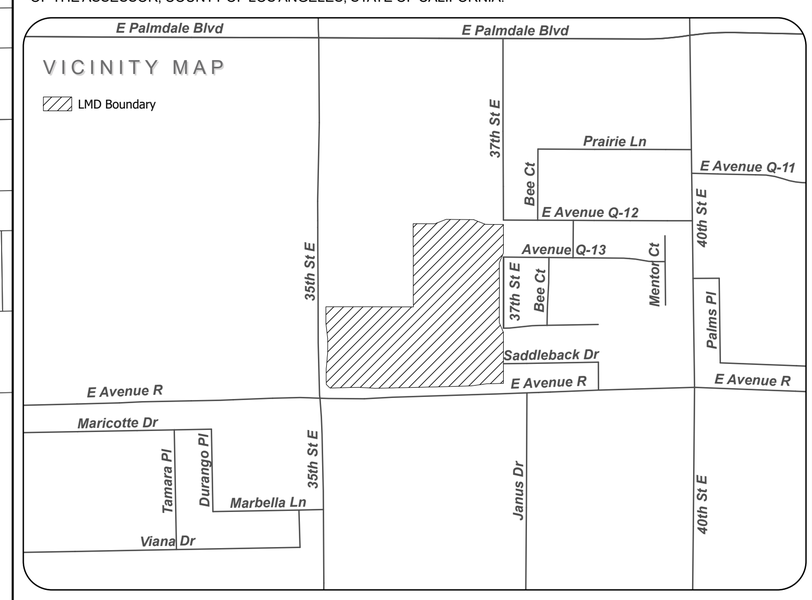
AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF PALMDALE ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE ____ DAY OF _____, 20__; THE ASSESSMENT DIAGRAM AND ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS 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 District.

City of Palmdale

Landscape Maintenance Assessment District No. 2020-290

Fiscal Year 2022/23 Proposed Maximum Assessment

I.D.	Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
1	3020-042-001	$879.02
2	3020-042-002	879.02
3	3020-042-003	879.02
4	3020-042-004	879.02
5	3020-042-005	879.02
6	3020-042-006	879.02
7	3020-042-007	879.02
8	3020-042-008	879.02
9	3020-042-009	879.02
10	3020-042-010	879.02
11	3020-042-011	879.02
12	3020-042-012	879.02
13	3020-042-013	879.02
14	3020-042-014	879.02
15	3020-042-015	879.02
16	3020-042-016	879.02
17	3020-042-017	879.02
18	3020-042-018	879.02
19	3020-042-019	879.02
20	3020-042-020	879.02
21	3020-042-021	879.02
22	3020-042-022	879.02
23	3020-042-023	879.02
24	3020-042-024	879.02
25	3020-042-025	879.02
26	3020-042-026	879.02
27	3020-042-027	879.02
28	3020-042-028	879.02
29	3020-042-029	879.02
30	3020-042-030	879.02
31	3020-042-031	879.02
32	3020-042-032	879.02
33	3020-042-033	879.02
34	3020-042-034	879.02
35	3020-042-035	879.02
36	3020-042-036	879.02
37	3020-042-037	879.02
38	3020-042-038	879.02
39	3020-042-039	879.02
40	3020-042-040	879.02
41	3020-042-041	879.02
42	3020-042-042	879.02

City of Palmdale
Landscape Maintenance Assessment District No. 2020-290
Fiscal Year 2022/23 Proposed Maximum Assessment

I.D.	Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
43	3020-042-043	879.02
44	3020-042-044	879.02
45	3020-042-045	879.02
46	3020-042-046	879.02
47	3020-042-047	879.02
48	3020-042-048	879.02
49	3020-042-049	879.02
50	3020-042-050	879.02
51	3020-042-051	879.02
52	3020-042-052	879.02
53	3020-042-053	879.02
54	3020-042-054	879.02
55	3020-042-055	879.02
56	3020-042-056	879.02
57	3020-042-057	879.02
58	3020-042-058	879.02
59	3020-042-059	879.02
60	3020-042-060	879.02
61	3020-042-061	879.02
62	3020-042-062	879.02
63	3020-042-063	879.02
64	3020-042-064	879.02
65	3020-042-065	879.02
66	3020-042-066	879.02
67	3020-042-067	879.02
68	3020-042-068	879.02
69	3020-042-069	879.02
70	3020-043-001	879.02
71	3020-043-002	879.02
72	3020-043-003	879.02
73	3020-043-004	879.02
74	3020-043-005	879.02
75	3020-043-006	879.02
76	3020-043-007	879.02
77	3020-043-008	879.02
78	3020-043-009	879.02
79	3020-043-010	879.02
80	3020-043-011	879.02
81	3020-043-012	879.02
82	3020-043-013	879.02
83	3020-043-014	879.02
84	3020-043-015	879.02

City of Palmdale

Landscape Maintenance Assessment District No. 2020-290

Fiscal Year 2022/23 Proposed Maximum Assessment

I.D.	Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
85	3020-043-016	879.02
86	3020-043-017	879.02
87	3020-043-018	879.02
88	3020-043-019	879.02
89	3020-043-020	879.02
90	3020-043-021	879.02
91	3020-043-022	879.02
92	3020-043-023	879.02
93	3020-043-024	879.02
94	3020-043-025	879.02
95	3020-043-026	879.02
96	3020-043-900	0.00
97	3020-043-901	0.00
97 Parcels		**$83,506.90**

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: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1**

SUBJECT: **APPROVE AMENDMENT NO. 1 FOR PN 653, THE SR-138 (PALMDALE BOULEVARD) WIDENING PROJECT, WITH SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY, IN THE AMOUNT OF $171,600**

ISSUE

Approve Amendment No. 1 for PN 653, the SR-138 (Palmdale Boulevard) Widening Project, with Southern California Regional Rail Authority, in the amount of $171,600.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Amendment No. 1 to the Letter of Agreement for PN 653, the SR-138 (Palmdale Boulevard) Widening Project, with Southern California Regional Rail Authority, in the amount of $171,600.

2. Authorize the Interim City Manager or her designee to execute Amendment No. 1 to the Letter of Agreement with Southern California Regional Rail Authority, including making minimal and/or non-substantive changes.

BACKGROUND

State Route 138 (SR 138), otherwise known as Palmdale Boulevard, is a major arterial roadway that runs east-west and traverses State Route 14 (SR 14) in the City of Palmdale. It provides both local and regional access to the residential and business communities on both the east and west sides of SR 14 and has an average daily traffic volume of more than 25,000 vehicles.

The SR-138 Widening Project was initially funded in 2014 with the primary goals of improving the safety of the railroad crossing at Palmdale Boulevard and increasing the vehicular capacity of Palmdale Boulevard. The project budget was set at $25 million, with a scope of work that included the reconfiguration of the railroad signal mast-arms and other associated rail equipment to current standards, the widening of Palmdale Boulevard to three lanes in each direction from 5th Street East to 10th Street East, and the improvement of two intersections of Palmdale Boulevard at 6th Street East and Sierra Highway.

To preserve funding and still improve the safety of the railroad crossing, and avoid additional reconstruction in the future, the scope of work for the SR-138 Widening Project was revised in April 2021. This revised scope now specifically targets the railroad safety improvement goal of the project and reduces the acquisition to ±14 parcels and widening only where required by the railroad and intersection improvements.

DISCUSSION

Southern California Regional Rail Authority (SCRRA), as owner-operator of one of the railroad tracks, provides oversight, review, and independent quality assurance of the Project Approval/Environmental Document (PA/ED) and the Plans, Specifications, and Estimates (PS&E). SCRRA is also responsible for the ultimate approval of each of these documents. As such, the City must reimburse SCRRA for their efforts in reviewing and providing comments to the project documents. Amendment No. 1, if approved, would increase the amount of reimbursable funding to SCRRA for their design reviews, and is necessary due to the revision in the scope of work previously approved by Council in April 2021, and the extended project timeline.

FISCAL IMPACT

This project is funded with Measure R funds (208) which have been allocated in Account No. S0049208-724525-3025. These funds were approved by Council in March 2013 via a Memorandum of Understanding (MOU)/Funding Agreement (FA) with the Los Angeles County Metropolitan Transportation Authority (LACMTA), under Palmdale Agreement No. A-4068, 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 $25,000,000 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. To date, the overall project has encumbered ±$5,045,475, and has a remaining balance of ±$19,954,525. There are sufficient funds in the account to authorize this amendment.

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., Public Works Director
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Amendment 1 to Letter of Agreement with SCRRA

AMENDMENT NO. 1

DESIGN SERVICES AGREEMENT

for

SR 138 (PALMDALE BLVD.) 5TH STREET EAST TO 10TH STREET EAST IMPROVEMENTS PROJECT

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY (SCRRA)

AND THE

CITY OF PALMDALE

COVERING THE

PUBLIC AT-GRADE HIGHWAY RAILROAD CROSSING

AT

PALMDALE BLVD., SCRRA MILE POST 68.40 – VALLEY SUBDIVISION

IN

CITY OF PALMDALE

LOS ANGELES COUNTY, CALIFORNIA

SCRRA Folder No.: S0001196

SCRRA Project No.: 860973

Amendment No. 1
Design Services Agreement
for

SR 138 (Palmdale Blvd.) 5th Street East to 10th Street East Improvements Project
At Mile Post 68.40 - Valley Subdivision
City of Palmdale
Los Angeles County, CA

THIS Amendment No. 1 ("AMENDMENT NO. 1") to the Design Service Agreement for SR 138 (Palmdale Blvd.) 5th Street East to 10th Street East Improvements Project, effective May 7, 2018, hereinafter referred to as ("DSA") is made and entered into as of the _____ day of _____, 202___, by and between the **SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**, a joint powers authority existing under the laws of the State of California (hereinafter referred to as "SCRRA"), to be addressed at 900 Wilshire Blvd. Suite 1500, Los Angeles, CA 90017 and the **CITY OF PALMDALE**, a charter city and a municipal corporation duly organized and existing under the laws of the State of California and its Charter (hereinafter referred to as "CITY"), to be addressed at City of Palmdale, 38300 Sierra Highway, Palmdale, CA 93550. CITY and SCRRA may be referred to singly as "PARTY" and collectively as "PARTIES."

RECITALS:

Whereas, by DSA, SCRRA and the CITY entered into an Agreement for the CITY to design at-grade crossing improvements.

Whereas, the CITY has revised the scope of work to allow for sufficient funding to continued work on the project. SCRRA shall therefor revise the railroad signal design plans for all railroad signal and communication facilities to provide for additional preemption time, traffic signal interconnection, PTC coordination, and additional railroad warning facilities as required and determined by CPUC and the latest SCRRA grade crossing safety standards. SCRRA shall also review and provide comments on the new scope of work engineering documents (plans, specifications, and reports) for the PROJECT as submitted by CITY for consistency and compliance with SCRRA design standards and criteria.

Therefore, it has been agreed that the DSA will be amended in this AMENDMENT NO. 1.

AGREEMENT

NOW, THEREFORE, it is mutually agreed by and between the PARTIES hereto as follows:

Amend **SECTION I**, Page 4 of 12, to delete "g. Provision of flagging and cable marking." and in lieu thereof insert "g. Provision of flagging, RWP training and cable marking."

Amend **SECTION II**, Page 5 of 12, to delete "The total cost of the RAILROAD DESIGN REVIEW SERVICES provided by this AGREEMENT shall not exceed the sum of Two Hundred Ninety Thousand Nine Hundred and Fifty Dollars ($290,950.00). Within thirty (30) days of execution of this AGREEMENT, CITY agrees to deposit the amount of Seventy Thousand Nine Hundred and Fifty Dollars ($70,950.00), which represents the estimated cost of the design reviews, administration, management, flagging and contingency portion of the total DESIGN SERVICES as outlined in EXHIBIT A.

Upon CPUC's approval of the GO88-B for the CROSSING, CITY agrees to deposit with SCRRA a check in the amount of Two Hundred Twenty Thousand Dollars ($220,000.00), which represents the estimated cost of the railroad signal and communication design and contingency portion of the total DESIGN SERVICES as outlined in EXHIBIT A. The two deposits together represent the total estimated cost of the DESIGN SERVICES as outlined in EXHIBIT A. SCRRA will be

reimbursed on the basis of actual cost up to the "not-to-exceed" total amount. SCRRA shall notify CITY in writing when seventy-five percent (75%) of the deposited funds have been exhausted and include an estimate of what, if any, additional funds are estimated to be needed to complete the services under this AGREEMENT."

and in lieu thereof insert

"The total cost of the RAILROAD DESIGN REVIEW SERVICES provided by this AGREEMENT shall not exceed the sum of Four Hundred Sixty Thousand Five Hundred and Fifty Dollars ($462,550.00). Within thirty (30) days of execution of this AMENDMENT NO. 1, CITY agrees to deposit the amount of Seventy Thousand Nine Hundred and Fifty Dollars ($70,950.00), which represents the estimated cost of the design reviews, administration, management, flagging and contingency portion of the total DESIGN SERVICES as outlined in EXHIBIT A.

Upon CPUC's approval of the GO88-B for the CROSSING, CITY agrees to deposit with SCRRA a check in the amount of Two Hundred Twenty Thousand Dollars ($220,000.00), which represents the estimated cost of the railroad signal and communication design and contingency portion of the total DESIGN SERVICES as outlined in EXHIBIT A. Upon execution of AMENDMENT NO. 1, CITY agrees to deposit the amount of One Hundred Seventy-One Thousand Six Hundred Dollars ($171,600.00), which represents the estimated cost of the design reviews, administration, management, flagging and contingency portion of the total DESIGN SERVICES as outlined in EXHIBIT A. The three deposits together represent the total estimated cost of the DESIGN SERVICES as outlined in EXHIBIT A. SCRRA will be reimbursed on the basis of actual cost up to the "not-to-exceed" total amount. SCRRA shall notify CITY in writing when seventy-five percent (75%) of the deposited funds have been exhausted and include an estimate of what, if any, additional funds are estimated to be needed to complete the services under this AGREEMENT."

Amend **EXHIBIT A**, page 12, to delete in its entirety and in lieu thereof insert

EXHIBIT "A"

SR 138 (PALMDALE BLVD.) 5TH STREET EAST TO 10TH STREET EAST

IMPROVEMENTS PROJECT
DESIGN SERVICES AGREEMENT

BUDGETED SCHEDULE AND COST
As of March 2022

The anticipated services and cost estimates may require adjustment to accommodate actual project requirements, but at no time shall the budgeted cost ceiling be exceeded, unless authorized by an amendment to this AGREEMENT.

ANTICIPATED SCHEDULE

The anticipated duration of this project is eighteen to twenty-four months.

ESTIMATED COST

Task Description	**Estimated Cost**
Railroad Signal and Communications Design	$170,000
Design Review of CITY and UPRR Submittals	$65,000
Agency Project Administration and Management	$175,000
Safety training, signal locating, and 4 days of flagging	$10,500
Contingency (10%)	$42,050
Total	$462,550

IN WITNESS WHEREOF, the parties have caused this AGREEMENT to be duly executed in by their duly qualified and authorized officials.

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

By: _____
Darren Kettle
Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

By: _____
Don Del Rio
General Counsel

Date: _____

CITY OF PALMDALE

By: _____
Steve Hofbauer
Mayor

Date: _____

APPROVED AS TO FORM:

By:_____
Christopher Beck
City Attorney

Date: _____

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1,3**

SUBJECT: **AWARD AGREEMENT WITH MNS ENGINEERS, INC. FOR CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES ASSOCIATED WITH PN 698, AVENUE R COMPLETE STREETS AND SAFE ROUTES PROJECT, IN THE AMOUNT OF $708,640 FOR A TERM OF 700 CALENDAR DAYS FROM THE DATE OF NOTICE TO PROCEED.**

ISSUE

Award agreement with MNS Engineers, Inc. for construction management and inspection services associated with PN 698, Avenue R Complete Streets and Safe Routes Project, in the amount of $708,640 for a term of 700 calendar days from the date of Notice to Proceed.

RECOMMENDATION

Staff recommends that the City Council:

1. Award agreement with MNS Engineers, Inc. for construction management and inspection services associated with PN 698, in the amount of $708,640 and

2. Authorize the Interim City Manager or her designee to execute Agreement No. A-7854 with MNS Engineers, Inc., including minimal and/or non-substantive changes.

BACKGROUND

Project No. 698, Avenue R Complete Streets and Safe Routes Project, includes roadway widening improvements along Avenue R from Sierra Highway to 25th Street East. These improvements include, but are not limited to, sidewalk gap closures, driveway and curb ramp construction, traffic signal modifications, streetlight improvements, storm drain improvements, roadway rehabilitation, and signing & striping. It is anticipated that construction will take approximately 400 working days from the date the City issues the Notice to Proceed. The construction management and inspection services associated with PN 698 are anticipated to be required from July 2022 to June 2024.

DISCUSSION

MNS Engineers Inc. is one of the City's on-call civil engineering consultants that can provide both civil engineering and inspection/construction management services. This project is federally funded and will need full time efforts to keep up with federal requirements for construction inspection as well as federally required paperwork throughout the duration of construction and into the project closeout phase. Due to the City's shortfall of Public Works Inspection staff, the MNS team will be fully committed to daily inspection, preparing all paperwork and reports, coordination between the Contractor and City staff, as well as helping staff maintain project files using the Caltrans filing system. It is anticipated that this project will be audited in the future and we are confident that the MNS team will ensure that all federal processes and requirements are strictly adhered to.

FISCAL IMPACT

This agreement will be funded through Measure M (209) which has sufficient funds already allocated in Account No. S0058. The fiscal impact and remaining account balance can be seen in the following table:

SCOPE OF WORK		COST
Construction Management and Inspection Services		$708,640
	Total Cost:	**$708,640**
Account Number	**Starting Balance**	**Remaining Balance**
S0058209	$1,666,596	$957,956

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 fund for everyone.

Prepared by:	Chuck Heffernan, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Agreement No. A-7854

AGREEMENT NO. A-7854
CONTRACT FOR CONSULTANT SERVICES
BETWEEN THE CITY OF PALMDALE AND MNS ENGINEERS, INC.

THIS CONTRACT FOR CONSULTANT SERVICES ("Contract" herein) is made and entered into this 4th day of May, 2022 by and between the City of Palmdale a public body corporate and politic, (hereinafter called "CITY") and MNS ENGINEERS, INC. (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:

Pre-construction phase services, construction phase services, and post-construction phase services as more specifically described in Exhibit "A", attached hereto, and incorporated herein.

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:

Issa Adawiya - Construction Inspector
Monica Killen - Office Administrator/Senior Grant Writer
Robert Newman, PE, PLS - Internal QA/QC Guidance

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 COMMENCEMENT AND COMPLETION OF WORK

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 and through its Project Manager, has issued an Authorization to Proceed. CONSULTANT shall complete all the work described in Section 1 and submit final deliverables within seven hundred (700) calendar days following CONSULTANT's receipt of Authorization to Proceed. CONSULTANT shall have no claim for compensation for any services or work, which has not been authorized by CITY's Authorization to Proceed.

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 seven hundred eight thousand, six hundred forty dollars ($708640), payable as follows:

The fee schedule for this project is outlined in Exhibit "A", attached hereto, and incorporated herein.

The Contract Price is CONSULTANT'S estimate of its charges for all 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 (Errors & Omissions) Insurance*

- $5,000,000 limit on a per occurrence basis

11.1.3 Commercial General Liability

- $2,000,000.00 limit on a per occurrence basis
- $5,000,000.00 general aggregate limit

11.1.4 Commercial Automobile Liability

- $5,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.1.5 Cyber Liability

- $1,000,000 limit on a per occurrence basis

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 insureds."

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 professional (E&O) liability and/or cyber liability 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, 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 (30) 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.

13.1 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; and

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 Housing Authority/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 twelve (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:

Ronda Perez Date
Interim City Manager

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38250 Sierra Highway
Palmdale, CA 93550

MNS ENGINEERS, INC.:

Jeff Edwards Date
Vice President

ADDRESS FOR NOTICE:
MNS ENGINEERS, INC.
4580 E. Thousand Oaks Blvd.
Suite 101
Westlake Village, CA 91362

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

ATTEST: If Corporation

Secretary

EXHIBIT "A"

February 11, 2022

City of Palmdale
Attention: Ms. Lynn Glidden, Deputy Director of Public Works
38250 Sierra Highway
Palmdale, CA 93550

SUBJECT: Proposal for Construction Inspection, Office Administrator and QA / QC – Avenue R Complete Streets and Safe Routes Project (Sierra Highway and 25th Street East)

Dear Ms. Glidden:

Thank you for the opportunity to submit this proposal for Construction Inspection, Office Administrator and Limited Project Management Services for Avenue R Complete Streets and Safe Routes Project (Sierra Highway and 25th Street East). MNS Engineers offers the City of Palmdale a team of qualified construction management professionals with experience in similar projects.

Project Understanding

This project entails "Complete Street" improvements along the portion of Avenue R (Sierra Highway and 25th Street East), including sidewalks, signing upgrades, ladder-style crosswalks, bus turnouts, Class II bike lanes, speed feedback signs, striping upgrades, relocation of existing signal interconnect, relocation and protection of existing utilities, and traffic signal modifications as depicted in the project plans. The project is being funded by a combination of ATP grants, Measure M, Gas Tax, Proposition C and Article 8 funds.

The City is currently evaluating the bids submitted for the project and will determine the lowest responsible bidder shortly. The total duration of the project is 400 working days. The project is subject to DBE, Buy America, and Caltrans provisions. The City has secured the services of other firms for DBE, Geotechnical and Biological oversight. The Contractor has the responsibility for all construction surveying.

The City is requesting limited project management support to assist the City Project Manager in delivering the project. The support provided will include an Office Administrator for Caltrans documentation, and a full time Construction Inspector (Prevailing wage). MNS is also provided a QA / QC Manager to provide guidance and oversight as needed.

Overview of MNS services to be provided:

- Attend all project meetings at the City's discretion.
- City Project Manager weekly QA / QC guidance through life of the project as needed.
- Office Administrator to prepare all Caltrans LAPM required submittals and project initiation assistance.
- Full time Construction Inspection for the duration of the project.

Work Plan/Scope of Work

MNS will provide the following Scope of Work:

PHASE 1.0 PRE-CONSTRUCTION

Task 1.1 Pre-Construction Conference

MNS staff will attend the pre-construction meeting. The Construction Inspector will develop a thorough understanding of the project plans and scope.

PHASE 2.0 CONSTRUCTION PHASE SERVICES

Task 2.1 Office Administrator - Document Controls

MNS will work with the City's Project Manager to establish the project administration system consistent with the City of Palmdale standards and expectations for Document Control (RFI's / Submittals / Project Communication and Coordination / Public Relations / Project Schedule / Cost Controls / quantity calculation and progress estimates, change orders, and Caltrans LAPM documentation).

Task 2.2 Construction Inspection

The Construction Inspector will be onsite daily to inspect and ensure the work is performed safely and in accordance with the contract documents.
The Construction Inspector's responsibilities will also include:
Daily Inspection. Inspect the construction for compliance to the plans and specifications. Any non-conforming work will not be accepted and will require correction prior to acceptance.
Traffic Control/No Parking Zones. Inspect the contractor's daily traffic control per approved standards. Notify the contractor of any perceived unsafe conditions.
Notifications. Verify pre-work postings and placement of notifications in a timely manner. Meet with businesses as needed to address their concerns and provide adequate notification of potential impacts to them.
Daily Reports. Prepare daily inspection reports, daily quantities, note any safety issues, and include an accurate description of the work, labor, and equipment. Note any extra work or changes to the plans. Maintain photographic record of construction.
Materials. Verify approved materials are incorporated into the project.
Punch List. Prepare punch list and inspect for completion of punch list work items. Perform final walkthrough with the City Project Manager and the contractor.

Task 2.3 Site Documentation

MNS will take pre-construction site photos to document the existing condition of the project limits and any haul routes prior to construction. Our team will also document construction throughout the life of the project. All photos will be logged and filed in the project files.

Task 2.4 Safety

The contractor has sole responsibility for compliance with safety requirements on the construction contract, but the construction inspector will monitor compliance with their safety program and advise the City Project Manager of observed deficiencies. The contractor's approved Safety Plan, Manual on Uniform Traffic Control Devices (MUTCD), and Cal/OSHA Safety Orders will guide our inspectors in monitoring the contractor's work.

PHASE 3.0 POST-CONSTRUCTION PHASE SERVICES

Task 3.1 Close-Out

Construction Inspector and Office Administrator will assist the City Project Manager with preparing the final punch list of outstanding contract items to be presented to the contractor. MNS staff will attend the final walk through of the project with project stakeholders.
MNS will submit all Caltrans LAPM job files, Construction Inspector Dailies and photo log to the City upon completion of the contract

Project Team

Based on our *Project Understanding*, and discussion with City Staff, MNS has developed the following proposed staffing. We anticipate the project will require a part-time Office Administrator to prepare the Caltrans LAPM documentation and assist with Photo documentation of the project full-time Construction Inspector, and part-time QA / QC Project Manager to provide guidance through the life of the project. The MNS team will work directly for the City Project Manager, and keep the City informed of progress on a regular basis.

Staff Qualifications

Issa Adawiya — Construction Inspector

Office Location: Santa Clarita, CA

Mr. Adawiya is an accomplished senior construction manager / inspector with extensive experience and expertise in managing large, complex, and sensitive public works projects. Issa has led all types of Los Angeles County public works civil engineering and infrastructure projects including roadways, highways, bridges, retaining walls, traffic and lighting, flood control structures, and airports. Issa will act as the project construction inspector.

Monica Killen — Office Administrator / Senior Grant Writer

Office Location: Westlake Village, CA

Dr. Killen has worked in the public sector for over 16 years with experience in the areas of grant writing, outreach, project management, park and recreation management, legislative staffer, and higher education. Dr. Killen's expertise in grant writing stems from years of experience writing grant applications and legislative proposals. Dr. Killen is also a skilled public speaker with experience speaking at conferences, community gatherings, schools and colleges, chamber meetings, educational presentations, and resident advisory groups. Fluent in English and Spanish, Dr. Killen is skilled writer and can communicate effectively to establish immediate rapport with community members and leaders. Her specific experience includes project management and grant administration.

Robert Newman, PE, PLS — Internal QA / QC Guidance

Office Location: Santa Clarita

Mr. Newman has over 35+ years of experience in transportation and development projects. Robert's expertise includes a progressive leadership style, coaching and mentoring skills, effective communicator on all levels, team builder, large budget development and management, supervisory skills including effective hiring, discipline, training, and performing multiple complex administrative tasks. Prior to joining MNS, he served as the Public Works Director for the City of Santa Clarita. His responsibilities included managing the departments six divisions (Building and Safety, Capital Improvement Projects, Engineering Services, Environmental Services, General Services, and Traffic and Transportation Planning) with a full-time staff of 145, an operating budget of $26M, and a capital budget of $50M. Robert's total capital improvement program oversights totals over $1B in improvements.

Schedule and Fee

MNS proposes to provide the services as outlined in the Work Plan/Scope of Work on a time and materials, not-to-exceed basis. The estimated cost of services is shown in the attached Staffing Plan. Actual costs billed to the City will be on actual time spent; the budget will require prior written approval from the City if it exceeds the original total.

Based upon the project duration of 400 working days, with additional time for project startup and closeout, MNS estimates the total service fee for construction management for the

duration of this project is **$708,640.00**. Our proposed construction professionals are committed to delivering quality services and protecting your interests while maintaining the momentum of construction to deliver a timely, cost-effective project.

Closing

MNS appreciates the opportunity to propose on this project and work with the City once again. Please contact me at 805.331.4848 or at jedwards@mnsengineers.com or Robert Newman at 661.510.0111 or at rnewman@mnsengineers.com should you have any questions or would like to further discuss any aspect of this project.

Sincerely,

Jeff Edwards
Vice President/Government Services
MNS Engineers, Inc.

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
MAINTENANCE DEPARTMENT

DISTRICT: **All**

SUBJECT: **APPROVE ADDITIONAL FUNDS OF $50,000 FOR PURCHASE ORDER NO. 20220000 WITH WALSMA OIL COMPANY, INC. FOR DIESEL & UNLEADED FUEL, MOTOR OIL, AND LUBRICANTS IN AN AMOUNT NOT TO EXCEED $435,000.**

ISSUE

Approve additional funds of $50,000 for Purchase Order No. 20220000 with Walsma Oil Company, Inc. for diesel and unleaded fuel, motor oil, and lubricants in an amount not to exceed $435,000.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve additional funds of $50,000 for Purchase Order No. 20220000 with Walsma Oil Company, Inc. for Diesel & Unleaded Fuel, Motor Oil and Lubricants, in an amount not to exceed $435,000.

BACKGROUND

Walsma Oil Company, Inc. was awarded IFB 21-004-3300 Diesel & Unleaded Fuel, Motor Oil and Lubricants on June 1, 2021 after two (2) vendors responded to the IFB and the bid proposals were evaluated on a fixed unit price basis, lowest responsive bidder.

Purchase Order No. 20220000 with Walsma Oil Company, Inc., resulting from the award of IFB 21-004-3300, was approved for a term of one (1) year from July 1, 2021 through June 30, 2022 (FY 2021-2022), for an amount not to exceed $350,000.

Due to increased demand and fuel costs, a change order was processed on March 2, 2022, to add additional funds of $35,000. to Purchase Order No. 20220000, and approved by the Interim City Manager under her authority.

DISCUSSION

Maintaining an on-site fueling station and bulk fuel deliveries are important for accessibility, product security, and best price economics. It is also advantageous in the event of emergency or disaster situations.

However, due to the continued demand and the drastic increase and volatility in fuel costs, additional funds are needed on Purchase Order No. 20220000 to cover the cost of fuel deliveries through the end of the fiscal year.

FISCAL IMPACT

Additional funds have been transferred from Fleet Maintenance operating accounts, with sufficient funds now budgeted in Fleet Maintenance Account 15433006-734100. Purchase Order amount for Diesel & Unleaded Fuel, Motor Oil, and Lubricants will not exceed $435,000.

	15433006-734100
Beginning Available Balance	36,000
Budget Transfer: Supplies-Maint&Repair-Equip/Auto	20,000
Budget Transfer: Cont Svcs-Maint&Repair-Equip	5,000
Revised Available Budget	**61,000**

Purchase Order No. 20220000 Requested Additional Encumbrance	50,000

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Purchase Order No. 20220000 Walsma Oil Company, Inc.

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

Revisions 009
Expiration Date 06/30/2022

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order # **20220000**

NO SUBSTITUTIONS WITHOUT APPROVAL OF PURCHASING DIVISION. USE CITY OF PALMDALE ADDRESS SPECIFIED BELOW. MERCHANDISE MUST BE DELIVERED TO SPECIFIC DEPARTMENT.

VENDOR
WALSMA OIL CO INC
44141 N YUCCA AVE
PO BOX 17
LANCASTER, CA 93534
Fax: 661-723-0116

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
661-945-4772 X200	661-723-0116		Sharon Williams

Date Ordered	Vendor Number	Date Required	Freight Method/Terms	Department/Location
05/13/2021	4313	07/01/2021	DESTINATION/NET 45	STREET MAINTENANCE

Item#	Description/PartNo	QTY	UOM	Unit Price	Extended Price
	FUEL OIL, DIESEL The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading				
1	**MODIFIED:** DIESEL & UNLEADED FUEL, MOTOR OIL AND LUBRICANTS THIS FY 2021-2022 BLANKET PURCHASE ORDER AS A RESULT OF IFB 21-004-3300 IS PENDING CITY COUNCIL APPROVAL JUNE 1, 2021. THE TERM IS ONE YEAR, COMMENCING JULY 1, 2021 WITH CITY RESERVING THE OPTION TO EXTEND THE CONTRACT FOR TWO (2) ADDITONAL TERMS OF ONE YEAR EACH. 3/2/2022 PER REQUISITION 220622 ADD $35,000.00 DUE TO INCREASED DEMAND AND FUEL COST. /sw 4/7/2022 THIS CHANGE ORDER INCREASING THE CONTRACT PRICE AN ADDITIONAL $50,000.00 IS PENDING CITY COUNCIL APPROVAL MAY 4, 2022. /sw	435,000.0	DL	$1.00	$435,000.00
	15433006 - 734100				***$435,000.00***
	PER PMC 3.08.220(1)- APPROVAL OF CHANGE ORDERS BY CITY MANAGER, THE CUMULATIVE DOLLAR VALUE OF ALL CHANGE ORDERS RELATING TO ANY ONE CONTRACT SHALL NOT EXCEED TEN (10%) PERCENT OF THE CONTRACT PRICE AS APPROVED BY THE CITY COUNCIL. CHANGE ORDER ALLOWANCE NOT TO EXCEED $35,000.00.				

IMPORTANT: Read Terms and Conditions provided as part of this purchase order

By: _____
Approved City Representative

VENDOR COPY

Sales Tax	$0.00
Order Total	**$435,000.00**

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 perfomance 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.

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **1**

SUBJECT: **APPROVE CONSULTANT AGREEMENT WITH WITHERS & SANDGREN, LTD. FOR PN 851, MELVILLE J. COURSON PARK REVITALIZATION IN THE AMOUNT OF $365,000.**

ISSUE

Approve Consultant Agreement with Withers & Sandgren, Ltd. for PN 851, Melville J. Courson Park Revitalization in the amount of $365,000.

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement with Withers & Sandgren, Ltd. for landscape architecture design services on PN 851, Melville J. Courson Park Revitalization; and

2. Authorize the Interim City Manager or her designee to execute Agreement No. A-7869, with Withers & Sandgren, Ltd, including minimal and/or non-substantive changes.

BACKGROUND

In March 2021, staff recognized the need to revitalize Melville J. Courson Park and submitted a grant application to the California Natural Resources Agency for the Melville J. Courson Park Revitalization project. In December 2021, the City of Palmdale was awarded grant funding through the Proposition 68 Statewide Park Development and Community Revitalization Program for the Melville J. Courson Park Revitalization Project.

Project No. 851, Melville J. Courson Park Revitalization Project, will renovate the existing park based on the Park Master Plan created in January 2021 with community outreach and engagement. Courson Park is located at the corner of 10th Street East and East Avenue Q12 adjacent to the Courson Park Public Pool, single family residences, and senior housing.

DISCUSSION

The park renovation will include but not be limited to a new prefabricated restroom facility, storage building, new playground for 5-12 year-olds, a new challenge course, exercise stations and fitness zones, and a raised bandstand/stage. New plaza paving, concrete, decomposed granite paths, and a therapeutic and meditation garden will be provided, along with a new flagpole and security fencing. New park furnishings including a new group picnic shade pavilion will be provided. There will also be new picnic areas. In addition to all new irrigation, shade trees and new drought tolerant landscaping will be planted both in the park and in the existing parking lot. Existing trees will be protected and existing turf area will be reduced and replanted. A monument sign and trash enclosure will be provided. Security lighting and ADA Accessibility will be improved. The park will include a pet waste station and a drinking fountain.

The City of Palmdale selected Withers & Sandgren, Ltd. as the Landscape Architect for this project not only because they have a current on-call agreement with the City for ongoing landscape architecture design services but also because they prepared the preliminary design and assisted in preparing the grant application. For these reasons, Withers & Sandgren, Ltd. has been chosen as the most qualified consultant for this project. This choice to select Withers & Sandgren as the most qualified Landscape Architect for this project is preferred over the City's typical public call for proposals and qualifications through an RFP/RFQ process where various qualifications are scored and compared against each other in an evaluation process.

The design scope of work for this project includes the professional services necessary to prepare environmental documentation and complete construction documents for the project, and can be categorized into five milestones, as outlined below:

1. Design Development – to be submitted for review by City of Palmdale, including a cost estimate
2. Meeting and presentations
3. Construction Documents – includes submittals at 75%, 90%, and 100% stage, including cost estimates and specifications
4. Bidding support and Construction Administration – includes reviewing submittals, answering RFI's, final inspection and punch lists.
5. Additional Services
    i. Soils Management Report
    ii. Topographic Survey
    iii. Geotechnical Evaluation

FISCAL IMPACT

The Melville J. Courson Park Revitalization project will be funded through Proposition 68 Statewide Park Development and Community Revitalization Program in Account No. P0126242-724525. The fiscal impact and remaining account balance can be seen in the following table.

SCOPE OF WORK	COST
PN 851 - Design and Construction Documents	$365,000
PN 851 - Construction	$3,200,000
Administration & Inspection	$100,000
Labor and Compliance	$40,000
Contingency	$405,000
Testing	$40,000
Total Cost:	**$4,150,000**

Account Number	Starting Balance	Remaining Balance
P0126242-724525	$4,150,000	$0

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Agreement No. A-7869

AGREEMENT NO. A-7869
CONTRACT FOR DESIGN PROFESSIONAL SERVICES
BETWEEN THE CITY OF PALMDALE AND WITHERS & SANDGREN, LTD.

THIS CONTRACT FOR DESIGN PROFESSIONAL SERVICES ("Contract" herein) is made and entered into this 4th day of May, 2022 by and between the City of Palmdale a public body corporate and politic, (hereinafter called "CITY") and WITHERS & SANDGREN, LTD. (hereinafter called "PROJECT DESIGNER").

RECITALS

WHEREAS**,** City desires to engage PROJECT DESIGNER to perform certain technical and professional services, as provided herein, in connection with that certain project identified as PN 851 - Melville J. Courson Park Revitalization.

WHEREAS, PROJECT DESIGNER represents that PROJECT DESIGNER has the expertise and is qualified to perform the services described in this Contract and is duly registered under the laws of the State of California.

WHEREAS, PROJECT DESIGNER desires to accept such engagement.

NOW, THEREFORE, the parties agree as follows:

1 DESCRIPTION OF WORK

1.1 The City hereby engages PROJECT DESIGNER, and PROJECT DESIGNER accepts such engagement, to perform the following design professional services in a manner satisfactory to CITY:

The park renovation will include but not be limited to a new prefabricated restroom facility, storage building, new playground for 5-12 year-olds, a new challenge course, exercise stations and fitness zones, and a raised bandstand/stage. New plaza paving, concrete, decomposed granite paths, and a therapeutic and meditation garden will be provided, along with a new flagpole and security fencing. New park furnishings including a new group picnic shade pavilion will be provided. There will also be new picnic areas. In addition to all new irrigation, shade trees and new drought tolerant landscaping will be planted both in the park and in the existing parking lot. Existing trees will be protected and existing turf area will be reduced and replanted. A monument sign and trash enclosure will be provided. Security lighting and ADA Accessibility will be improved. The park will include a pet waste station and a drinking fountain.

The scope of work for this project includes the professional services necessary to prepare complete construction documents for the Melville J. Courson Revitalization project, and can be categorized into five milestones, as outlined below:

1. Design Development

1-A: PROJECT DESIGNER will develop the preliminary design into a design development submittal for review with CITY. The final schematic design alternative developed from the community outreach process will be developed further into a complete design with materials discussed and selected, ADA issues discovered and resolved, playground and fitness equipment and surfacing selected and approved, shade structures, bandstand/stage, prefabricated restroom and storage building selected and approved, site furnishings including: drinking fountains, picnic tables, trash receptacles and enclosure and flagpole.

1-B. PROJECT DESIGNER will provide a cost estimate and will identify all associated costs with the various improvements.

Deliverables: Design Development Plans and Supporting Graphic Materials, Cost Estimate

2. Meeting and presentations

PROJECT DESIGNER will meet with CITY as needed to complete the design tasks.

3. Construction Documents

PROJECT DESIGNER will prepare construction documents for demolition, utility, grading, erosion control, foundation plan, calculations and footing details for five (5) structures, construction, electrical, planting and irrigation plans, construction details, cost estimates and specifications for the proposed and approved improvements to be submitted at the 75%, 90%, and 100% stage. Revisions to plans are included until approvals are received from CITY. Fully approved plans will be plotted on mylar.

Deliverables: Three (3) plan set submittals, including cost estimates and specifications.

4. Bidding support and Construction Administration
PROJECT DESIGNER will provide limited construction administration support on an hourly as needed basis not to exceed proposed fee, which includes reviewing submittals, answering RFI's, final inspection and punch lists.

5. Additional Services

5-A: Soils Management Report
Two (2) samples will be gathered and tested to determine recommendations for amendments that will allow for better growth and fertility and suggestion for

remediation on less desirable characteristic if possible. The report will meet State Ordinance AB-1881 (WELO) and will evaluate the soil for plant water use efficiency and ground water runoff.

5-B: Topographic Survey
The topographic survey and mapping will include tree locations, walks, structures, fencing, parking lots, Avenue Q-12, and cross walk. PROJECT DESIGNER will research publicly available wet and dry utility records and plot existing utilities along property frontage on base map. Property lines and easements of record will be plotted on base map.

5-C: Geotechnical Evaluation
Geotechnical services will include the evaluation of the subsurface soil and geological conditions at the site and to provide geotechnical recommendations for the design and constructions of the proposed improvements.

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 PROJECT DESIGNER 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 PROJECT DESIGNER, 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 design professional services required by this Contract, PROJECT DESIGNER shall act under the authority and approval of a Project Manager appointed by the Director of Public Works/designee. The City Project Manager will oversee the work under this Contract, assist PROJECT DESIGNER with any necessary information, audit billings, and approve payments. PROJECT DESIGNER shall channel reports, deliverables and special requests through the City Project Manager.

3 PROJECT DESIGNER'S KEY PERSONNEL

PROJECT DESIGNER's Team and Key Personnel are as follows:

Lacey Withers, President
Associate Landscape Architect
Senior CAD Draftsperson

Draftsperson
Clerical

This Design Professional Services Contract has been awarded to PROJECT DESIGNER based on its representation that those personnel and subcontractors listed above will perform the portions of the work listed above. PROJECT DESIGNER shall not deviate nor substitute any of these team members without prior written approval by CITY.

4 COMMENCEMENT AND COMPLETION OF WORK

The execution of this Contract by the parties does not constitute an authorization to proceed. The services of PROJECT DESIGNER shall commence when CITY, acting by and through its Project Manager, has issued an Authorization to Proceed. PROJECT DESIGNER shall complete all the work described in Section 1 and submit final deliverables within Seven Hundred Thirty (730) CALENDAR days following PROJECT DESIGNER's receipt of Authorization to Proceed. PROJECT DESIGNER shall have no claim for compensation for any services or work, which has not been authorized by CITY's Authorization to Proceed.

5 TAXES

5.1 PROJECT DESIGNER shall pay all sales, consumer, use, and other similar taxes required to be paid by PROJECT DESIGNER in accordance with state and local laws.

5.2 PROJECT DESIGNER 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 PROJECT DESIGNER or acting on its behalf, in connection with this Contract shall be considered the Agent or employee of CITY.

5.3 PROJECT DESIGNER 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

PROJECT DESIGNER 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. PROJECT DESIGNER 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

7.1 PROJECT DESIGNER 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. PROJECT DESIGNER 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.

7.2 PROJECT DESIGNER shall be familiar with CITY's Standard Details and Specifications and other relevant CITY regulations. PROJECT DESIGNER shall ensure there are no conflicts among the Contract Documents including, but not limited to, the CITY's Standard Specifications and Special Provisions for Construction Contracts, the plans and specifications prepared by PROJECT DESIGNER, any standard details or specifications incorporated therein by reference, and the Construction Contract.

8 PROJECT DESIGNER'S PERSONNEL

8.1 All services required under this Contract shall be performed by PROJECT DESIGNER, or under PROJECT DESIGNER'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 PROJECT DESIGNER 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 PROJECT DESIGNER shall be responsible for payment of all PROJECT DESIGNER'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 PROJECT DESIGNER shall indemnify and hold harmless CITY, and its respective officers, agents and employees from and against all claims, demands, damages or costs arising from PROJECT DESIGNER's acts or omissions with respect to any liability, damages, claims, costs and expenses of any nature arising from alleged violations of personnel practices.

8.5 PROJECT DESIGNER shall pay, if required by applicable law, not less than the general prevailing hourly wage rates, as determined by the Director of the

Department of Industrial Relations pursuant to the California Labor Code, for each craft, classification, or type of worker needed to perform the Contract. Copies of the prevailing rate of per diem wages are on file in the office of the Director of Public Works.

9 COMPENSATION

9.1 For all of work and services including the various phases of tasks as described in Section 1, Scope of Services, CITY shall pay to PROJECT DESIGNER an amount not to exceed the sum of Three Hundred Sixty Five Thousand dollars ($365000), as follows:

Preliminary Design.....$65,000
Design Development.....$225,000
Construction Documents & Specifications
50% Construction Documents.....$50,000
75% Construction Documents.....$50,000
90% Construction Documents.....$75,000
100% Construction Documents.....$50,000
Bidding Development and Process.....$5,000
Construction Administration.....$15,000

Total Professional Services Fee.....$310,000

Project Reimbursables shall not exceed: plans, scans, color graphics.....$3,000
Geotechnical Report.....$25,000
Topographic Survey.....$25,000
Water Managerment Report.....$2,000

TOTAL ALL SERVICES.....$365,000

PROJECT DESIGNER shall perform no work in excess of the total contract price without prior approval of CITY. Total contract price includes expenses related to travel to and from CITY to meet with City and to appear before City Council or any other board or commission of CITY.

9.2 An application and certification for payment form must be submitted to CITY which shall include the following: a clear, detailed invoice reflecting hours being billed for, a summary sheet showing percentage of work completed to date, amount/percent billed to date and current status of all tasks within the project; any/all backup documentation supporting the above items. Work schedule updates must also be included in the monthly progress payment requests.

9.3 PROJECT DESIGNER shall maintain adequate records and shall permit inspection and audit by CITY of PROJECT DESIGNER's charges under this Contract. PROJECT DESIGNER 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 PROJECT DESIGNER 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 PROJECT DESIGNER shall retain its records for the time required by such laws.

9.4 No payment made hereunder by CITY to PROJECT DESIGNER, shall be construed as an acceptance by CITY of any work or materials, nor as evidence of satisfactory performance by PROJECT DESIGNER of its obligations under this Contract.

10 INDEMNIFICATION

PROJECT DESIGNER agrees to indemnify, defend and hold harmless CITY, and its respective officers, agents and employees, from and against all claims, losses, obligations, or liabilities which arise out of, pertain to, or relate to PROJECT DESIGNER'S negligence, recklessness, or willful misconduct under this Contract.

11 INSURANCE

11.1 PROJECT DESIGNER, 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 (Errors & Omissions) Insurance*

- $1,000,000 limit on a per occurrence basis

11.1.3 Commercial General Liability

- $1,000,000.00 limit on 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 PROJECT DESIGNER'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 that: "The 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 named as additional insured".

B. "Severability of Interest" clause.

11.4 Promptly on execution of this Contract, and prior to commencement of any work, PROJECT DESIGNER shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that PROJECT DESIGNER has the required coverage and showing the required named insureds. Within five (5) days of written request from CITY, PROJECT DESIGNER 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 PROJECT DESIGNER are not intended to and shall not in any manner limit or qualify PROJECT DESIGNER's liabilities and obligations under this Contract.

11.6 Any policy or policies of insurance that PROJECT DESIGNER 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 coverages 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 professional (E&O) liability 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, 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 PROJECT DESIGNER 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, PROJECT DESIGNER shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and sub-consultants to cease such work. PROJECT DESIGNER 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 PROJECT DESIGNER 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 PROJECT DESIGNER 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 PROJECT DESIGNER 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 PROJECT DESIGNER 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 PROJECT DESIGNER to provide all finished or unfinished documents, data, studies,

software, drawings, maps, photographs, reports, etc., prepared by the PROJECT DESIGNER. Upon such termination, the PROJECT DESIGNER 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 PROJECT DESIGNER to complete the services. In the event no new PROJECT DESIGNER is employed, the PROJECT DESIGNER 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 drawings, and to other 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 the PROJECT DESIGNER 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 PROJECT DESIGNER 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, tracings, drawings, plans, specifications, original mylars, estimates, field notes, investigations, design analysis and studies which are prepared in the performance of this Contract are to be, and remain the property of, CITY. PROJECT DESIGNER shall furnish CITY, upon its request, originals or reproducible or electronic copies of technical specifications and of all other documents listed above. PROJECT DESIGNER shall endorse, by his professional seal, all plans and data furnished by him.

16 RE-USE OF DOCUMENTS

The parties agree the documents, drawings, specifications, and designs, although the property of CITY, are prepared for a specific project and are not intended nor represented by PROJECT DESIGNER to be suitable for re-use for any other project. Any reuse without written verification or adaptation by PROJECT DESIGNER for the specific purpose intended will be at CITY’s sole risk and without liability or legal exposure to PROJECT DESIGNER.

17 SUBCONTRACTING, DELEGATION AND ASSIGNMENT

17.1 PROJECT DESIGNER 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 PROJECT DESIGNER 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, delegee 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, delegee or subcontractor shall include the following:

A. The amount involved, together with PROJECT DESIGNER'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.

17.2 Any assignment, delegation or subcontract shall be made in the name of PROJECT DESIGNER and shall not bind or purport to bind CITY and shall not release PROJECT DESIGNER from any obligations under this Contract including, but not limited to, the duty to properly supervise and coordinate the work of employees, assignees, delegees and subcontractors. No such assignment, delegation or subcontract shall result in any increase in the amount of total compensation payable to PROJECT DESIGNER under this Contract.

18 NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY

18.1 In performance of this Contract, PROJECT DESIGNER 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. PROJECT DESIGNER will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, sex, national origin, handicap, 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.

18.2 The provisions of subsection 18.1 above shall be included in all solicitations or advertisements placed by or on behalf of PROJECT DESIGNER for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of PROJECT DESIGNER 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.

19 FINANCIAL INTEREST CERTIFICATION

19.1 PROJECT DESIGNER 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 PROJECT DESIGNER's firm.

19.2 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.

20 CONFLICT OF INTEREST

20.1 PROJECT DESIGNER 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 PROJECT DESIGNER 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.

20.2 PROJECT DESIGNER shall not employ any City official or employee to perform any work required pursuant to this Contract.

20.3 If PROJECT DESIGNER is a registered professional engineer or licensed land surveyor and the scope of work requires PROJECT DESIGNER's recommendation of the actual formula to spread the costs of an assessment district's improvements, then PROJECT DESIGNER 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) PROJECT DESIGNER 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 PROJECT DESIGNER received the income. In the event a conflict of interest does arise in that context, City shall select a different PROJECT DESIGNER 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 PROJECT DESIGNER.

20.4 To the extent required by the City Manager/designee, PROJECT DESIGNER 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.

21 COMPLIANCE WITH LAW

21.1 PROJECT DESIGNER 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 PROJECT DESIGNER uses any subcontractors to complete this Contract, this same requirement shall be included in all subcontracts and strictly enforced by PROJECT DESIGNER.

21.2 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.

22 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.

23 ENTIRE CONTRACT AND AMENDMENTS

23.1 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.

23.2 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 PROJECT DESIGNER hereunder, shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

23.3 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.

24 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
38250 Sierra Highway
Palmdale, CA 93550

WITHERS & SANDGREN, LTD.:

Lacey Withers Date
Principal

ADDRESS FOR NOTICE:
WITHERS & SANDGREN, LTD.
20948 Tulsa St. Chatsworth, CA 91311

APPROVE AS TO FORM:

Christopher L. Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

ATTEST: If Corporation

Secretary

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**
ENGINEERING DIVISION

DISTRICT: **4**

SUBJECT: **ADOPT RESOLUTION NOS CC 2022-034 AND CC 2022-035, RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF PALMDALE INITIATING PROCEEDINGS FOR THE APPROVAL OF THE ANNEXATION OF PARCEL 2 ON PARCEL MAP NO. 83189 TO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2022-203, APPROVING THE ANNEXATION AND ANNUAL LEVY REPORT, AND DECLARING THE CITY'S INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2022/2023**

ISSUE

Adopt Resolution Nos CC 2022-034 and CC 2022-035, Resolutions of the City Council of the City of Palmdale initiating proceedings for the approval of the annexation of parcel 2 on Parcel Map No. 83189 to the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203, approving the annexation and Annual Levy Report, and declaring the City's intention to levy and collect assessments for Fiscal Year 2022/2023

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt a resolution Initiating Proceedings for the Annexation of Territory to the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203; and
2. Adopt a resolution Declaring its Intention to Annex Territory to the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203; and
3. Preliminarily approve the Annexation and Annual Levy Report for the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203; and
4. Set a time and place for a public hearing for May 4, 2022 and ordering the initiation of assessment ballot proceedings.

BACKGROUND

The developer, Pilot Travel Centers, LLC has requested the annexation of certain territory to the District and it is also a condition of approval for the project. Parcel 2 on Parcel Map No. 83189 is a proposed travel center building with associated parking facilities located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway.

According to the "Landscaping and Lighting Act of 1972", Part 2 of Division 15 of the California Streets and Highways Code, the City may establish a streetlight maintenance assessment district or annex territory into an existing district to provide for the installation, continued maintenance, and servicing of the streetlight improvements. Annexation of the streetlight improvements into a district will provide for the continued maintenance of these improvements after the developer installs them and the City accepts them.

Article XIII D of the California Constitution, and Section 53753 of the California Government Code both require that a notice of the proposed assessment and ballot be mailed to the record owner of each parcel on which an assessment is imposed. Additionally, the Article requires that the City conduct a public hearing no earlier than 45 days from the date of approval of the Resolution of Intention.

At this time Four Points Enterprise LLC is the sole owner of Parcel 2 on Parcel Map No. 83189, located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway. The owner has been mailed a petition requesting the owner to waive the 45-day notice period thereby shortening the time between the Resolution of Intention and the public hearing. A ballot will also be mailed to the owner, to indicate their support or opposition to the Annexation.

The City has prepared resolutions initiating proceedings and declaring its intention to annex territory to the District and to levy and collect assessments to fund the cost of maintenance of streetlighting improvements within the Annexation. The City Council has designated NBS the assessment engineer and will hear on the preliminary report, which outlines the Annexation and the proposed annual assessments.

The attached resolutions, Annexation, and Annual Levy Report initiate the process for the Annexation and set a date for the public hearing. At the time of the public hearing, the ballot will be checked, and if the vote is yes, the Annexation and Annual Levy 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

Tonight's City Council meeting is being held to approve the Resolutions to Initiate Proceedings, Declaring its Intention to Annex Territory into the District, along with preliminarily approving the Annexation and Annual Levy Report and Declaring the City's intention to levy and collect assessments for Fiscal Year 2022/2023.

To assist the City in proceeding with the Annexation, the City hired the assessment engineer, NBS. NBS 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 is also handling the noticing and protest ballot process, and submittal of the appropriate materials to Los Angeles County by the Fiscal Year 2022-23 property assessment deadline.

FISCAL IMPACT

The Report indicates the proposed assessments for the City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2022-203. The total combined maximum assessment revenue from the District for fiscal year 2022/2023 is $7,776.00 and the City's general benefit contribution is $431.08. The appropriate funding source for the general benefit contribution will be determined during the FY 2022/2023 budget review process.

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-034
2. Resolution No. CC 2022-035
3. Annexation and Annual Levy Report for the City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2022-203

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-034

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 2022-203, 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 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 finance the cost and expenses of the maintenance of certain improvements described in Section 4 hereof. Said annexation shall be known and designated as "City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2022-203" (the "Annexation"); and for the fiscal year commencing July 1, 2022 and ending June 30, 2023.

WHEREAS, the provisions of Article 2 of Chapter 2 of the Assessment Law authorize the annexation of 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 property 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 on the territory proposed to be annexed to such District; and

WHEREAS, the owners of certain property have requested that such property (collectively, the "Territory") be annexed to the District in order to provide for the levy of annual assessments finance the cost and expenses of the maintenance of certain improvements (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 with the City Clerk in accordance with the Assessment Law; 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 Annexation 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, streetlights, traffic signals 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 located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway 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 2022-203.

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 its approval.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

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 City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-035

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 2022-203, PRELIMINARILY APPROVING THE ANNEXATION AND ANNUAL LEVY REPORT, AND SETTING A TIME AND PLACE FOR HEARING PROTESTS

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 finance the cost and expenses of the maintenance of certain improvements described in Section 4 hereof. Said annexation shall be known and designated as "City of Palmdale Streetlight Maintenance Assessment District No. 1, Annexation 2022-203" (the "Annexation"); and for the fiscal year commencing July 1, 2022 and ending Jun 30, 2023.

WHEREAS, the provisions of Article 2 of Chapter 2 of the Assessment Law authorize the annexation of 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 property 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 on the territory proposed to be annexed to such District; and

WHEREAS, the owners of certain property 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 cost and expenses of the maintenance of certain improvements (the "Improvements"); and

WHEREAS, the owners of certain property have requested that the Territory be annexed to the District in order to provide for the levy of annual assessments to finance the maintenance of the Improvements; and

WHEREAS, all of the owners of the Territory have filed with the City Clerk duly executed forms entitled "A Petition to the City Council of the City of Palmdale, County of Los Angeles, State of California, Petitioning the Council to Initiate Proceedings for the

Annexation of Territory into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203, Parcel Map No. 83189, only the portion of assessor's parcel number 3051-021-022 identified as Parcel 2, located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway, Pursuant to the Landscaping and Lighting Act of 1972, Being Part 2 of Division 15 of the California Streets and Highways Code and as Provided by Article XIIID of the California Constitution" (the "Petition, Consent and Waiver"); and

WHEREAS, by such Petition, Consent and Waiver, all of the owners of the Territory have expressly waived any and all of the procedural requirements as prescribed in the Act to the annexation of the Territory to the District and have expressly consented to the annexation of the Territory to the District; and

WHEREAS, by such Petition, Consent and Waiver, all of the owners of the Territory have also expressly waived any and all of the procedural requirements as prescribed in the Act and/or Article XIII D applicable to the authorization to levy the proposed annual assessment against the Territory set forth in the Annexation and Annual Levy Report (the "Report") attached hereto and incorporated herein by this reference and have declared support for, consent to and approval of the authorization to levy such proposed annual assessment set forth in the Report attached hereto; and

WHEREAS, by such Petition, Consent and Waiver, all of the owners of the Territory have also expressly agreed for themselves, their heirs, successors and assigns that:

(1) The proportionate special benefit derived by each parcel in the Territory from the Improvements has been determined in relationship to the entirety of the maintenance and operation expenses of the Improvements;

(2) The proposed annual assessment does not exceed the reasonable cost of the
proportional special benefit from the Improvements conferred on each parcel in the Territory.

WHEREAS, on May 4, 2022 by previous Resolution, the City Council (the "Council") of the City of Palmdale ("City"), State of California, initiated proceedings to annex territory to the District and ordered the preparation of 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 Annexation and 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 to 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 May 4, 2022. 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 Parcel Map No. 83189, only the portion of assessor's parcel number 3051-021-022 identified as Parcel 2, located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway, 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 Annexation 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, streetlights, traffic signals 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 May 4, 2022 at 7:30pm 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 4th day of May, 2022.

_____
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 Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of May, 2022 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 2022-203

Pilot Travel Center

March 2022

Fiscal Year 2022/23

Prepared by:

NBS
helping communities fund tomorrow
nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

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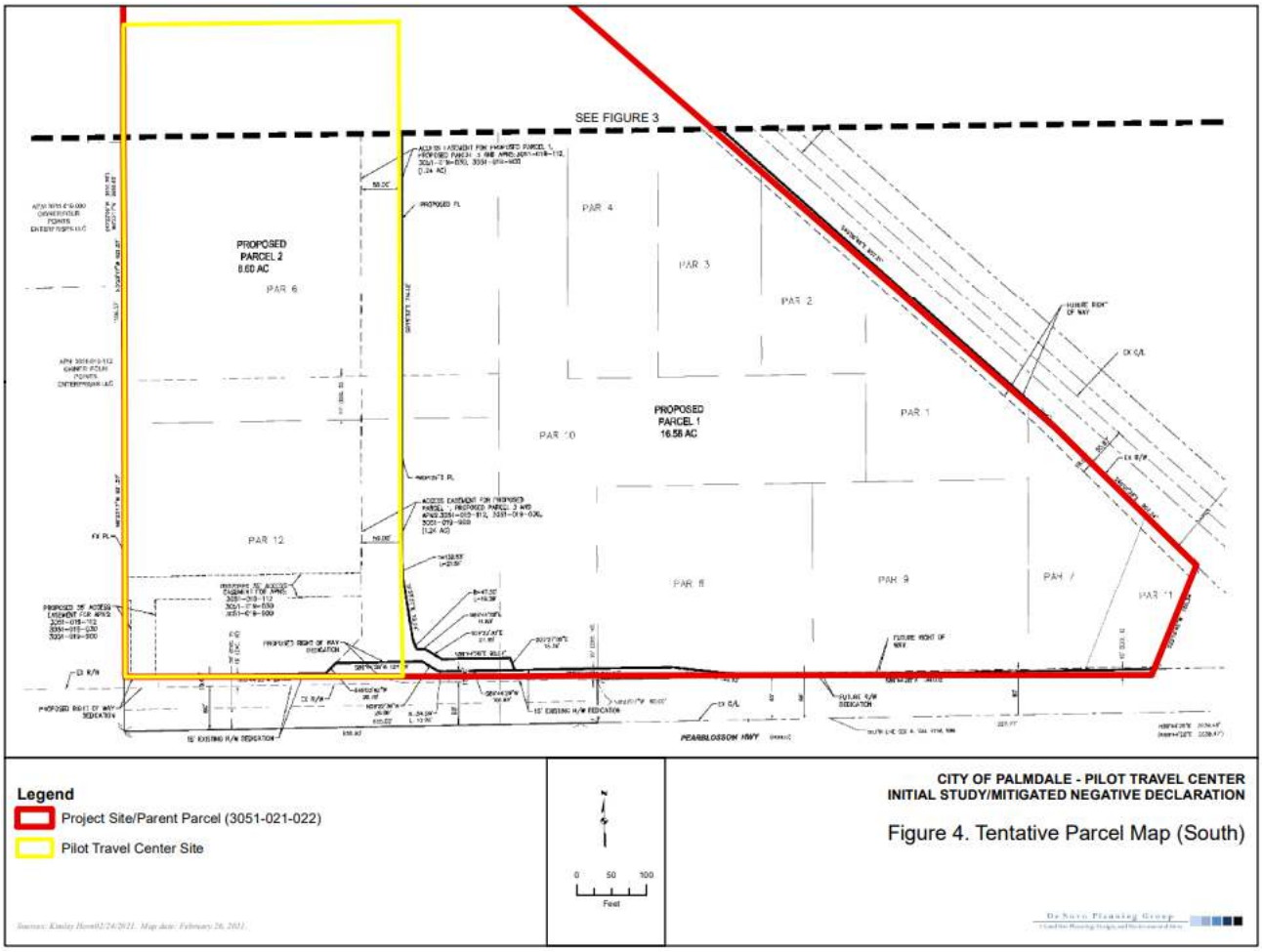
1. INTRODUCTION

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, the Pilot Travel Center is required to fund the maintenance and servicing associated with the streetlight improvements fronting the parcel along Pearblossom Highway. Per the tentative parcel map extracted from the City of Palmdale Pilot Travel Center Initial Study dated March 1, 2021 ("Initial Study"), the Annexation will consist of only Parcel 2, which is the portion of assessor's parcel number 3051-021-022 located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway as illustrated below.



The Pilot Travel Center consists of a travel center building, 123 parking spaces, gas islands and truck diesel fueling lanes on 8.60 net acres of property. The Streetlight Maintenance Assessment District No. 1, Annexation 2022-203 (the "Annexation") is proposed to fund the maintenance and servicing of streetlights that benefit the parcel 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*")[i] 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*")[ii] 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*")[iii], 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")*[iv] 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 improvements to be maintained and serviced within the Annexation are to be part of the local and peripheral streetlight and traffic signal system of the City of Palmdale that confers special benefit to the Annexation parcel. The specific location of both local and periphery streetlight and traffic signal improvements within the City can be found on the Streetlight Inventory Maps maintained by the City and on file in the office of the City Engineer where they are available for inspection. The City also maintains a lamp location list that is tabulated listing every street in the Annexation by alphabetical order. Included in the items listed for each lamp are the exact location by street address number and lamp size.

Also included within the City streetlight system are traffic signals and highway safety lights (lights mounted on traffic signal poles). Traffic signal improvements may include both local and periphery traffic signals. Local traffic signals are signals or portions thereof installed within the annexation. Peripheral traffic signals are portions of traffic signals installed outside of the annexation.

The local streetlight improvements to be maintained and serviced within the Annexation include six (6) streetlights and one (1) traffic signal within the right of way of the local public streets located within the boundaries of the Annexation. These lights are all within close proximity to the Annexation parcel identified as receiving local lighting benefit, and as such, provide special benefit to the parcel.

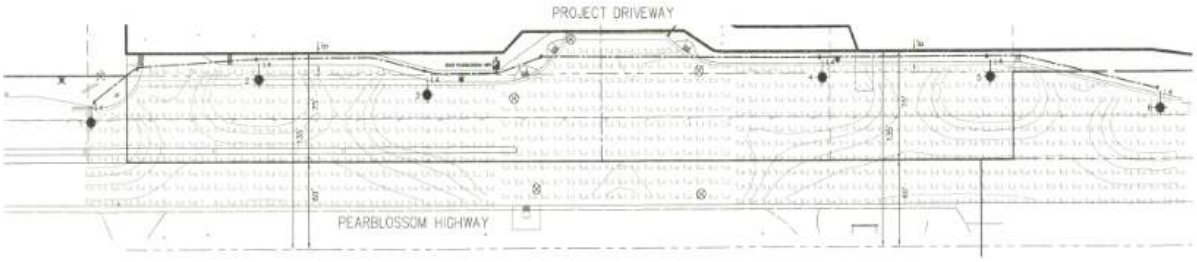
The City seeks to fund the following services and maintenance activities:

- Streetlight Maintenance

The services and maintenance activities listed above are collectively referred to as the "Improvements." The Improvements include, but are not limited to, the removal, repair, relocation, replacement or acquisition of light standards, poles, bulbs, fixtures and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and servicing of the street lighting and traffic signal improvements benefiting the parcels within the Annexation. The Assessment Diagram and Legal Description for the Annexation can be found in Section 8 of this report.

2.1 Streetlight Maintenance

As part of the conditions of approval of the project, the property owner requested the formation of a streetlight maintenance assessment district to fund the Improvements along Pearblossom Highway fronting the Annexation for the Pilot Travel Center located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway. The lights to be maintained by the Annexation include a total of six (6) streetlights, lamp type 100W, 14,457 Lumen and one (1) traffic signal to be installed at the shared roadway and Pearblossom Highway. Below is a diagram pulled from the City of Palmdale Pilot Palmdale Street Lighting Electrical Plan illustrating the proposed area in which the Improvements can be found.



LEGEND

6 ↓14	PROPOSED 14,457 LUMEN (100 WATT) LED LAMPS ON CONCRETE POLES
⊗	PROPOSED LED SAFETY LIGHT – LIGHTS ON SIGNAL STANDARD
◪	PROPOSED SERVICE PEDESTAL
▭	PROPOSED PULL BOX
—·—·—	PROPOSED CONDUIT
— — —	PROPERTY LINE
—·—·—	CENTER LINE
—··—··—	EXISTING ROW
———	PROPOSED ROW

3. BENEFITS

The Improvements will confer special benefits upon the parcel 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 parcel 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 the parcel 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 the parcel. This section describes the assignment of special benefits to the parcel.

4.1 Parcel Size

It is believed parcels of the same use will experience different degrees of special benefit in relation to differences in their acreage. For example, a parcel with a large acreage will experience greater special benefit than a parcel with a small acreage. Accordingly, as acreage increases, parcels are considered to receive proportionately greater special benefit. Therefore, these parcel characteristics are deemed appropriate factors for determining proportional special benefit.

The Annexation consists of only the one parcel, classified by the County as a Commercial Land Use. Consequently it is expected the parcel will experience special benefits from the Improvements. Therefore, the Parcel Size Factor per acre is 1.00. The net acreage of the Annexation parcel is 8.60, therefore the Parcel Size Factor for the parcel is 8.60.

4.2 Land Use Type

In addition to parcel size, a parcel's land use type will also affect the special benefits received. Following the assignment of the Parcel Size Factor, a Land Use Benefit Point was assigned. This benefit point corresponds to the special benefits described in the Benefits section of this report.

The 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.

> **Commercial Property** consists of parcels used for commercial purposes and intended to generate revenues, used exclusively for non-residential purposes.

4.2.1 APPORTIONING SAFETY AND CRIME PREVENTION BENEFIT

For the most part, Safety and Crime Prevention benefits are universal benefits for the parcel 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, the 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 the parcel within the Annexation. The improved accessibility and traffic circulation benefits to the Annexation parcel maximizes the overall usefulness of the parcel. Therefore, the 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 the parcel within the Annexation:

Land Use Type	Safety and Crime Prevention	Access and Traffic Circulation	Total Land Use Benefit Points
Commercial	1	1	2

4.3 Total Special Benefit Points

The calculation of Total Special Benefit Points for the parcel takes into account each component analyzed and described above, parcel characteristics and land use. The formula for determining the parcel's Total Benefit Points is as follows:

Parcel Size Factor	X	Land Use Benefit Points	=	Total Special Benefit Points

The Total Special Benefit Points are computed for the parcel in the Annexation and summed. The Total Annexation Special Benefit Points are 17.20. 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 the parcel in the Annexation:

Parcel Size Factor		Land Use Benefit Points		Total Special Benefit Points
8.60	X	2.00	=	17.20

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 5.54%.

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.

Per the Initial Study, primary access to the Pilot Travel Center site would be provided from Pearblossom Highway and connect to a shared access roadway at the northeast corner of the Pilot Travel Center site. Pearblossom Highway is proposed to be widened to its ultimate half-width right-of-way (ROW) from the Pilot Travel Center site's western property line to the proposed travel center's easterly property line, which includes the shared roadway. At the intersection of the shared roadway and Pearblossom Highway, a traffic signal would be installed.

5.3.1 GENERAL BENEFIT: PASS THROUGH TRAFFIC LOCAL/COLLECTOR STREETS

For purposes of determining general benefits, all streets within the Annexation other than Pearblossom Highway are considered local/collector streets by the City. The local/collector streets within the Annexation are intended to serve individual neighborhoods and not to be pass through streets, but cul-de-sacs or loop roads to reduce through traffic. In addition, according to the City's Adopted General Plan Circulation Element[v], "local street design should provide efficient connection to the arterial highway system while discouraging excessive speeds and volumes".

From a visual inspection of the layout of the Annexation, one must conclude that the purpose of the collector streets is exclusively intended for the benefit of the Annexation. 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 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 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 collector streets.

Pass Through Traffic Local/Collector Streets General Benefit	1.00%

5.3.2 GENERAL BENEFIT: PASS THROUGH TRAFFIC ARTERIAL ROAD

As a result of the Improvements, there will be a level of general benefit conferred to pass through vehicle traffic related to properties outside of the Annexation whose occupants do not intend to access property within the Annexation. Pearblossom Highway is classified by the City of Palmdale as a major arterial road, ultimately proposed to be widened as a result of this development. As such, the benefit derived by pass through vehicle traffic needs to be quantified. In order to do this, we must first estimate the average daily vehicle trips through the Annexation.

The City's Traffic Transportation Division provided daily trip counts for Pearblossom Highway East and West. Based upon the average of those daily trip counts, the total estimated daily trip traffic through the Annexation is 17,755 vehicle trips.

Next, we must estimate the number of daily vehicle trips generated by ADT (average daily trip) land uses within the Annexation. To accomplish this, data from the ITE Trip Generation Manual was used to estimate the average daily vehicle trips for each ADT land use type within the Annexation identified in the Initial Study. The land uses included in the Initial Study are 960, 950, 940. 944, 853, and 851. The estimated number of daily vehicle trips generated by properties within the Annexation is approximately 1,240.10, as summarized below.

ITE Land Use Type	Estimated Daily Vehicle Trips [(1)]
960 – Super Convenience Market/Gas Station	230.91
950 – Truck Stop	455.53
944 – Gasoline/Service Station	275.78
853 – Convenience Market with Gasoline Pumps	34.50
851 – Convenience Market	243.38
Total	**1,240.10**

(1) Extracted from the Trip Generation, 9th Edition: An Informational Report of the Institute of Transportation Engineers. (2012) Washington, DC: Institute of Transportation Engineers.

Therefore, the estimated number of pass through vehicle trips related to properties outside of the Annexation is 16,515.

Average Vehicle Trips Through Annexation		Estimated Annexation-Generated Vehicle Trips		Estimated Pass Through Vehicle Trips
17,755	-	1,240	=	16,515

However, simply estimating the number of pass through vehicle trips does not necessarily indicate the level of benefit accruing to vehicles passing through the Annexation. Estimating the total amount of time these pass through vehicles spend driving through the Annexation, as compared to the time drivers spend within the Annexation, is a better indicator of the temporary benefits accruing to vehicles passing through the Annexation.

To estimate the total time these pass through vehicles spend within the Annexation, and receive benefit from the Improvements, we must take into account the total road length of Pearblossom Highway containing the Improvements, as well as the average traffic speed (using local speed limits):

Street	Length (in Miles) Within Annexation	Average Speed Within Annexation (MPH)	Travel Time (in Hours) Through Annexation per Vehicle
Pearblossom Highway	0.152	55	0.0028

Applying the total travel time through the Annexation per vehicle of 0.0028 hours to each of the pass through vehicle trips results in an aggregate daily pass through time of 46 hours, in which vehicles passing through the Annexation spend in proximity to the Improvements:

Travel Time (in Hours) Through Annexation per Vehicle		Estimated Pass Through Vehicle Trips		Total Pass Through Time (in Hours)
0.0028	x	16,515	=	46

Further, the amount of time that Annexation vehicles spend in proximity to the Improvements should also be considered to determine the overall benefit of the Improvements. Vehicles located within the Annexation are located in close proximity to the Improvements for a period of time and experience benefit from these Improvements while in the Annexation. It is estimated the average vehicle will spend one (1) hour in the Annexation. As such, the previously identified daily pass through time of vehicles receiving limited benefit from the Improvements should be compared to the total time the Annexation vehicles spend in proximity to Annexation Improvements:

Time Class	Hours	Percentage
Total Pass Through Time	46	3.54%
Total Annexation Vehicle Time [1]	1,240	96.46%
Totals	**1,286**	**100.00%**

(1) Equals the average daily trip count of vehicles within the Annexation (1,240) multiplied by 1 (hour).

Of the total benefits provided by the Improvements, the percentage of time allocated to vehicles passing through the Annexation is 3.54%.

Additionally, an estimated 1% of all US trips are made by bicycle[vi]. Although the Annexation fronts Pearblossom Highway and there is no dedicated bike lane along the highway, there is a sidewalk and the ability to pass through the Annexation by bicycle. There is also a residential community immediately adjacent to the Annexation on the west end. Therefore, it would be reasonable to assume there would be some level of general benefit received from bicycle traffic passing through the Annexation. According to the National Household Travel Surveys, 49% of bike trips are for recreation, exercise, and sports[vii]. As a result, approximately 1.00% general benefit is attributable to bicycles passing through the Annexation. Therefore, the total percentage of general benefit accruing to vehicles and bicycles passing through the Annexation is 4.54%.

Pass Through Traffic Arterial Streets General Benefit	4.54%

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:

General Benefitr	Percentage
Pass through Traffic Local/Collector Streets	1.00%
Pass through Traffic Arterial Roads	4.54%
Totals	**5.54%**

6. BUDGET

The following table summarizes the estimated annual costs to fund the Improvements for Fiscal Year 2022/23:

Description	Amount
Maintenance	
Direct Labor/Maintenance Costs	$1,496.00
Utility Costs	5,280.00
Administration	
Overhead/Engineer/Consultant Costs	1,000.00
Total Cost of Improvements	**$7,776.00**

6.1 Maximum Balance to Be Assessed

The total maximum amount to be assessed upon the specially benefitting parcel 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	$7,776.00
Less Maintenance General Benefit Portion (5.54%)	(431.08)
Total Cost of Improvements to Be Assessed	**$7,344.92**

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 4.

The calculation of the Maximum Assessment Rate per Special Benefit Point is shown below:

Description	Amount
Balance to Be Assessed	$7,344.92
Total Annexation Special Benefit Points	17.20
Maximum Assessment Rate per Special Benefit Point(1)	**$427.03**

(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 for the Parcel
$427.03	X	17.20	=	$7,344.92

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 2022-203 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 the parcel that will have a special benefit conferred upon it by the Improvements described in Section 2 of this Report (the "Specially Benefited Parcels").
    a. For particulars as to the identification of the parcel, 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 Parcel. In making such assessment:
    a. The proportionate special benefit derived from the Improvements by the 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 3/30/22

John G. Egan
Assessment Engineer
R.C.E. 14853

8. ASSESSMENT DIAGRAM

The following pages contains the legal description and assessment diagram for the Annexation.

LEGAL DESCRIPTION
PROPOSED PARCEL 2
PM 83189

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 11 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 MARCH 19, 1856, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHEAST QUARTER; THENCE ALONG THE WESTERLY LINE OF SAID SOUTHEAST QUARTER, NORTH 00° 23' 17" WEST 75.00 FEET TO THE **TRUE POINT OF BEGINNING;**

THENCE CONTINUING ALONG SAID WESTERLY LINE, NORTH 00°23'17" WEST 921.57 FEET;

THENCE LEAVING SAID WESTERLY LINE, NORTH 89°36'00" EAST 404.61 FEET;

THENCE SOUTH 00°15'32" EAST 773.64 FEET TO THE BEGINNING OF A TANGENT 132.50 FOOT RADIUS CURVE, CONCAVE EASTERLY;

THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09°17'55" AN ARC DISTANCE OF 21.50 FEET;

THENCE SOUTH 09°33'27" EAST 79.24 TO THE BEGINNING OF A TANGENT 47.50 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY;

THENCE SOUTHEASTERLY ALONG SAID CURVE THOUGH A CENTRAL ANGLE OF 15°03'43", AN ARC DISTANCE OF 12.49 FEET;

THENCE SOUTH 68°25'52" EAST 54.89 FEET TO A POINT ON A LINE LYING 92.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, NORTH 89°44'28" EAST 86.81 FEET;

THENCE LEAVING SAID PARALLEL LINE, SOUTH 22°27'09" EAST 18.36 FEET TO A POINT ON A LINE LYING 75.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°44'28" WEST 101.42 FEET TO THE BEGINNING OF A TANGENT 57.00 FOOT RADIUS CURVE, CONCAVE NORTHERLY;

THENCE LEAVING SAID PARALLEL LINE AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10°35'14" AN ARC DISTANCE OF 10.53 FEET;

THENCE NORTH 59°22'30" WEST 26.06 FEET TO A POINT ON A LINE LYING 92.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°44'28" WEST 124.76 FEET;

THENCE LEAVING SAID PARALLEL LINE, SOUTH 45°47'48" WEST 20.68 FEET TO A POINT ON A LINE LYING 75.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°44'28" WEST 291.46 FEET TO THE **TRUE POINT OF BEGINNING.**

CONTAINING 8.597 ACRES, MORE OF LESS.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION.

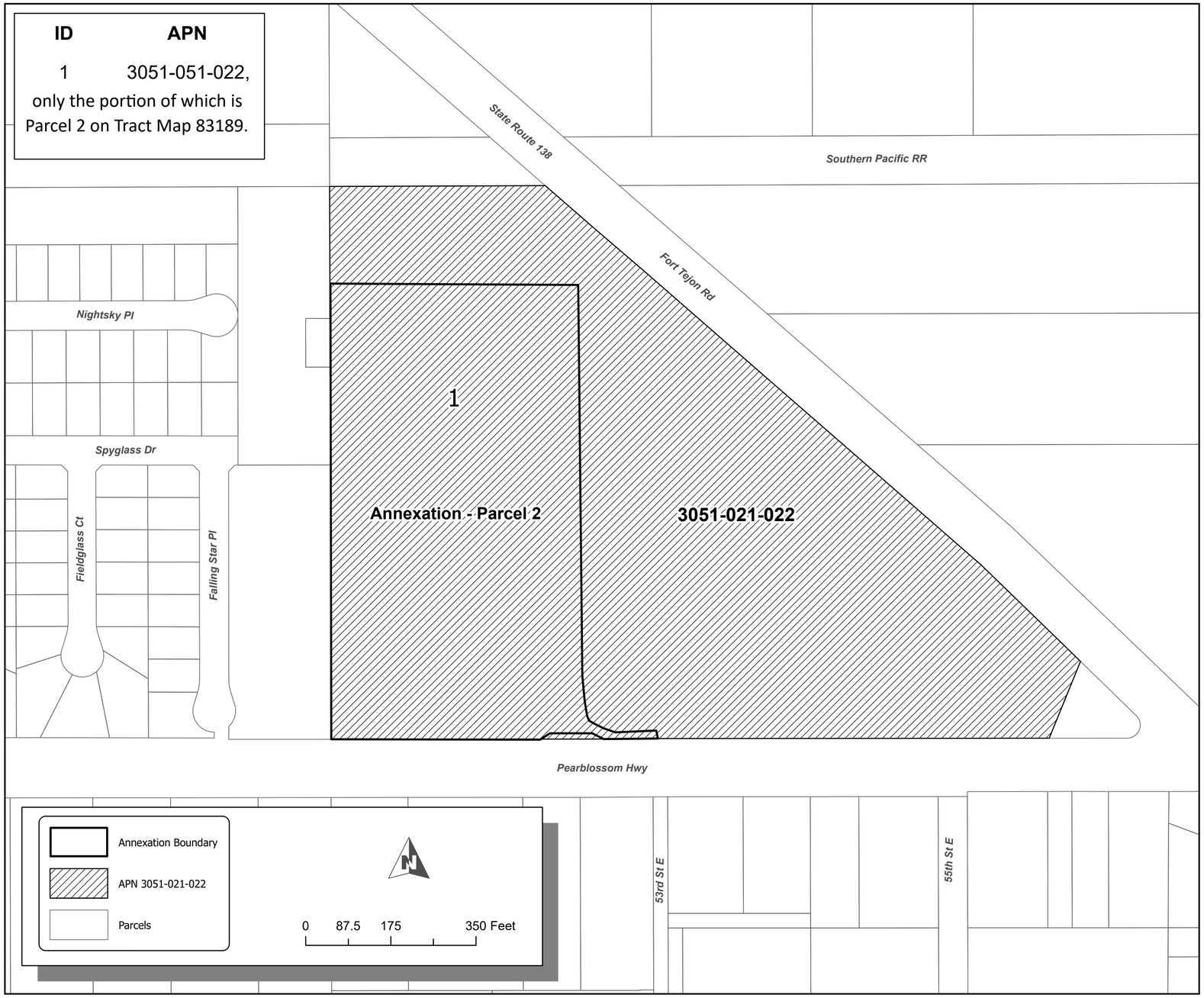
07/08/2021

JOHN P. GERVAIS, PLS 8674

PROFESSIONAL LAND SURVEYOR
JOHN P. GERVAIS
No.8674
STATE OF CALIFORNIA

ASSESSMENT DIAGRAM
STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, ANNEXATION 2022-203

CITY OF PALMDALE
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS ____ DAY OF _____, 2022.

_____
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 _____, 2022.

_____
SUPERINTENDENT OF STREETS
CITY OF PALMDALE
COUNTY OF LOS ANGELES

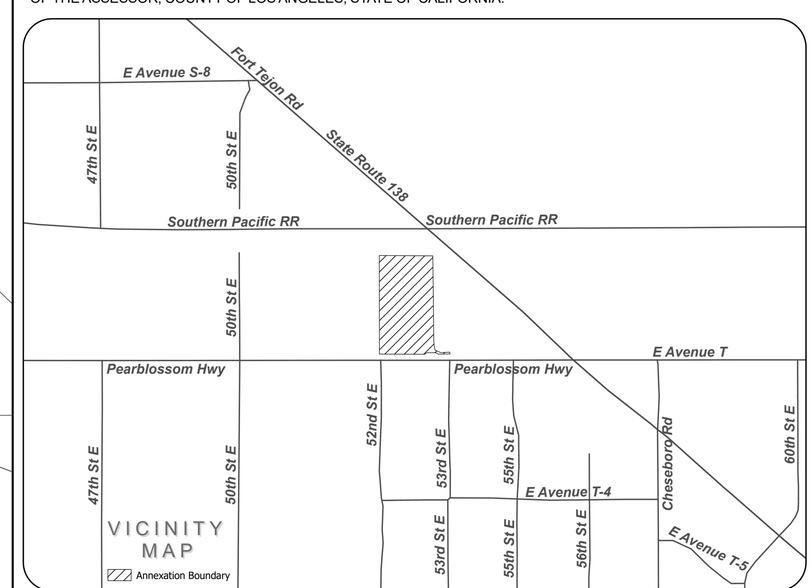
AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF PALMDALE ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE ____ DAY OF _____, 2022; THE ASSESSMENT DIAGRAM AND ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS 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

City of Palmdale
Streetlight Maintenance Assessment District No. 1, Annexation 2022-203
Fiscal Year 2022/23 Proposed Maximum Assessment

ID	Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
1	3051-021-022, only the portion identified as Parcel 2 on Tract Map 83189	$7,344.92

10. REFERENCES

[i] *Golden Hill Neighborhood Assn. v. City of San Diego* CA4/1, D062203 (Cal. Ct. App. 2013)

[ii] *Beutz v. County of Riverside*, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)

[iii] *Bonander v. Town of Tiburon,* 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)

[iv] *Manteca Unified School District v. Reclamation District No. 17 et al*, C077906 (Cal. Ct. App. 2017)

[v] City of Palmdale. General Plan Circulation Element, January 25, 1993.

[vi] U.S Department of Transportation. Federal Highway Administration. (2001). Designing Sidewalks and Trails for Access, Part II of II: Best Practices Design Guide. Retrieved from http://www.fhwa. dot. gov/ environment/bicycle_pedestrian/publications/sidewalk2/

[vii] Pucher, J., Buehler R., Meron, F., and Bauman, A. American Journals of Public Health, Supplement 1, Vol 101, No S1 (2011). Walking and Cycling in the United States, 2001-2009: Evidence from the National Household Travel Surveys. Retrieved from http://www.ncbi.nlm.nih.gov/pubmed/21551387

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **2**

SUBJECT: **APPROVE FINAL TRACT MAP NO. 60732 (LOCATED AT 20TH STREET WEST AND QUICK STREET, SOUTH OF AVENUE P-8)**

ISSUE

Approve Final Tract Map No. 60732 (located at 20th Street West and Quick Street, south of Avenue P-8).

RECOMMENDATION

Staff recommends that the City Council approve Final Tract Map No. 60732 and authorize the City Clerk to execute the City Clerk's Statement, Special Assessment Statement, Termination Note and authorizes the Acting City Surveyor to execute the City Surveyor's Statement. The map will then be filed with the County Recorder.

BACKGROUND

Final Tract Map No. 60732 is a 9.8-acre subdivision, legally creating twenty-eight (28) residential lots. All proposed lot sizes and dimensions comply with the City's Zoning Ordinance and development requirements. The subject property is located at 20th Street West and Quick Street south of Avenue P-8. The applicant for this final tract map is FH II, a California Limited Liability Corporation (also known as Frontier Communities). This tentative tract map was originally approved by the Planning Commission on March 18, 2004, by Resolution No. PC-2004-033. A Time Extension (No. 1) was approved by Planning Commission on March 15, 2007, by Resolution No. PC-2007-015 and a second time extension was approved by the Planning Commission on February 19, 2017, by Resolution PC-2017-006.

This Final Tract Map is consistent with the Tentative Tract Map and all the Final Map Conditions of Approval have been met. The Acting City Land Surveyor has reviewed the Final Map for technical accuracy and verifies it is in compliant with the Subdivision Map Act.

Staff recommends that the City Council approve the final Tract Map No. 60732.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. 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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Final Tract Map No. 60732

TRACT NO. 60732

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA
BEING A SUBDIVISION OF A PORTION OF PARCEL 2 AS SHOWN ON PARCEL MAP NO. 3499, FILED IN BOOK 41, PAGE 82 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TENTATIVE MAP EXPIRES MARCH 30, 2025

ANTELOPE VALLEY ENGINEERING, INC.
W.R. GORMAN L.S. 8767

28 LOTS

9.80 ACRES

OWNER'S STATEMENT

WE HEREBY STATE THAT WE ARE THE OWNERS OF OR ARE INTERESTED IN THE LANDS INCLUDED WITHIN THE SUBDIVISION SHOWN ON THIS MAP WITHIN THE DISTINCTIVE BORDER LINES, AND WE CONSENT TO THE PREPARATION AND FILING OF SAID MAP AND SUBDIVISION.

WE FURTHER STATE THAT, EXCEPT AS SHOWN ON THE MAP, WE KNOW OF NO EASEMENTS OR STRUCTURES EXISTING WITHIN THE EASEMENTS HEREBY OFFERED FOR DEDICATION TO THE PUBLIC, OTHER THAN PUBLICLY OWNED WATER LINES, SEWERS, OR STORM DRAINS, THAT WE WILL GRANT NO RIGHT OR INTEREST WITHIN THE BOUNDARIES OF SAID EASEMENTS OFFERED TO THE PUBLIC, EXCEPT WHERE SUCH RIGHT OR INTEREST IS EXPRESSLY MADE SUBJECT TO THE SAID EASEMENTS;

AND WE HEREBY IRREVOCABLY OFFER TO DEDICATE REAL PROPERTY TO THE CITY OF PALMDALE:

AS EASEMENTS FOR PUBLIC PURPOSES ALL STREETS, HIGHWAYS, AND OTHER PUBLIC WAYS SHOWN ON SAID MAP;

AND, WE HEREBY OFFER TO DEDICATE REAL PROPERTY TO THE CITY OF PALMDALE:

IN FEE FOR PUBLIC PURPOSES FOR SANITARY SEWERS, STORM DRAIN SYSTEMS, APPURTENANT STRUCTURES, MAINTENANCE, AND INGRESS AND EGRESS PURPOSES WITHIN AND WITHOUT SAID SUBDIVISION CONSTRUCTED AS PART OF THE IMPROVEMENTS THEREOF.

AS EASEMENTS FOR LANDSCAPE PURPOSES SO DESIGNATED ON SAID MAP AND ALL USES INCIDENT THERETO, INCLUDING THE RIGHT TO MAKE CONNECTIONS THEREWITH FROM ANY ADJOINING PROPERTIES.

AS A DEDICATION TO PUBLIC USE, WHILE ALL OF 20TH STREET WEST WITHIN OR ADJACENT TO THIS SUBDIVISION REMAINS A PUBLIC STREET, WE HEREBY DEDICATE TO THE CITY OF PALMDALE THE RIGHT TO RESTRICT DIRECT VEHICULAR INGRESS AND EGRESS FROM ABUTTING LOTS TO SAID STREET. IF ANY PORTION OF SAID STREET WITHIN OR ADJACENT TO THIS SUBDIVISION IS VACATED, SUCH VACATION TERMINATES THE ABOVE DEDICATION AS TO THE PART VACATED.

FH II, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, OWNER

BY:

_____
MARK HICKS
AUTHORIZED SIGNER

DEED OF TRUST BENEFICIARY

U.S. BANK NATIONAL ASSOCIATION D/B/A/ HOUSING CAPITAL COMPANY AS BENEFICIARY UNDER DEED OF TRUST RECORDED AUGUST 25, 2021 AS INSTRUMENT NO. 20211300765 OF OFFICIAL RECORDS.

BY:

_____
DEANNA L. LLANOS
VICE PRESIDENT

SEE SHEET '2' FOR NOTARY ACKNOWLEDGMENTS

SIGNATURE OMISSION NOTES

THE SIGNATURE OF SOUTHERN CALIFORNIA EDISON COMPANY, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY PURPOSES PER DEED RECORDED 11/9/1960 IN BOOK D1030 PAGE 837 OF OFFICIAL RECORDS, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436(a)(3)(A)(i–viii) OF THE SUBDIVISION MAP ACT AS THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURE OF THE CITY OF PALMDALE, AS SUCCESSOR IN INTEREST TO THE COUNTY OF LOS ANGELES, HOLDER OF AN OFFER OF DEDICATION FOR STORM DRAIN PURPOSES PER DOCUMENT RECORDED 12/14/1972 AS INSTRUMENT NO. 2992 OF OFFICIAL RECORDS, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436(a)(3)(A)(i–viii) OF THE SUBDIVISION MAP ACT AS THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

THE SIGNATURE OF COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY, HOLDER OF AN EASEMENT FOR SEWER PURPOSES PER DOCUMENTS RECORDED 3/12/2009 AS INSTRUMENT NO. 20090357309 AND 9/27/2010 AS INSTRUMENT NO. 20101368257, BOTH OF OFFICIAL RECORDS, HAS BEEN OMITTED UNDER THE PROVISIONS OF SECTION 66436(a)(3)(A)(i–viii) OF THE SUBDIVISION MAP ACT AS THEIR INTEREST IS SUCH THAT IT CANNOT RIPEN INTO A FEE AND SAID SIGNATURE IS NOT REQUIRED BY THE LOCAL AGENCY.

MONUMENTATION NOTE

SPIKE AND WASHER TAGGED "L.S. 8767" TO BE SET DOWN 0.04' AS SHOWN ON MAP.

2" IRON PIPE TO BE SET 6" DOWN AS SHOWN ON MAP.

LEAD, TACK AND TAG "L.S. 8767" TO BE SET IN TOP OF CURBS AT PROLONGATION OF ALL LOT LINES

FLOOD HAZARD NOTE

PORTIONS OF LOTS 14 THROUGH 17 ARE SUBJECT TO FLOOD HAZARD

LOS ANGELES COUNTY CERTIFICATIONS AND SEALS:

I HEREBY CERTIFY THAT ALL CERTIFICATES HAVE BEEN FILED AND DEPOSITS HAVE BEEN MADE THAT ARE REQUIRED UNDER THE PROVISIONS OF SECTIONS 66492 AND 66493 OF THE SUBDIVISION MAP ACT.

EXECUTIVE OFFICER – CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BY _____ DATE _____
DEPUTY

I HEREBY CERTIFY THAT SECURITY IN THE AMOUNT OF $_____ HAS BEEN FILED WITH THE EXECUTIVE OFFICER, BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AS SECURITY FOR THE PAYMENT OF TAXES AND SPECIAL ASSESSMENTS COLLECTED AS TAXES ON THE LAND SHOWN ON MAP OF TRACT NO. 60732 AS REQUIRED BY LAW.

EXECUTIVE OFFICER – CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BY _____ DATE _____
DEPUTY

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF FRONTIER COMMUNITIES IN DECEMBER, 2020. I HEREBY STATE THAT THIS SUBDIVISION MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE TRACT MAP, IF ANY; THAT THE MONUMENTS OF THE CHARACTER AND LOCATIONS SHOWN HEREON ARE IN PLACE, OR WILL BE IN PLACE WITHIN TWENTY–FOUR MONTHS FROM THE FILING DATE OF THIS MAP; AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED AND THAT TIE NOTES TO ALL CENTERLINE MONUMENTS SHOWN AS 'TO BE SET' WILL BE ON FILE IN THE OFFICE OF THE CITY ENGINEER WITHIN TWENTY–FOUR MONTHS FROM THE FILING DATE SHOWN HEREON.

FOR FINAL REVIEW PURPOSES ONLY

W.R. Gorman _____ 2/24/2022
W.R. GORMAN, L.S. 8767 DATE
EXPIRES: 12/31/2022

LICENSED LAND SURVEYOR
W.R. GORMAN
Exp. 12/31/22
NO. 8767
STATE OF CALIFORNIA

CITY SURVEYOR'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP, THAT IT CONFORMS SUBSTANTIALLY TO THE TENTATIVE MAP AND ALL APPROVED ALTERATIONS THEREOF; THAT ALL PROVISIONS OF APPLICABLE STATE LAW AND SUBDIVISION ORDINANCES OF THE CITY OF PALMDALE APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH; AND THAT I AM SATISFIED THAT THIS MAP IS TECHNICALLY CORRECT.

LICENSED LAND SURVEYOR
FREDERICK R. JONES JR.
NO. 5458
STATE OF CALIFORNIA

_____ _____
DATE: FREDERICK R. JONES JR.
ACTING CITY SURVEYOR

CITY CLERK'S STATEMENT

I, SHANAE S. SMITH, CITY CLERK OF THE CITY OF PALMDALE, DO HEREBY STATE THAT THIS MAP WAS PRESENTED FOR APPROVAL TO THE CITY OF PALMDALE CITY COUNCIL AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF_____ 2022, AND THAT THEREUPON SAID COUNCIL DID, BY AN ORDER DULY PASSED AND ENTERED, APPROVE SAID MAP;

AND ON BEHALF OF THE PUBLIC, SAID COUNCIL DID:

REJECT THE IRREVOCABLE OFFER TO DEDICATE REAL PROPERTY AS EASEMENTS FOR PUBLIC PURPOSES ALL STREETS, HIGHWAYS AND OTHER PUBLIC WAYS, AS SHOWN ON SAID MAP.

ACCEPT THE OFFER OF DEDICATION AND GRANT IN FEE FOR PUBLIC PURPOSES FOR SANITARY SEWERS, STORM DRAIN SYSTEMS, APPURTENANT STRUCTURES, MAINTENANCE AND INGRESS AND EGRESS PURPOSES WITHIN AND WITHOUT SAID SUBDIVISION AS CONSTRUCTED AS PART OF THE IMPROVEMENTS THEREOF.

ACCEPT THE OFFER OF DEDICATION THE EASEMENTS FOR LANDSCAPE PURPOSES SO DESIGNATED ON SAID MAP AND ALL USES INCIDENT THERETO, INCLUDING THE RIGHT TO MAKE CONNECTIONS THEREWITH FROM ANY ADJOINING PROPERTIES.

ACCEPT THE DEDICATION TO THE CITY OF PALMDALE: THE RIGHT TO RESTRICT DIRECT VEHICULAR INGRESS AND EGRESS FROM ABUTTING LOTS TO 20TH STREET WEST AS DEDICATED HEREON.

_____ _____
DATE: SHANAE S. SMITH
CITY CLERK – CITY OF PALMDALE

SPECIAL ASSESSMENT STATEMENT

I HEREBY STATE THAT ALL SPECIAL ASSESSMENTS LEVIED UNDER THE JURISDICTION OF THE CITY OF PALMDALE TO WHICH THE LAND INCLUDED IN THE WITHIN SUBDIVISION OR ANY PART THEREOF IS SUBJECT, AND WHICH MAY BE PAID IN FULL, HAVE BEEN PAID IN FULL.

_____ _____
DATE: SHANAE S. SMITH
CITY CLERK – CITY OF PALMDALE

TERMINATION NOTE

PURSUANT TO SECTION 66477.2(e) OF THE SUBDIVISION MAP ACT, THE FILING OF THIS TRACT MAP CONSTITUTES TERMINATION OF THE PUBLIC ROAD AND HIGHWAY EASEMENT OFFERED FOR DEDICATION BY THAT CERTAIN "OFFER TO DEDICATE" RECORDED DECEMBER 4, 1972 AS INSTRUMENT NO. 2991 OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY. SAID OFFER TO BE TERMINATED IS NOT SHOWN ON THIS MAP.

_____ _____
DATE: SHANAE S. SMITH
CITY CLERK – CITY OF PALMDALE

BASIS OF BEARINGS

THE BEARINGS SHOWN HEREON ARE BASED ON THE BEARING OF N00°57'35"W BEING THE WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 6 NORTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN (CENTERLINE OF FUTURE 20TH STREET WEST) AS SHOWN ON PARCEL MAP 3499 FILED IN BOOK 41, PAGE 82 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

SOILS REPORT NOTE

IN ACCORDANCE WITH SECTION 66434.5 OF THE SUBDIVISION MAP ACT, A SOILS REPORT WAS PREPARED ON JANUARY 11, 2021 BY GEOTEK, INC., PROJECT NO. 2568–CR, AND IS ON FILE IN THE OFFICE OF THE CITY ENGINEER.

TRACT NO. 60732

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA

W.R. GORMAN L.S. 8767

28 LOTS

9.80 ACRES

NOTARY ACKNOWLEDGMENT

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) S.S.

ON_____ , BEFORE ME,_____
A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, PERSONALLY APPEARED
MARK HICKS
WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITY, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

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,

SIGNATURE – NOTARY PUBLIC | COMMISSION NO. | COMMISSION EXPIRES

PRINT NAME – NOTARY PUBLIC | PRINCIPAL PLACE OF BUSINESS | COUNTY

(NOTARY STAMP NOT REQUIRED PER GOVERNMENT CODE 66436)

NOTARY ACKNOWLEDGMENT

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)
COUNTY OF) S.S.

ON_____ , BEFORE ME,_____
A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, PERSONALLY APPEARED
DEANNA L. LLANOS
WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT SHE EXECUTED THE SAME IN HER AUTHORIZED CAPACITY, AND THAT BY HER SIGNATURE ON THE INSTRUMENT THE PERSON, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER **PENALTY OF PERJURY** UNDER THE LAWS OF THE STATE OF _____ THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND,

SIGNATURE – NOTARY PUBLIC | COMMISSION NO. | COMMISSION EXPIRES

PRINT NAME – NOTARY PUBLIC | PRINCIPAL PLACE OF BUSINESS | COUNTY

(NOTARY STAMP NOT REQUIRED PER GOVERNMENT CODE 66436)

SCALE 1"=200'

TRACT NO. 60732

SHEET 3 OF 6 SHEETS

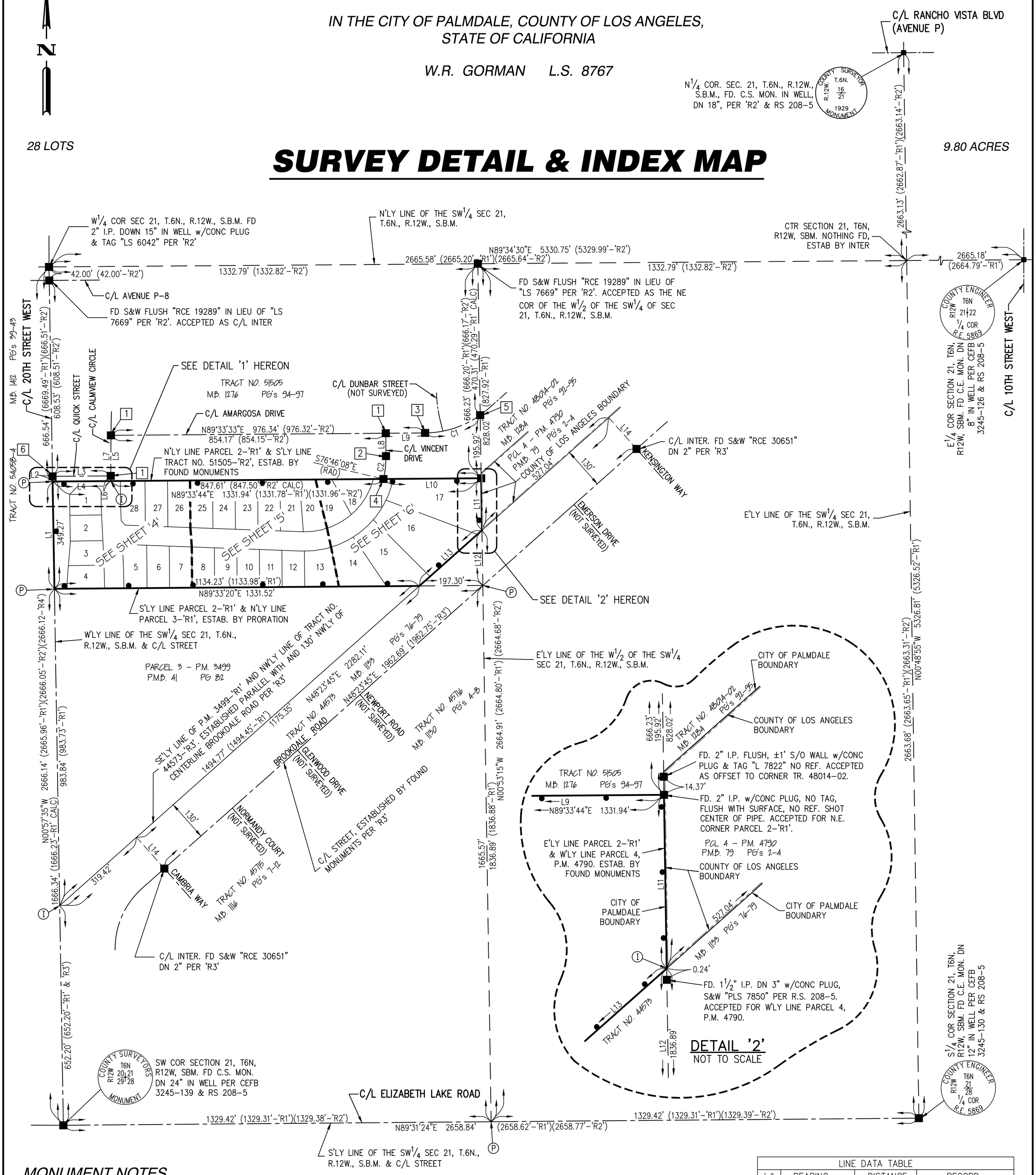
IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA

W.R. GORMAN L.S. 8767

28 LOTS

9.80 ACRES

SURVEY DETAIL & INDEX MAP



MONUMENT NOTES

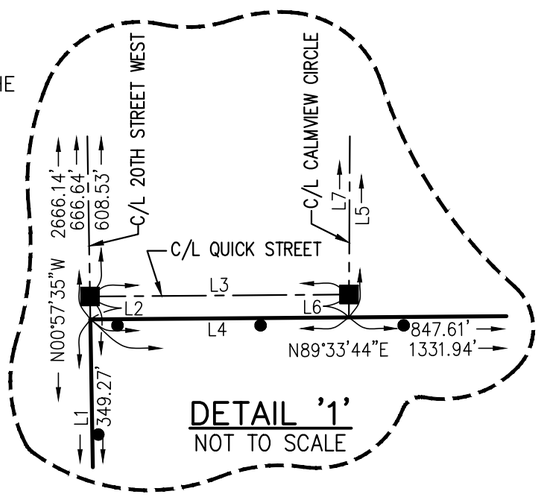
1. FD S&W FLUSH "RCE 19289" IN LIEU OF "LS 7669" PER 'R2'. ACCEPTED FOR C/L INTER
2. FD S&W FLUSH "RCE 19289" IN LIEU OF "LS 7669" PER 'R2'. ACCEPTED FOR C/L BC
3. FD S&W FLUSH "RCE 19289" IN LIEU OF "LS 7669" PER 'R2'. ACCEPTED FOR C/L EC
4. FD S&W FLUSH, TAG NOT LEGIBLE. ACCEPTED FOR C/L-BDY INTER
5. FD S&W FLUSH "RCE 19289" IN LIEU OF "LS 7669" PER 'R2'. ACCEPTED FOR THE INTER OF THE E'LY LINE OF THE W1/2 OF THE SW1/4 SEC 21, T.6N., R.12W., S.B.M. WITH C/L STREET.
6. FD 20d NAIL DN 2" IN LIEU OF S&W "LS 7669" PER 'R2'. ACCEPTED FOR C/L INTER

SEE SHEETS 4 TO 6 FOR MONUMENTS TO BE SET

LEGEND

- ■ INDICATES FOUND MONUMENT AS DESCRIBED
- Ⓟ INDICATES NOTHING FOUND, ESTABLISHED BY PRORATION
- Ⓘ INDICATES NOTHING FOUND, ESTABLISHED BY INTERAECTION
- 'R1' INDICATES P.M. 3499, P.M.B. 41, PG 82
- 'R2' INDICATES TRACT NO. 51505, M.B. 1276, PG's 94-97
- 'R3' INDICATES TRACT NO. 44573, M.B. 1133, PG's 76-79
- 'R4' INDICATES TRACT NO. 54058-4, M.B. 1412, PG's 39-43
- ( ) INDICATES RECORD DISTANCE PER INDICATED REFERENCE

INDICATES THE BOUNDARY OF THE LAND BEING SUBDIVIDED BY THIS MAP.



LINE DATA TABLE			
L#	BEARING	DISTANCE	RECORD
L1	N00°57'35"W	333.27'	(333.24'-'R1')
L2	N00°57'35"W	16.00'	(16.00'-'R2')
L3	N89°33'44"E	180.96'	(180.96'-'R2')
L4	N89°33'44"E	180.60'	(180.61'-'R2')
L5	N00°19'36"E	141.96'	(141.96'-'R2')
L6	N00°19'36"E	16.00'	(16.00'-'R2')
L7	N00°19'36"E	125.96'	(125.96'-'R2')
L8	N00°28'19"W	70.92'	(70.88'-'R2')
L9	N89°33'33"E	122.17'	(122.17'-'R2')
L10	N89°33'44"E	303.74'	(303.86'-'R2' CALC)
L11	N00°53'15"W	161.79'	(161.72'-'R1')
L12	N00°53'15"W	171.32'	-
L13	N48°23'45"E	260.30'	(260.35'-'R1')
L14	N41°36'15"W	130.00'	(130.00'-'R3' CALC)

CURVE DATA TABLE				
C#	DELTA	RADIUS	ARC LENGTH	TANGENT
C1	34°53'04"	300.00'	182.66'	94.26'
(R2)	34°53'22"	300.00'	182.68'	94.27'
C2	13°42'11"	300.00'	71.75'	36.05'
(R2)	13°42'15"	300.00'	71.75'	-

SCALE 1"=40'

N

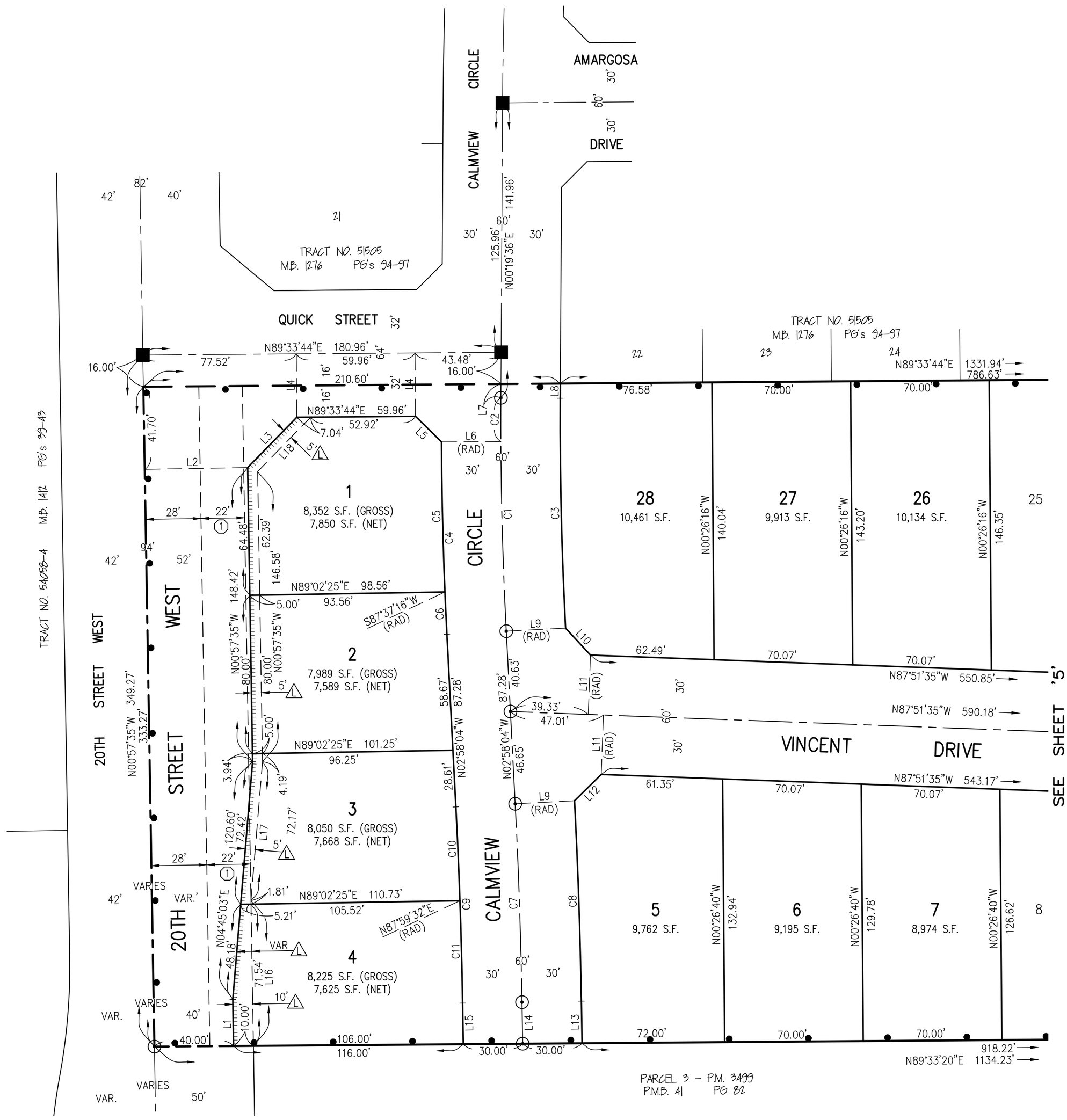
28 LOTS

TRACT NO. 60732

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA

W.R. GORMAN L.S. 8767

9.80 ACRES



EXISTING EASEMENTS

(1) EXISTING 22' WIDE EASEMENT OF SOUTHERN CALIFORNIA EDISON FOR PUBLIC UTILITY PURPOSES PER DOCUMENT RECORDED NOVEMBER 9, 1960 AS INSTRUMENT NO. 4594 IN BOOK D1030 PAGE 837 OF OFFICIAL RECORDS.

LEGEND

■ INDICATES FOUND MONUMENT AS DESCRIBED ON SHEET 2

⊙ INDICATES SPIKE AND WASHER "L.S. 8767" TO BE SET DOWN 0.04'

NOTE: LEAD, TACK AND BRASS TAG, "L.S. 8767", TO BE SET ON TOP OF CURB FOR ALL LOT LINE PROLONGATIONS (NO SYMBOL ON MAP)

(#) INDICATES EXISTING EASEMENT PER NOTES HEREON

△L INDICATES 5' WIDE, 10' WIDE AND VARIABLE WIDTH EASEMENTS TO THE CITY OF PALMDALE FOR LANDSCAPE PURPOSES DEDICATED PER THIS MAP.

INDICATES RESTRICTED ACCESS RIGHTS DEDICATED PER THIS MAP (20TH STREET WEST)

INDICATES THE BOUNDARY OF THE LAND BEING SUBDIVIDED BY THIS MAP.

LINE DATA TABLE

L#	BEARING	DISTANCE	
L1	N00°57'35"W	23.51'	
L2	N89°02'25"E	52.00'	
L3	N44°18'04"E	35.52'	
L4	N00°26'16"W	32.00'	
L5	N45°21'53"W	18.41'	
L6	N89°42'31"E	30.00'	RADIAL
L7	N00°19'36"E	7.00'	
L8	N00°19'36"E	7.40'	
L9	N87°01'56"E	30.00'	RADIAL
L10	N42°41'53"W	18.53'	
L11	N02°08'25"E	30.00'	RADIAL
L12	N45°24'03"E	18.94'	
L13	N00°57'35"W	21.27'	
L14	N00°57'35"W	21.00'	
L15	N00°57'35"W	20.73'	
L16	N00°57'35"W	73.35'	
L17	N04°45'03"E	70.35'	
L18	N44°18'04"E	38.39'	

CURVE DATA TABLE

C#	DELTA	RADIUS	LENGTH	TANGENT
C1	3°17'40"	2050.00'	117.87'	58.95'
C2	0°37'05"	2050.00'	22.11'	11.06'
C3	3°17'40"	2020.00'	116.15'	58.09'
C4	2°40'35"	2080.00'	97.16'	48.59'
C5	2°05'15"	2080.00'	75.78'	37.90'
C6	0°35'20"	2080.00'	21.38'	10.69'
C7	2°00'29"	2860.00'	100.24'	50.12'
C8	2°00'29"	2890.00'	101.29'	50.65'
C9	2°00'29"	2830.00'	99.18'	49.60'
C10	0°57'36"	2830.00'	47.42'	23.71'
C11	1°02'53"	2830.00'	51.76'	25.88'

SCALE 1"=40'

N

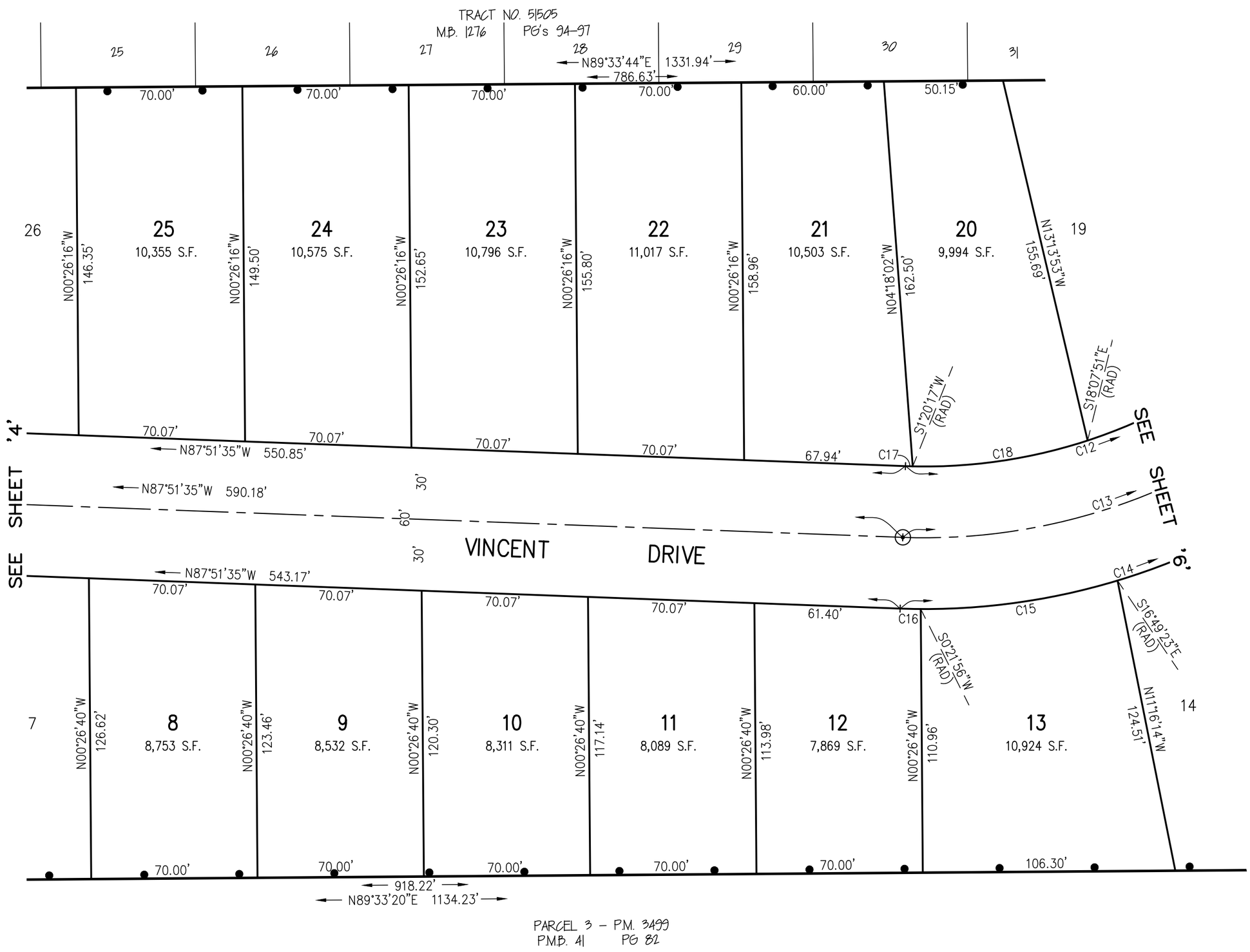
28 LOTS

TRACT NO. 60732

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA

W.R. GORMAN L.S. 8767

9.80 ACRES



CURVE DATA TABLE				
C#	DELTA	RADIUS	LENGTH	TANGENT
C12	77°21'20"	220.00'	297.03'	176.11'
C13	77°21'20"	250.00'	337.53'	200.13'
C14	77°21'20"	280.00'	378.03'	224.14'
C15	17°11'19"	280.00'	84.00'	42.32'
C16	1°46'29"	280.00'	8.67'	4.34'
C17	0°48'08"	220.00'	3.08'	1.54'
C18	19°28'08"	220.00'	74.76'	37.74'

LEGEND

■ INDICATES FOUND MONUMENT AS DESCRIBED ON SHEET 2

⊙ INDICATES SPIKE AND WASHER "L.S. 8767" TO BE SET DOWN 0.04'

NOTE: LEAD, TACK AND BRASS TAG, "L.S. 8767", TO BE SET ON TOP OF CURB FOR ALL LOT LINE PROLONGATIONS (NO SYMBOL ON MAP)

(#) INDICATES EXISTING EASEMENT PER NOTES HEREON

● ● ● ● INDICATES THE BOUNDARY OF THE LAND BEING SUBDIVIDED BY THIS MAP.

SCALE 1"=40'

N

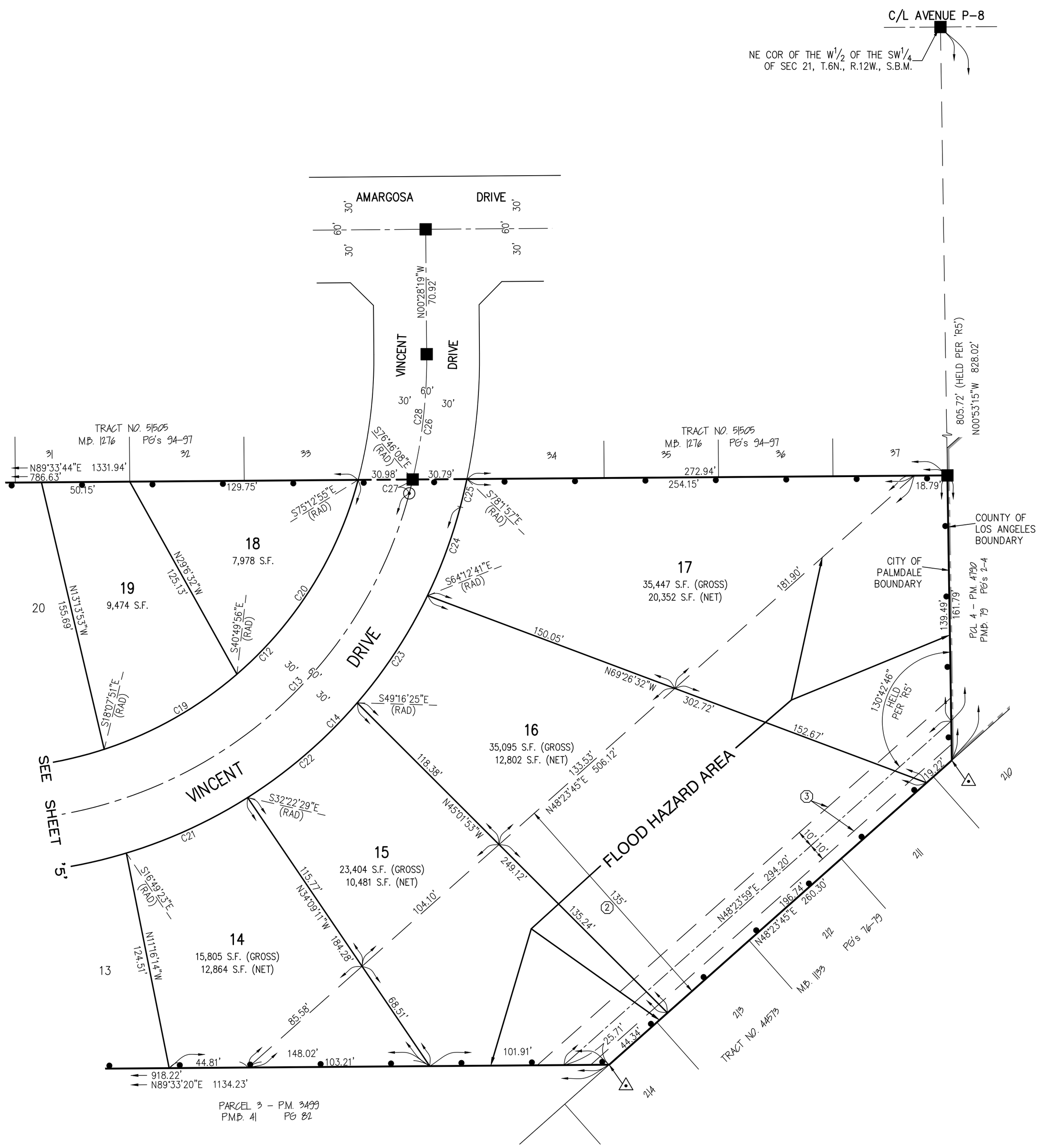
28 LOTS

TRACT NO. 60732

IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA

W.R. GORMAN L.S. 8767

9.80 ACRES



FLOOD HAZARD NOTE

PORTIONS OF LOTS 14 THROUGH 17 ARE SUBJECT TO FLOOD HAZARD

CURVE DATA TABLE				
C#	DELTA	RADIUS	LENGTH	TANGENT
C12	77°21'20"	220.00'	297.03'	176.11'
C13	77°21'20"	250.00'	337.53'	200.13'
C14	77°21'20"	280.00'	378.03'	224.14'
C19	22°42'05"	220.00'	87.17'	44.16'
C20	34°22'59"	220.00'	132.02	68.07'
C21	15°33'06"	280.00'	76.00'	38.23'
C22	16°53'56"	280.00'	82.58'	41.59'
C23	14°56'16"	280.00'	73.00'	36.71'
C24	11°00'14"	280.00'	53.78'	26.97'
C25	2°49'01"	330.00'	16.23'	8.11'
C26	15°15'24"	300.00'	79.88'	40.18'
C27	1°33'13"	300.00'	8.13'	4.07'
C28	13°42'11"	300.00'	71.75'	36.05'

LEGEND

■ INDICATES FOUND MONUMENT AS DESCRIBED ON SHEET 2

⊙ INDICATES SPIKE AND WASHER "L.S. 8767" TO BE SET DOWN 0.04'

△ INDICATES 2" IRON PIPE WITH CONC. PLUG, TACK & TAG "L.S. 8767" TO BE ST DOWN 6", OR TACK & TAG "L.S. 8767" TO BE SET IN TOP OF WALL FOOTING.

NOTE: LEAD, TACK AND BRASS TAG, "L.S. 8767", TO BE SET ON TOP OF CURB FOR ALL LOT LINE PROLONGATIONS (NO SYMBOL ON MAP)

'R5' INDICATES O.R. 98-1900571 RECORDED 10/16/98

(#) INDICATES EXISTING EASEMENT PER NOTES HEREON

INDICATES THE BOUNDARY OF THE LAND BEING SUBDIVIDED BY THIS MAP.

EXISTING EASEMENTS

(2) EXISTING 135' WIDE OFFER OF DEDICATION FOR STORM DRAIN PURPOSES IN FAVOR OF THE CITY OF PALMDALE, AS SUCCESSOR IN INTEREST TO THE COUNTY OF LOS ANGELES, PER DOCUMENT RECORDED DECEMBER 14, 1972 AS INSTRUMENT NO. 2992 OF OFFICIAL RECORDS.

(3) EXISTING 20' WIDE EASEMENT IN FAVOR OF COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY FOR SEWER AND INCIDENTAL PURPOSES PER DOCUMENTS RECORDED MARCH 12, 2009 AS INSTRUMENT NO. 20090357309 AND SEPTEMBER 27, 2010 AS INSTRUMENT NO. 20101368257, BOTH OF OFFICIAL RECORDS

MINUTES
CITY COUNCIL/SA/HA/IDA/PAA/PCA/PFA
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
MARCH 16, 2022

www.cityofpalmdale.org

7:00 P.M.

1) MAYOR TO CALL THE MEETING TO ORDER

Mayor Pro Tem Loa called the meeting to order at 7:08 p.m.

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

Marcos Alvarez led the pledge of allegiance.

3) ROLL CALL MAYOR / CHAIR HOFBAUER, MAYOR PRO TEM / VICE CHAIR / CHAIR PRO TEM LOA, COUNCILMEMBERS / DIRECTORS / MEMBERS / COMMISSIONERS CARRILLO, BISHOP, BETTENCOURT COMMISSIONERS FRAGA-SAENZ, DENNY

PRESENT: Steven Hofbauer, Richard J. Loa, Juan Carrillo, Austin Bishop, Laura Bettencourt.
ABSENT: None.
Motion: Excuse the absence of Mayor Hofbauer.
Moved by Juan Carrillo, seconded by Richard J. Loa.

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

4) 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 Juan Carrillo, seconded by Austin Bishop.

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

5) PUBLIC COMMENTS

The following individuals provided public comments:
Eugene Hernandez encouraged City Council to write a letter to Governor Newsom and State Senators regarding ending the gas tax.

Michelle Valmer, Vladimir Gomez, Christina Hayden, Nicole Teaque, Ruth Sanchez,Samantha Barbic, Ismael Galvanall shared views regarding the lack of support for the Walking With a Purpose event.

Xavier Flores encouraged Council support of a research project at R. Rex Parris High School.

Lancaster resident Dave Bowman commented regarding bettering the community.

Kevin Shenkman made comments regarding the sequencing of the Elections.

Maria Mainella requested a proclamation declaring April as “Child Abuse Awareness and Prevention Month”, and thanked Councilmember Bettencourt for participating in the project "You Matter." Ms. Mainella also inquired if Council would assist with stricter rules and laws related to Cannabis.

Marcos Alvarez expressed concerns regarding the lack of women's shelters in the City of Palmdale.

Jason Zink commented on homelessness, gas tax, and other miscellaneous items.

Eugene Hernandez encouraged the Council to review rent control in the City of Palmdale.

Motion: Close Public Comments.
Moved by Juan Carrillo, seconded by Laura Bettencourt.

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

6) WORKSHOP PRESENTATION(S)

6.1) Illegal Dumping Action Plan Updates. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

Deputy Director of Public Works Glidden provided an overview of the staff report. Management Analyst Mejia explained the PowerPoint presentation. Discussion ensued regarding illegal dumping, dump hours, and public outreach.

Motion: Move to open the Public Comments.
Moved by Juan Carrillo, seconded by Richard J. Loa.

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

Jason Zink commented on the dump hours and suggested a Public Works yard on the eastside.

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

7) CONSENT CALENDAR

7.1) Receive the Summary of the Annual Housing Element Progress Report. (Staff Reference: Director of Economic and Community Development Garibay)

7.2) Approve Agreement with Kimley-Horn and Associates, Inc for professional services on PN 835, Palmdale Sustainable Transportation Plan, in the amount of $597,339. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

7.3) Adopt Resolution No. CC 2022-020, a Resolution of the City Council of the City of Palmdale authorizing the application for grant funds from the Recreational Trails Program for the Barrel Springs Trail Improvement Project. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

Councilmember Bettencourt pulled this item for discussion and suggested applying for grants funds that will benefit the eastside in the future. Councilmember Carrillo requested that staff identify City owned property on the eastside to see what qualifies for grant funding.

Motion: Adopt Resolution No. CC 2022-020.
Moved by Austin Bishop, seconded by Laura Bettencourt.

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

7.4) Adopt Resolution No. CC 2022-025, a Resolution of the City Council of the City of Palmdale authorizing California Choice Energy Authority (CalChoice) to enter into a long-term renewable energy agreement with Powerex Corporation on behalf of Energy for Palmdale's Independent Choice (EPIC). (Staff Reference: Finance Manager: Kang, Presented by: Energy Resource Manager Salt)

Councilmember Bettencourt pulled this item for discussion.

Motion: Adopt Resolution No. CC 2022-025.
Moved by Juan Carrillo, seconded by Richard J. Loa.

Vote: Motion carried (3-1)

Yes: Richard J. Loa, Juan Carrillo, Austin Bishop.
No: Laura Bettencourt.
Absent: Steven Hofbauer.

7.5) Adopt Resolution No. CC 2022-030, a Resolution of the City Council of the City of Palmdale Authorizing Remote Teleconference Meeting of the City Council and All City Subordinate Bodies for the Period of March 24, 2022 - April 23, 2022. (Staff Reference: City Attorney Beck)

Motion: Approve items listed on the Consent Calendar except for 7.3 and 7.4.
Moved by Juan Carrillo, seconded by Austin Bishop.

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

8) APPOINTMENTS

8.1) Approve District 4 Alternate Member nomination for appointment to the Measure AV Oversight Committee. (Staff Reference: City Clerk Smith)

Motion: Appoint Glenn Flood.
Moved by Juan Carrillo, seconded by Laura Bettencourt.

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

8.2) Approve nominations for appointment of three Committee Members and one Alternate Committee Member to the Human Rights Advisory Committee. (Staff Reference: City Clerk Smith)

Motion: Appoint Darby Edwards for District 2.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

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

Motion: Appoint Rudolpho Perez for District 4.
Moved by Austin Bishop, seconded by Juan Carrillo.

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

Absent: Steven Hofbauer.

Motion: Appoint Shushank Pretrosyan District 3.
Moved by Laura Bettencourt, seconded by Juan Carrillo.

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

A motion was made by Councilmember Carrillo to appoint Glenn Abram, the motion died for lack of a second.

Motion: Appoint Stephanie Rodgers as an alternate.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

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

9) JOINT NEW BUSINESS CC/SA/HA/IDA/PAA/PCA/PFA

9.1) Review and approve the FY 2022 mid-year budget adjustment, and adopt Resolution No. CC 2022-032, 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: Finance Manager Kang)

Assistant Finance Manager Samson provided a detailed overview of the FY 2022 mid-year budget adjustments. Councilmember Bettencourt inquired regarding the increase in funds for Parks and Recreation part time positions, and Director of Parks and Recreation Smith stated the pay scale was adjusted to align with similar paying positions. Councilmember Carrillo inquired about the graffiti truck and whether it would require an operator/employee. Interim City Manager Perez confirmed that an operator/employee would not be required. Discussion ensued.

Councilmember Bettencourt directed staff to provide an online report indicating all expenditures associated with the Measure AV funds.

The following individuals provided public comment:
Jason Zink commented regarding a homeless shelter in the City of Palmdale, Measure AV funds, waiving lifeguard lesson fees, and senior citizen subsidies.

Eugene Hernandez inquired regarding the mission statement of the Human Rights Advisory Committee.

Motion: Adopt Resolution No. CC 2022-032.

Moved by Austin Bishop, seconded by Christina Fraga-Saenz.

Vote: Motion carried (6-0)
Yes: Richard J. Loa, Juan Carrillo, Austin Bishop, Laura Bettencourt, Christina Fraga-Saenz, Phil Denny.
Absent: Steven Hofbauer.

10) PUBLIC HEARING

10.1) Public Hearing and Review of Proposed Ordinance No. 1579 for adoption. (Staff Reference: City Manager - City Clerk Division)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE ADOPTING A MAP DESCRIBING VOTING DISTRICT BOUNDARIES AND AMENDING CHAPTER 4.10 OF TITLE 4 OF THE PALMDALE MUNICIPAL CODE

Staff Recommendation: Adopt Ordinance No. 1579

Motion: Move to remove Item 10.1 from the agenda.
Moved by Juan Carrillo, seconded by Laura Bettencourt.

Vote: Motion carried (4-1)
Yes: Richard J. Loa, Juan Carrillo, Austin Bishop, Laura Bettencourt.
No: Steven Hofbauer.

10.2) Public hearing to review and consider several proposed five (5) district draft maps provided by Compass Demographics, Inc. and discuss the potential move to five (5) council districts and rotating mayor.

Interim City Manager Perez provided a detailed overview of the staff report.

Mayor Pro Tem Loa opened the Public Hearing.

The following individuals provided public input:

Dave Bowman expressed his opinion of the fifth district and the process related to rotating the Mayor.

Kevin Shenkman commented in support of the five-districts map and confirmed the timeline for the adoption of the ordinance.

Vladimir Gomez spoke in favor of having five districts and equal representation.

V. Jesse Smith encouraged Council to approve and support the five-district map, which would support diversity in the community.

Jason Zink commented on the politics in the Antelope Valley and in opposition

to the rotating mayor Item No. 10.2.

Ruth Sanchez voiced concerns regarding Latino representation.

Nicole Teaque spoke regarding equality.

Maria Mainella commented regarding equity.

Marcos Alvarez commented on representation and inclusivity and encouraged Council to adopt five districts.

Xavier Flores encouraged Council to move forward with the adoption of a five-districts map.

Patricia Salazar provided comments in support of adopting five Council districts.

Carmen Molina commented regarding equality.

Nancy, Dayanna Noguera, Felix Menendez spoke regarding change and representation of Latinos.

Oscar commented in support of the five-districts maps.

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

Dave Ely, Compass Demographics, provided a brief summary of the five-districts maps that were drawn. Councilmember Carrillo as to which of the five options presented was the closest to the ten percent deviation. Mr. Ely stated that all the maps provided are approximately four (4) percent deviation. Discussion ensued.

Mayor Hofbauer made a motion to prepare a ballot measure as a Council i initiative, to be placed on the ballot of the next General Election for the City of Palmdale The motion failed due to the lack of a second.

Motion: Move forward with map #2 with a rotational mayor at the will of the Council on a one-year basis.
Moved by Juan Carrillo, seconded by Laura Bettencourt.

Vote: Motion carried (4-1)
Yes: Richard J. Loa, Juan Carrillo, Austin Bishop, Laura Bettencourt.
No: Steven Hofbauer.

11) ADJOURN

Mayor Pro Tem Loa adjourned the meeting at 10:35 p.m. in honor of Mr. Avrum Harris.

PASSED, APPROVED, and ADOPTED this 4th day of May 2022.

_____
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
APRIL 6, 2022

www.cityofpalmdale.org

5:00 P.M.

1) MAYOR TO CALL MEETINGS TO ORDER

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

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

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

ABSENT: None.

3) PUBLIC COMMENTS

Dave Bowman commented regarding the SALVA event and a public records request.

Xavier Flores commented on the SALVA event and the performance evaluation of City Attorney Beck.

Lisa Craft spoke in opposition to the Ritter Ranch project.

Marcos Alvarez announced a vote of no confidence for City Attorney Beck.

Rosie Mainella announced that a 5K run was scheduled for domestic violence.
Vladimir Gomez provided Council with clarification on the SALVA event.

4) PRESENTATION BY CITY ATTORNEY

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

4.1) CONFERENCE WITH LABOR NEGOTIATORS
City representatives: Steve Hofbauer, Mayor
Unrepresented employee: Ronda Perez, Interim City Manager

This Closed Session is being held pursuant to the authority of California Government Code Section 54957.6.

4.2) CONFERENCE WITH LABOR NEGOTIATORS
City representatives: Steve Hofbauer, Mayor
Unrepresented employee: Christopher Beck, City Attorney

This Closed Session is being held pursuant to the authority of California Government Code Section 54957.6.

4.3) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION The existing facts and circumstances that constitute a significant exposure tolitigation are detailed in the following claim received by the City, which is available for public inspection pursuant to Government Code Section 54957.5:
Claimant: Patricia Nevarez
City Claim No.: 2022-005
Date Filed: 1/27/22
Date of Loss: Various

4.4) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION The existing facts and circumstances that constitute a significant exposure to litigation are detailed in the following claim received by the City, which is available for public inspection pursuant to Government Code Section 54957.5:
Claimant: Shanae Smith
City Claim No.: 2022-005
Date Filed: 1/10/22
Date of Loss: Various

4.5) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION The existing facts and circumstances that constitute a significant exposure to litigation are detailed in the following claim received by the City, which is available for public inspection pursuant to Government Code Section 54957.5:
Claimant: Maithi Ricci
City Claim No.: 2021-047
Date Filed: 09/27/21
Date of Loss: 09/22/21

4.6) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION The existing facts and circumstances that constitute a significant exposure to litigation are detailed in the following claim received by the City, which is available for public inspection pursuant to Government Code Section 54957.5:
Claimant: Michael Behen
City Claim No.: 2022-008
Date Filed: 02/09/22
Date of Loss: Various

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

4.8) 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.

5) ANNOUNCEMENT BY CITY ATTORNEY

All Councilmembers were present and able to participate in all items.
Item 4.1 Conference with Labor Negotiators– Council conducted labor negotiations and provided unanimous direction to staff, up to and including the items in open session this evening. There was no further reportable action.

Item 4.2 Conference with Labor Negotiators– Council conducted labor negotiations and directed this item back at the May meeting. There was no further reportable action.

Item 4.3 Conference with Legal Counsel – Anticipated Litigation: Council was provided an update on this matter and provided unanimous direction to staff. There was no further reportable action.

Item 4.4 Conference with Legal Counsel – Anticipated Litigation: Council was provided an update on this matter and provided unanimous direction to staff. There was no further reportable action.

Item 4.5 Conference with Legal Counsel – Existing Litigation: Ricci v. City of Palmdale – Council was provided an update on this matter. There was no further reportable action.

Item 4.6 Conference with Legal Counsel – Anticipated Litigation: Council was provided an update on this matter and provided unanimous direction to staff. There was no further reportable action.

Item 4.7 Conference with Legal Counsel – Anticipated Litigation/Initiation: Council was provided an update on this matter and provided direction to staff. There was no further reportable action.

Item 4.8 Conference with Legal Counsel – Anticipated Litigation/Exposure: Council was provided an update on this matter. There was no further reportable action.

6) ADJOURN CLOSED SESSION MEETING

Mayor Hofbauer called the meeting to order at 7:08 p.m.

Motion: Move to continue Ritter Ranch Item 15.1 and 15.2 to April 20, 2022 meeting. Moved by Juan Carrillo, seconded by Steven Hofbauer.

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

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

8) ROLL CALL MAYOR/CHAIR HOFBAUER, MAYOR PRO TEM/CHAIR/VICE CHAIR LOA, COUNCILMEMBERS/DIRECTORS/COMMISSIONERS CARRILLO, BISHOP, BETTENCOURT COMMISSIONERS FRAGA-SAENZ, DENNY

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

9) PRESENTATIONS

9.1) Mayor Hofbauer presented a cute critter available for adoption at the Palmdale Animal Care Center.

9.2) Mayor Hofbauer presented a Proclamation to Rosie Mainella declaring April as Child Abuse Awareness and Prevention Month in the City of Palmdale.

9.3) Mayor Hofbauer presented Certificates of Recognition to the Antelope Valley Futbol Club (AVFC) for winning the 2022 Cal South State Cup.

9.4) Mayor Hofbauer presented a Proclamation to Chancela Al-Mansour, Housing Rights Center declaring April 2022 as Fair Housing Month in the City of Palmdale.

9.5) Mayor Hofbauer presented William Warford with a Commendation and Plaque for 38 years of service to the Antelope Valley Press.

10) 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 Juan Carrillo.

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

11) PUBLIC COMMENTS

The following individuals provided public comments:

Marcos Alvarez expressed concerns regarding Homeland Security showing up at a SALVA event.

Dave Bowman commented on the authority of the Mayor's office, five districts, and public funding of elections.

Yvette Mullen requested that her application receive equal opportunity to host an event at the Palmdale Amphitheater.

Eugene Hernandez suggested a prime desert woodland area in the City of Palmdale.

Kendra Kuhnhofer spoke in opposition to a signal on Avenue N. and 60th Street West.

Nicole McMillan representing the AV Wellbeing Coalition reported on a business incubator space.

Ruth Sanchez reported that her food bank provided meals for one hundred twenty-nine families. Ms. Sanchez also requested assistance to provide housing to homeless women.

Both Rosie Mainella and Pueblo Y Salud commented on the language for the smoking ban was not captured appropriately and requested the Ordinance be updated to reflect what was intended.

Magdy and Christine Hanna announced the opening of the Regency Palm Senior Living facility on Orchard View Place and Avenue Q. and invited Council to do a private walk through. The also requested help regarding a storm drain.

Angela Smith, Executive Director for the Regency Palm Senior Living facility introduced herself and thanked the City Council, Code Enforcement and Maintenance departments for cleaning the streets.

Steve Hill expressed concerns regarding a situation he experienced with the Los Angeles County Sheriff's Department and requested assistance from City officials.

12) HOUSING AUTHORITY CONSENT CALENDAR

12.1) Approve the License Agreement between Music and Kids and Housing Authority of the City of Palmdale for the Management of the Gabriel's House Program. (Staff Reference: Director of Neighborhood Services Miller - Presented by Housing Manager Reyes)

12.2) Approve the minutes from previous meetings. (Staff Reference: Authority Secretary Smith)

Motion: Loa/Fraga-Saenz
Approve all items listed on the Housing Authority Consent Calendar.
Moved by Richard J. Loa, seconded by Christina Fraga Saenz.
Vote: Motion carried (7-0)
Yes: Steven Hofbauer, Richard J. Loa, Juan Carrillo, Austin Bishop, Laura Bettencourt, Christina Fraga-Saenz, Phil Denny.

Eugene Hernandez expressed concerns regarding potential evictions, and requested rent control in the City of Palmdale.

Commissioner Fraga-Saenz announced the following:
Seasons of Service will be held on April 30, 2022 meeting up at 70th Street and Avenue S from 8:00am - 11:00am
SAVES Stamp Out Hunger will be held on May 12, 2022 from 11:00 am - 3:00 pm
Seasons of Service will be held on May 28, 2022 meeting up at 70th Street and Avenue R from 8:00am - 11:00am

13) ADJOURN HOUSING AUTHORITY

Mayor Hofbauer adjourned the Housing Authority meeting at 7:50 p.m.

14) CONSENT CALENDAR

14.1) Receive and file the monthly investment activity reports for February 2022. (Staff Reference: Finance Manager Kang)

14.2) Approve Second Amendment to professional services Agreement with Robert Half International, Inc. for an additional amount of $75,000 not to exceed amount of $125,000 for the term through June 30,2023 and approve the additional budget appropriation for $75,000 in the General Fund. (Staff Reference: Finance Manager Kang)

14.3) Approve the Measure AV Reserve Policy. (Staff Reference: Finance Manager Kang)

14.4) Adopt Resolution No. CC 2022-044, A Resolution of the City Council of the City of Palmdale Requesting a New Full-Time Position and Amending the City's Classification and Pay Plan for General Positions. (Staff Reference: Human Resources Manager Nevarez)

14.5) Approve Agreement No. A-7865 with Innovative Concert Lighting, Inc. to provide lighting production and equipment services for the Palmdale Amphitheater, in an amount not to exceed $117,000 for a three year term with two one-year options. (Staff Reference: Director of Parks and Recreation Smith)

14.6) Approve Agreement No. A-7866 with Pacific West Sound, Inc. to provide sound production and event equipment services for the Palmdale Amphitheater, in an amount not to exceed $242,000 for a three year term with two one-year options. (Staff Reference: Director of Parks and Recreation Smith).

14.7) Approve Third Amendment to the Agreement with Interwest Consulting Group for an amount, not to exceed $100,000. (Staff Reference: Director of Economic and Community Development Garibay)
Economic and Community Development - Building and Safety Division

14.8) Approve 4th Amendment to the Agreement with Bureau Veritas North America for an additional amount not to exceed amount of $120,000. (Staff Reference: Director of Economic and Community Development Garibay)

14.9) Approve the agreement with Karma Rescue, Inc. to administer a low or no cost spay and neuter program for Palmdale residents. (Staff Reference: Director of Neighborhood Services Miller- Presented by Public Safety Supervisor German)

Councilmember Bishop pulled this item for discussion. Council thanked staff for staying consistent and accomplishing this goal. Interim City Manager Perez stated this was accomplished by Measure AV funds.

Motion: Approve the agreement with Karma Rescue, Inc. to administer a low or no cost spay and neuter program for Palmdale residents.
Moved by Austin Bishop, seconded by Richard J. Loa.

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

14.10) Notice of Completion - Accept Public Improvements for Carmax located at northeast corner of 5th Street West and Technology Drive. (Staff Reference: Director of Public Works Heffernan)

Councilmember Bishop pulled this item for discussion and recused himself.

Motion: Accept Public Improvements for Carmax located at northeast corner of 5th Street West and Technology Drive.
Moved by Richard J. Loa, seconded by Juan Carrillo.

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

14.11) Award Construction Contract with Alfaro Communications Construction, Inc. for PN 670, Palmdale Blvd. and 15th St. East Intersection Improvement Project, in the amount of $648,250.60, for a term of 100 calendar days. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director Works Glidden)

14.12) Notice of Completion - Accept Completed Project with America Landscape Inc. for PN 758, Avenue S LMD Landscape Enhancement. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.13) Award Construction Agreement with ACCO Engineered Systems for PN 759, Palmdale Playhouse HVAC Replacement Phase 2, in the amount of $369,007.49, for a term of 7 months from the date of notice to proceed. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.14) Approve Amendment No. 3 for PN 795, Sam Yellen Park, Phase II, with KTUA in the amount of $182,665. (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 a brief overview of the staff report and recommended that the amendment be approved with Public Works being able to revisit and bring back to Council again.

Motion: Approve Amendment No. 3 for PN 795, Sam Yellen Park, Phase II, with KTUA in the amount of $182,665 with the provision that further discussion and exploration occur with Councilmember Carrillo, staff, and interested parties. Moved by Steven Hofbauer, seconded by Juan Carrillo.

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

14.15) Award Construction Agreement with New Art Construction, Inc., for PN 837, IT Server Room Uninterruptable Power Supply, located at 38300 Sierra Highway, in the amount of $208,000 for a term of 18 weeks. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.16) Adopt Resolution No. CC 2022-028, a Resolution of the City Council of the City of Palmdale, approving Joint Resolution of the Board of Supervisors of the County of Los Angeles, the Board of Directors of the Antelope Valley Cemetery District, the Board of Trustees of the Antelope Valley Mosquito and Vector Control District, the Board of Directors of County Sanitation District No. 14 of Los Angeles County, the Board of Directors of Antelope Valley Resource Conservation District, the City Council of the City of Palmdale, and the Board of Directors of the Antelope Valley-East Kern Water Agency approving and accepting the negotiated exchange of property tax revenues

resulting from annexation of property designated as Annexation 40-153 (34-44), local agency Formation Commission Designation 2021-02, to the Los Angeles County Waterworks District No. 40, Antelope Valley. (Staff Reference: Director of Public Works Heffernan)

14.17) Adopt Resolution No. CC 2022-023, a Resolution of the City Council of the City of Palmdale approving the application for Local Streets and Roads Funds authorized under Article 8 of the Transportation Development Act. (Staff Reference: Director of Public Works Heffernan - Presented by Deputy Director of Public Works Glidden)

14.18) Approve Final Tract Map No. 60431-01 (located at the southwest corner of Avenue M-8 and 70th Street West). (Staff Reference: Director of Public Works Heffernan)

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

CC - February 16, 2022
CC/SA - March 2, 2022
CC - March 7, 2022

Motion: Approve all items on the Consent Calendar with the exception of 14.9, 14.10, and 14.14.
Moved by Richard J. Loa, seconded by Laura Bettencourt.
Vote: Motion carried (5-0)
Yes: Steven Hofbauer, Richard J. Loa, Juan Carrillo, Austin Bishop, Laura Bettencourt.

15) PUBLIC HEARING

15.1) Public Hearing and review of proposed Resolution No. CC 2022-031 for adoption. (Staff Reference: Director of Economic and Community Development Luis Garibay - Presented by Eric Norris)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE DENYING APPEAL 22-001 AND UPHOLDING THE PLANNING COMMISSION'S APPROVAL OF CONDITIONAL USE PERMIT 22-001 FOR THE IMPLEMENTATION OF PLANNED DEVELOPMENT DOCUMENT 21-001 AND VESTING TENTATIVE TRACT MAPS 51604, 51605, 51606, 51607, 52093, and 52116

15.2) Adopt Resolution No. CC 2022-029, a Resolution of the City Council of the City of Palmdale approving Interim Agreement associated with Ritter Ranch Master Planned Community and Community Facilities District No. 93-1 (Ritter Ranch) and actions referenced to therein. (Staff Reference: Director of Public Works Heffernan)

15.3) Public Hearing and Review of Proposed Ordinance No. 1579 for adoption. (Staff Reference: Interim City Manager Perez) ORDINANCE NO. 1579, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE , CALIFORNIA, TO ENSURE PALMDALE'S ELECTIONS COMPLY WITH THE CALIFORNIA VOTING RIGHTS ACT; AMENDING SECTIONS 2.080.10, 2.08.020, 2.08.030, 2.08.060, 4.10.010, 4.10.020, 4.11.010 and

4.11.020 OF THE PALMDALE MUNICIPAL CODE, ADDING SECTION 4.10.030 TO THE PALMDALE MUNICIPAL CODE, REPEALING SUBDIVISIONS (B) AND (C)(2) OF SECTION 2.08.025 OF THE PALMDALE MUNICIPAL CODE, ESTABLISHING DISTRICT-BASED ELECTIONS, DEFINING DISTRICT BOUNDARIES, AND SCHEDULING DISTRICT ELECTIONS

Interim City Manager Perez provided a brief overview of the staff report.

Mayor Hofbauer opened the Public Hearing.

The following individuals provided public comments.

Kevin Shenkman applauded the City Council and City Manager for expeditiously accomplishing an excellent district map and moving the City of Palmdale forward.

David Bowman expressed his views on the adoption of the maps and rotating mayor.

Michael Rives encouraged Council to submit the matter of the fifth district and a rotating mayor to the voters.

Debbie Kosel and Amanda Palmer commented in favor of the constituents having the right to vote for a mayor.

Xavier Flores, ALVA, shared his views on the redistricting process.

Ruth Sanchez commented regarding fair representation of all Palmdale citizens.

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

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

1579. Motion: Adopt Ordinance No. 1579.
Moved by Juan Carrillo, seconded by Laura Bettencourt.

Vote: Motion carried (4-1)
Yes: Richard J. Loa, Juan Carrillo, Austin Bishop, Laura Bettencourt.
No: Steven Hofbauer.

16) NEW BUSINESS

16.1) Approve the First Amendment to Employment Agreement Between the City of Palmdale and Interim City Manager, Ronda Perez. (Staff Reference: Human Resources Manager Nevarez)

Motion: Approve the First Amendment to Employment Agreement with Interim City Manager Perez with proposed additional language to paragraph 1.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

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

Bettencourt.

16.2) Approve the first amendment to employment agreement No. A-7065 between the City of Palmdale and Christopher Beck, City Attorney (Staff Reference: Human Resources Manager Nevarez)

Item 16.2 was tabled by Council.

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 - Councilmember Bishop reported the AVAQMD is making some changes to the alternative fuel program.
- ANTELOPE VALLEY TRANSIT AUTHORITY - Mayor Pro Tem Loa attended a celebration on March 16, 2022 recognizing AVTA for being the first all electric zero emissions transit agency in North America.
- LOS ANGELES COUNTY SANITATION DISTRICT - Mayor Hofbauer attended the Sanitation District meeting.
- SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL - Mayor Pro Tem Loa attended the SCAG meeting on April 7th and reported on the 2023 Active Transportation Program Guidelines and call for projects. Mike Behen reported on the $650M grant program and stated applications are due by June 15, 2023.

Mayor Pro Tem Loa announced he attended the Antelope Valley Hispanic Chamber 25th Anniversary Gala on March 4th, 2022.

Councilmember Carrillo reported attending the grand opening for Dutch Bros coffee shop.

Councilmember Bishop reported meeting with the Anaverde community regarding illegal dumping and semi-truck parking.

Councilmember Bettencourt announced she attended the Vet 4 Veterans, Homes 4 Families Builder's Ball, Welcome Home Vets for Veterans, and the You Matter event.

Mayor Hofbauer attended the National Defense Cities meeting.

17.2) MEETINGS ATTENDED AT PUBLIC EXPENSE

18) CITY MANAGER'S REPORT

Interim City Manager Perez stated City staff is working very hard to deliver projects. She also announced the Children's Spring Fest and Egg Hunt that will take place at Marie Kerr Park on April 13th.

19) CITY COUNCIL REQUESTS FOR NEW AGENDA ITEMS

20) Adjournment

Mayor Hofbauer adjourned the meeting at 10:02 p.m., in honor of his mother, Marilyn Hofbauer, to April 20, 2022, 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 4th day of May 2022.

_____
Steven D. Hofbauer, Mayor

ATTEST;

_____
Shanae S. Smith, City Clerk

MINUTES
CITY COUNCIL
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
APRIL 12, 2022

www.cityofpalmdale.org

11:00 A.M.

1) CALL MEETING TO ORDER

Mayor Pro Tem Loa called the meeting to order at 11:03am.

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

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

Vote: Motion carried (3-0)
Yes: Richard J. Loa, Juan Carrillo, Austin Bishop.
Absent: Steven Hofbauer, Laura Bettencourt.

3) PUBLIC COMMENTS

The following individuals provided public comments:
Garlenia Davis expressed concerns regarding Council conduct, Interim City Manager salary, and government transparency.
Jason Zink commented regarding the support of Lancaster City Council, campaign reform, Interim City Manager salary, and the preservation of Paul Menthol Historic Park.
Marcos Alvarez encouraged Council support of Palmdale Pony baseball.

4) PRESENTATION BY CITY ATTORNEY

4.1) This closed session is being held pursuant to the authority of California Government Codes Section 54957.

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL RELEASE

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: City Attorney

5) ANNOUNCEMENT BY CITY ATTORNEY

Three members of the Council were present, with Councilmember Bettencourt and Mayor Hofbauer absent.

On a 3-0 motion, the Council directed staff to bring this item back along with labor negotiations on May 4, 2022. There was no further action on this item.

6) ADJOURN

Mayor Pro Tem Loa adjourned the meeting at 12:02 pm.

PASSED, APPROVED, and ADOPTED this 4th day of May 2022.

_____
Steven D. Hofbauer, Mayor

ATTEST:

_____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OFFICE OF THE CITY MANAGER**
CITY CLERK DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE NOMINATION FOR REAPPOINTMENT TO THE BOARD OF LIBRARY TRUSTEES**

ISSUE

Approve nomination for reappointment to the Board of Library Trustees.

RECOMMENDATION

Pursuant to Ordinance No. 1561, staff recommends the following nomination for reappointment to the Board of Library Trustees:

1. Reappoint the following individual to serve as Board of Library Trustee for a three-year term to expire on June 30, 2025.

1. Alan Henkin

BACKGROUND

The Library Board is made up of five (5) members, who are nominated by Mayor Hofbauer and approved by the City Council. The Board of Library Trustees operates under the Education Code and serve a three-year term and must be a resident of the City of Palmdale.

DISCUSSION

On June 30, 2022, one (1) Board of Library Trustee position is set to expire, and a vacant seat has become available due to the resignation of long-standing Trustee, President Pro Tem John Manning. A recruitment process has been initiated to fill the vacancy.

Trustee Alan Henkin had provided the City Clerk with written confirmation, expressing his intent to continue serving the City Council for a new term three-year term, set to expire on June 30, 2025.

FISCAL IMPACT

There is no fiscal impact associated with this item.

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:	Shanae S. Smith, City Clerk
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

None

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1561

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING THE PALMDALE MUNICIPAL CODE SECTION 2.08.030 REGARDING APPOINTMENTS TO BOARDS AND COMMISSIONS BY THE CITY COUNCIL

WHEREAS, On July 2, 2008, the City Council passed and adopted Ordinance No. 1357 that amended Section 2.08 of the Palmdale Municipal Code (PMC).

WHEREAS, PMC Section 2.08.030 governs the manner in which appointments are made to boards and commissions of the City Council.

WHEREAS, The method and manner of appointments pursuant to the amended PMC 2.08.030 is such that the mayor is responsible for all appointments to said boards and commissions, with ratification by the City Council.

WHEREAS, Under the PMC 2.08.030, the mayor is to nominate all persons to boards and commissions, and there is no 'second' required for such nomination.

WHEREAS, Under the PMC 2.08.030, city council members do not have the ability to nominate persons to boards and commissions.

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. Amend Palmdale Municipal Code Section 2.08.030 Repeal and replace Palmdale Municipal Code Section 2.08.030 to read as follows:

PMC 2.08.030: Appointments to Boards, Commissions, and Committees

Unless otherwise specifically provided in this code or by State Law, the City Council shall make all appointments to boards, commissions and committees of the City as follows unless otherwise formed by Resolution:

A. City Council boards, commissions and committees shall consist of a minimum of five members, of whom shall be nominated by each City Councilmember and the Mayor, subject to approval by the City Council for appointment. All members shall be voting members of the board, commission, or committee. No member shall be a member of the City Council. It is preferable that City Councilmember's appointee reside within the Councilmember's district, however, is not required when subject matter expertise is desirable. The Mayor may nominate an individual that represents the City at large whom may reside in any district. Members serve at the pleasure of the City Council and may be removed prior to the expiration of their term by a vote of a majority of the members of the City Council.

B. All board and commission vacancies shall be advertised, seeking volunteers willing and desiring to be appointed to fill such vacancies. Any person seeking to be so appointed must complete and submit the city ~~volunteer~~ application, together with any other information requested by the City Council as appropriate for a specific board or commission.

C. All such applications shall be provided to the Mayor and City Council for review, who shall, at a regularly scheduled City Council meeting, nominate, from among such applicants, the persons whom the Mayor and a City Councilmember desires to appoint by making a motion ~~which need not be seconded,~~ for each such appointment.

D. If the nomination by the Mayor and City Councilmember is approved by a majority vote of the City Council, the nominating City Councilmember may then proceed to appoint the person to the board or commission under consideration.

E. If the specific nomination by the Mayor and/or City Councilmember is not approved by a majority vote of the City Council, the City Council will nominate, by motion, a different candidate until someone is approved by majority vote of the City Council for the position under consideration.

F. All members of boards, commissions and committees serve at the pleasure of the City Council and are subject to removal by a majority vote of the City Council.

SECTION 2. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one (1) or more subsections, subdivisions, paragraphs,

sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 3. The City Council finds the approval of this ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. Alternatively, the City Council finds the approval of this ordinance is not a project under CEQA Regulation Section 15061 (b)(3) because it has no potential for causing a significant effect on the environment.

SECTION 4. The City Clerk shall certify to the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 2nd day of March 2021

Steven D. Hofbauer, Mayor

Approved as to form:

Christopher Beck
City Attorney

ATTEST:

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 2nd day of March, 2021 effective on the 1st day of April, 2021 by the following roll call vote:

AYES: Bettencourt, Carrillo, Loa, Bishop

NOES: Hobauer

ABSTAIN: None ABSENT: None

Date: 3/18/2021

Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OFFICE OF THE CITY MANAGER**
CITY CLERK DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE REAPPOINTMENTS OF PLANNING COMMISSIONERS TO THE PLANNING COMMISSION**

ISSUE

Approve nominations for reappointments to the Planning Commission.

RECOMMENDATION

Staff recommends pursuant to Palmdale Municipal Code Section 2.46.030 that the City Council ratify nominations for three (3) reappointments to the Planning Commission as follows:

1. Approve reappointment of the following individual nominated by Councilmember Austin Bishop to serve as Commissioner (District 1) on the Planning Commission for a new two-year term set to expire on June 30, 2024.

1. Christine Fraga-Saenz

2. Approve reappointment of the following individual nominated by Mayor Pro Tem Richard Loa to serve as the Commissioner (District 2) on the Planning Commission for a new two-year term set to expire on June 30, 2024.

1. Dean Henderson

3. Approve reappointment of the following individual nominated by Councilmember Juan Carrillo to serve as the Commissioner (District 4) on the Planning Commission for a new two-year term set to expire on June 30, 2024.

1. V. Jesse Smith

BACKGROUND

Pursuant to Palmdale Municipal Code Section 2.46.030, "The Planning Commission shall consist of five commissioners, four of whom shall be appointed from Planning Commission districts and one who shall be appointed at large. All Commissioners shall be voting members of the Planning Commission. No Commissioner shall be a member of the City Council. The four district Commissioners must be residents of the districts from which they are appointed. If a district Commissioner ceases to be a resident of the district from which he or she is appointed, that Commissioner's appointment will automatically terminate. The at-large Commissioner must be a resident of the City. If the at-large Commissioner ceases to be a resident of the City, that Commissioner's appointment will automatically terminate. Commissioners serve at the pleasure of the City Council and may be removed prior to the expiration of their term by a vote of a majority of the members of the City Council."

DISCUSSION

The terms of current Districts, 1, 2, and 4 Planning Commissioners, Christine Fraga-Saenz, Dean Henderson and V. Jesse Smith are set to expire on June 30, 2022. Each Commissioner have provided the City Clerk with written confirmation, expressing their intent to continue serving the City Council for a new term two-year term set to expire on June 30, 2024.

FISCAL IMPACT

Commissioners receive $100 per meeting, a maximum of $200 per month.

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:	Shanae S. Smith, City Clerk
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

None.

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY CLERK DIVISION**
CITY MANAGER DEPARTMENT

DISTRICT: **ALL**

SUBJECT: **APPROVE NOMINATIONS FOR REAPPOINTMENT TO THE GENERAL PLAN ADVISORY COMMITTEE**

ISSUE

Approve nominations for reappointment of eleven Committee Members and one (1) Alternate Member to the General Plan Advisory Committee.

RECOMMENDATION

Pursuant Ordinance No. 1561, staff recommends that the City Council approve nominations for reappointment to the General Plan Advisory Committee ("Committee") as follows:

Juan Blanco	Patrick Hunt
Lourdes T. Everett, J.D.	Sheri Kaneshiro
Theresa Hambro	Teresa Lamping
Matthew Stephen Harris	Deborah Rutkowski-Hines
Laura Gordon	Jason Zink
Aurora Hernandez	Colby Estes

BACKGROUND

In May 2019, the City of Palmdale formed the General Plan Advisory Committee ('GPAC"), as part of its General Plan Update. The GPAC is comprised of the community representatives who meet and collaborate to provide community insight throughout the City's general plan update process. Each member is a City of Palmdale resident and required to file a Statement of Economic Interest Form 700, in accordance with the Fair Political Practices Commission ("FPPC").

DISCUSSION

Since its inception, the Committee has met and conducted 18 meetings. Given that the General Plan Update project is anticipated to conclude in the Summer of 2022, the Committee is expected to meet two more times, once in June and once in July, prior to adoption of the document.

FISCAL IMPACT

There is no fiscal impact associated with this item, as member positions do not receive compensation for service.

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:	Shanae Smith, City Clerk
Certified as to availability of Funds:	Janelle Samson, Finance Director
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2019-046
2. Ordinance No. 1561

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2019-046

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE ESTABLISHING THE GENERAL PLAN ADVISORY COMMITTEE (GPAC)

WHEREAS, as a part of the City of Palmdale's General Plan update, the City formed the General Plan Advisory Committee (GPAC). The GPAC is comprised of community representatives who will meet and collaborate to provide community insight through the general plan update process; and

WHEREAS, GPAC members must be a City of Palmdale resident, shall not receive compensation, and after appointment are required to file a Form 700 Statement of Economic Interest Statement with the Office of the City Clerk. All GPAC members shall serve at the pleasure of the City Council; and

WHEREAS, Palmdale Municipal Code Section 2.08.030 (B) states, "All such applications shall be provided to the Mayor for review, who shall, at a regularly scheduled City Council meeting, nominate, from among such applicants, the persons whom the Mayor desires to appoint by making a motion, which need not be seconded, for each such appointment." In addition, Palmdale Municipal Code Section 2.08.030 (D) provides that if the nomination by the Mayor is not approved by a majority vote of the City Council, the Mayor will nominate, by motion, a different candidate until someone is approved by majority vote of the City Council for the position under consideration; and

WHEREAS, the Mayor considered the recommendations of each City Council member and the recommendations of the city staff selection committee from among such applicants in choosing his nominees for appointment.

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 of the City of Palmdale hereby appoints the following GPAC members by an affirmative vote of the City Council as follows:

1. Anthony Avila
2. Juan Blanco
3. Lourdes T. Everett, J.D.
4. Theresa Hambro
5. Matthew Stephen Harris
6. Dean Henderson
7. Aurora Hernandez
8. Deborah Rutkowski-Hines
9. Patrick J. Hunt
10. Sheri Kaneshiro
11. Teresa Lamping
12. Joseph Parisio
13. Jason Zink

Alternate No. 1: Laura Elaine Gordon
Alternate No. 2: Colby John Estes

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

PASSED, APPROVED and **ADOPTED** this 7th day of May, 2019.

Steven D. Hofbauer, Mayor

Approved as to form:

Wm. Matthew Ditzhazy
City Attorney

ATTEST:

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 May, 2019 by the following roll call vote:

AYES: Hofbauer, Bishop, Bettencourt, Carrillo, Loa

NOES: None

ABSTAIN: None ABSENT: None

Date: May 21, 2019

Rebecca J. Smith, City Clerk

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1561

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING THE PALMDALE MUNICIPAL CODE SECTION 2.08.030 REGARDING APPOINTMENTS TO BOARDS AND COMMISSIONS BY THE CITY COUNCIL

WHEREAS, On July 2, 2008, the City Council passed and adopted Ordinance No. 1357 that amended Section 2.08 of the Palmdale Municipal Code (PMC).

WHEREAS, PMC Section 2.08.030 governs the manner in which appointments are made to boards and commissions of the City Council.

WHEREAS, The method and manner of appointments pursuant to the amended PMC 2.08.030 is such that the mayor is responsible for all appointments to said boards and commissions, with ratification by the City Council.

WHEREAS, Under the PMC 2.08.030, the mayor is to nominate all persons to boards and commissions, and there is no 'second' required for such nomination.

WHEREAS, Under the PMC 2.08.030, city council members do not have the ability to nominate persons to boards and commissions.

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. Amend Palmdale Municipal Code Section 2.08.030 Repeal and replace Palmdale Municipal Code Section 2.08.030 to read as follows:

PMC 2.08.030: Appointments to Boards, Commissions, and Committees

Unless otherwise specifically provided in this code or by State Law, the City Council shall make all appointments to boards, commissions and committees of the City as follows unless otherwise formed by Resolution:

A. City Council boards, commissions and committees shall consist of a minimum of five members, of whom shall be nominated by each City Councilmember and the Mayor, subject to approval by the City Council for appointment. All members shall be voting members of the board, commission, or committee. No member shall be a member of the City Council. It is preferable that City Councilmember's appointee reside within the Councilmember's district, however, is not required when subject matter expertise is desirable. The Mayor may nominate an individual that represents the City at large whom may reside in any district. Members serve at the pleasure of the City Council and may be removed prior to the expiration of their term by a vote of a majority of the members of the City Council.

B. All board and commission vacancies shall be advertised, seeking volunteers willing and desiring to be appointed to fill such vacancies. Any person seeking to be so appointed must complete and submit the city ~~volunteer~~ application, together with any other information requested by the City Council as appropriate for a specific board or commission.

C. All such applications shall be provided to the Mayor and City Council for review, who shall, at a regularly scheduled City Council meeting, nominate, from among such applicants, the persons whom the Mayor and a City Councilmember desires to appoint by making a motion ~~which need not be seconded,~~ for each such appointment.

D. If the nomination by the Mayor and City Councilmember is approved by a majority vote of the City Council, the nominating City Councilmember may then proceed to appoint the person to the board or commission under consideration.

E. If the specific nomination by the Mayor and/or City Councilmember is not approved by a majority vote of the City Council, the City Council will nominate, by motion, a different candidate until someone is approved by majority vote of the City Council for the position under consideration.

F. All members of boards, commissions and committees serve at the pleasure of the City Council and are subject to removal by a majority vote of the City Council.

SECTION 2. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one (1) or more subsections, subdivisions, paragraphs,

sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 3. The City Council finds the approval of this ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. Alternatively, the City Council finds the approval of this ordinance is not a project under CEQA Regulation Section 15061 (b)(3) because it has no potential for causing a significant effect on the environment.

SECTION 4. The City Clerk shall certify to the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 2nd day of March 2021

Steven D. Hofbauer, Mayor

Approved as to form:

Christopher Beck
City Attorney

ATTEST:

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 2nd day of March, 2021 effective on the 1st day of April, 2021 by the following roll call vote:

AYES: Bettencourt, Carrillo, Loa, Bishop

NOES: Hobauer

ABSTAIN: None ABSENT: None

Date: 3/18/2021

Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OFFICE OF THE CITY MANAGER**
CITY CLERK DIVISION

DISTRICT: **All**

SUBJECT: **APPROVE NOMINATIONS FOR REAPPOINTMENT TO THE MOBILE HOME PARK RENTAL REVIEW BOARD**

ISSUE

Approve nominations for reappointment to the Mobile Home Park Rental Review Board.

RECOMMENDATION

Pursuant to Ordinance No. 1561, staff recommends the following:

1. Approve reappointment of Debra Foley to serve as Board Member on the Mobile Home Park Rental Review Board for a new two-year term set to expire on June 30, 2024.
2. Approve reappointment of Diana Love to serve as Board Member on the Mobile Home Park Rental Review Board for a new two-year term set to expire on June 30, 2024.

BACKGROUND

The Mobile Home Park Rental Review Board ("Board") consists of five (5) members. No member of the Board shall be a resident or owner of a mobile home park or an employee of a park owner; and no member shall have a financial interest (as defined by state law) in any mobile home or mobile home park, or have a parent, child, spouse or sibling with any such financial interest. Prior to his/her appointment to the Board, each member shall file a declaration to this effect with the City Clerk. As defined in Palmdale Municipal Code Section 5.44.030, Board members must have an ability to attend meetings, and have a basic knowledge of the guidelines of the Mobile Home Space Rent Control, Section 5.44 of the Palmdale Municipal Code. Applicants should also possess a fundamental knowledge of business accounting (receivables, depreciation, capital expenditures, profit, and loss statements, etc.). All members shall be residents of the City. All members of the Board serve at the pleasure of the City Council, and any member may be removed, with or without cause, by a majority vote of the City Council. Board members serve a two-year term.

DISCUSSION

Terms of the current Mobile Home Park Rental Review Board Members, Debra Foley and Diana Love are set to expire on June 30, 2022. Both Members have provided the City Clerk with written confirmation, expressing their intent to continue serving the City Council in this capacity for a new term two-year term set to expire on June 30, 2024.

FISCAL IMPACT

Board members receive $100 per meeting and the Chair receives $150 per meeting.

STRATEGIC PLAN

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

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

Prepared by:	Shanae Smith, City Clerk
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda , Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS:

1. Ordinance No. 1561

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1561

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING THE PALMDALE MUNICIPAL CODE SECTION 2.08.030 REGARDING APPOINTMENTS TO BOARDS AND COMMISSIONS BY THE CITY COUNCIL

WHEREAS, On July 2, 2008, the City Council passed and adopted Ordinance No. 1357 that amended Section 2.08 of the Palmdale Municipal Code (PMC).

WHEREAS, PMC Section 2.08.030 governs the manner in which appointments are made to boards and commissions of the City Council.

WHEREAS, The method and manner of appointments pursuant to the amended PMC 2.08.030 is such that the mayor is responsible for all appointments to said boards and commissions, with ratification by the City Council.

WHEREAS, Under the PMC 2.08.030, the mayor is to nominate all persons to boards and commissions, and there is no 'second' required for such nomination.

WHEREAS, Under the PMC 2.08.030, city council members do not have the ability to nominate persons to boards and commissions.

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. Amend Palmdale Municipal Code Section 2.08.030 Repeal and replace Palmdale Municipal Code Section 2.08.030 to read as follows:

PMC 2.08.030: Appointments to Boards, Commissions, and Committees

Unless otherwise specifically provided in this code or by State Law, the City Council shall make all appointments to boards, commissions and committees of the City as follows unless otherwise formed by Resolution:

A. City Council boards, commissions and committees shall consist of a minimum of five members, of whom shall be nominated by each City Councilmember and the Mayor, subject to approval by the City Council for appointment. All members shall be voting members of the board, commission, or committee. No member shall be a member of the City Council. It is preferable that City Councilmember's appointee reside within the Councilmember's district, however, is not required when subject matter expertise is desirable. The Mayor may nominate an individual that represents the City at large whom may reside in any district. Members serve at the pleasure of the City Council and may be removed prior to the expiration of their term by a vote of a majority of the members of the City Council.

B. All board and commission vacancies shall be advertised, seeking volunteers willing and desiring to be appointed to fill such vacancies. Any person seeking to be so appointed must complete and submit the city ~~volunteer~~ application, together with any other information requested by the City Council as appropriate for a specific board or commission.

C. All such applications shall be provided to the Mayor and City Council for review, who shall, at a regularly scheduled City Council meeting, nominate, from among such applicants, the persons whom the Mayor and a City Councilmember desires to appoint by making a motion ~~which need not be seconded,~~ for each such appointment.

D. If the nomination by the Mayor and City Councilmember is approved by a majority vote of the City Council, the nominating City Councilmember may then proceed to appoint the person to the board or commission under consideration.

E. If the specific nomination by the Mayor and/or City Councilmember is not approved by a majority vote of the City Council, the City Council will nominate, by motion, a different candidate until someone is approved by majority vote of the City Council for the position under consideration.

F. All members of boards, commissions and committees serve at the pleasure of the City Council and are subject to removal by a majority vote of the City Council.

SECTION 2. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one (1) or more subsections, subdivisions, paragraphs,

sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 3. The City Council finds the approval of this ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. Alternatively, the City Council finds the approval of this ordinance is not a project under CEQA Regulation Section 15061 (b)(3) because it has no potential for causing a significant effect on the environment.

SECTION 4. The City Clerk shall certify to the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 2nd day of March 2021

Steven D. Hofbauer, Mayor

Approved as to form:

Christopher Beck
City Attorney

ATTEST:

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 2nd day of March, 2021 effective on the 1st day of April, 2021 by the following roll call vote:

AYES: Bettencourt, Carrillo, Loa, Bishop

NOES: Hobauer

ABSTAIN: None ABSENT: None

Date: 3/18/2021

Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT – PLANNING DIVISION**

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-045, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 22-001 (A-7830) ASSOCIATED WITH THE CONSTRUCTION OF A 70-UNIT MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON AN APPROXIMATELY FOUR AND A HALF ACRE VACANT PARCEL LOCATED AT THE SOUTHWEST CORNER OF 25TH STREET EAST AND EAST AVENUE Q-4 (APN: 3018-014-074)**

ISSUE

Should City Council adopt Resolution No. CC 2022-045, a Resolution of the City Council of the City of Palmdale approve Density Bonus Agreement (DBA) 22-001 (A-7830)?

RECOMMENDATION

The Planning Commission recommends that the City Council:

1. Adopt Resolution No. CC 2022-045 approving the agreement for DBA 22-001 (A-7830); and,
2. Authorize the City Manager or her designee to execute Agreement No. A-7830, with JCL Development, LLC, including minimal or non-substantive changes.

BACKGROUND

On April 14, 2022, the Planning Commission adopted Resolution No. PC-2022-017 approving Site Plan Review (SPR) 22-003, finding that the project is exempt from environmental review and recommending that the City Council approve DBA 22-001 (A-7830). SPR 22-003 includes the construction of eight, two-story multi-family buildings with a total of 70 units, including one manager's unit. One hundred percent of the units, with the exception of the manager's unit, will be available to households with incomes that do not exceed the maximum income of low-income households in Los Angeles County as determined by the California Department of Housing and Community

Development. The request includes four concessions from the development standards as allowed by State Density Bonus Law (California Government Code Section 65915).

DISCUSSION

The project site has a General Plan land use designation of MFR (Multi-family Residential, 10.1 to 16 dwelling units per acre) and is within the R-3 (Multiple Family Residential) zone. The project site is approximately four and a half acres and therefore the minimum density for the site is 44 units and the maximum density is 71 units. Density Bonus Law requires that, when 100 percent of all units (excluding managers units) are for lower income households, the City must grant an 80 percent density bonus over the base density, which would allow an additional 57 units for this development. Although the maximum density for the project site is 128 units, the residential development does not require an increased density and the applicant proposes to construct a total of 70 units.

The owner has requested cost-saving concessions in accordance with Government Code Section 65915, et seq. and PMC Section 17.25.110, as follows:

1. To allow reduction of required open space from 30% to 15%.

2. To allow reduction of required private open space from 200 square feet per unit to 150 square feet per unit.

3. To increase the maximum travel distance from assigned parking stalls to unit entrances from 150 feet to 250 feet.

4. To allow reduction of the setback along both 25th Street East and East Avenue Q-4 from 20 feet to 10 feet.

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 applications 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.

B. Provide inclusive access to a variety of supportive services that build a resilient and healthy community.

Prepared by:	Luis Garibay, Director of Economic and Community Development
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	Ronda Perez, Acting City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-045
2. Density Bonus Agreement 22-001 (A-7830)

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-045

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING DENSITY BONUS AGREEMENT 22-001 (A-7830) ASSOCIATED WITH THE CONSTRUCTION OF A 70-UNIT MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON AN APPROXIMATELY FOUR AND A HALF ACRE VACANT PARCEL LOCATED AT THE SOUTHWEST CORNER OF 25TH STREET EAST AND EAST AVENUE Q-4 (APN: 3018-014-074)

WHEREAS, JCL Development, LLC has filed an application requesting the approval of Density Bonus Agreement (DBA) 22-001 (A-7830) described herein (herein referred to as "Application");

WHEREAS*,* the Application applies to the construction of an affordable multi-family residential development located on approximately four and a half acres, referred to on the Los Angeles County Assessor's roles as APN 3018-014-074, legally described in Exhibit I hereto and shown on the map attached hereto as Exhibit II.

WHEREAS*,* on April 14, 2022, the Planning Commission of the City of Palmdale reviewed the proposed project, approved Site Plan Review 22-003, found the project to be exempt from California Environmental Quality Act review, and recommended City Council approval of the Application.

WHEREAS, on May 4, 2022, 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 May 4, 2022.

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 May 4, 2022, 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 70-unit affordable multi-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 site has a General Plan land use designation of MFR (Multi-family Residential), which allows for 10.1 to 16 dwelling units per acre. Per State Density Bonus Law, when 100 percent of all units (excluding managers units) are reserved for low-income households, the City must grant an 80 percent density bonus over the base density, which would allow an additional 57 units for this development. Although the maximum density for the project site is 128 units, the residential development does not require an increased density and the applicant proposes to construct a total of 70 units. Of the 70 units proposed, 100 percent of the units are required to be reserved for low-income households, with the exception of the manager's unit. Furthermore, Density Bonus Law allows for granting of concessions to the development standards in order to achieve cost-savings in the production of affordable housing. With the exception of the concessions related to private open space, common open space, travel distance to parking, and setbacks, the project will comply with the development standards for multi-family housing within the R-3 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 MFR (Multi-family Residential, 10.1 to 16 dwelling units per acre) and is within the R-3 (Multiple Family Residential) zone. The project site is approximately four and a half acres and therefore the minimum density for the site is 44 units and the maximum density is 71 units. Density Bonus Law requires that, when 100 percent of all units (excluding managers units) are for lower income households, the City must grant an 80 percent density bonus over the base density, which would allow an additional 57 units for this development. Although the maximum density for the project site is 128 units, the residential development does not require an increased density and the applicant proposes to construct a total of 70 units.

The owner has requested cost-saving concessions in accordance with Government Code Section 65915, et seq. and PMC Section 17.25.110, as follows:

1. To allow reduction of required open space from 30% to 15%.

2. To allow reduction of required private open space from 200 square feet per unit to 150 square feet per unit.

3. To increase the maximum travel distance from assigned parking stalls to unit entrances from 150 feet to 250 feet.

4. To allow reduction of the setback along both 25th Street East and East Avenue Q-4 from 20 feet to 10 feet.

(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 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 will make 100 percent of the total number of units (excluding the managers units) available to low-income households as further described within DBA 22-001 (A-7830). Section 65915 of the California Government Code requires local governments to grant an 80 percent 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 percent restricted to moderate income units. The granting of the DBA will result in provision of housing for low-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 maximum density for the project site is 128 units, the residential development does not require an increased density and the applicant proposes to construct a total of 70 units. Of the 70 units proposed, 100 percent of the units are required to be reserved for low-income households. The design of the affordable housing development will conform to development standards related to maximum building height, and therefore, the project will appear no larger than the development in the surrounding neighborhood. The development consists of eight, two-story multi-family buildings, which ensures consistency with the massing and height of the residential development 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 22-001 (A-7830).

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

PASSED, APPROVED and **ADOPTED** this 4th day of May 2022.

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 City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of May 2022, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____

_____
Shanae S. Smith, City Clerk

EXHIBIT I

LEGAL DESCRIPTION FOR DBA 22-001

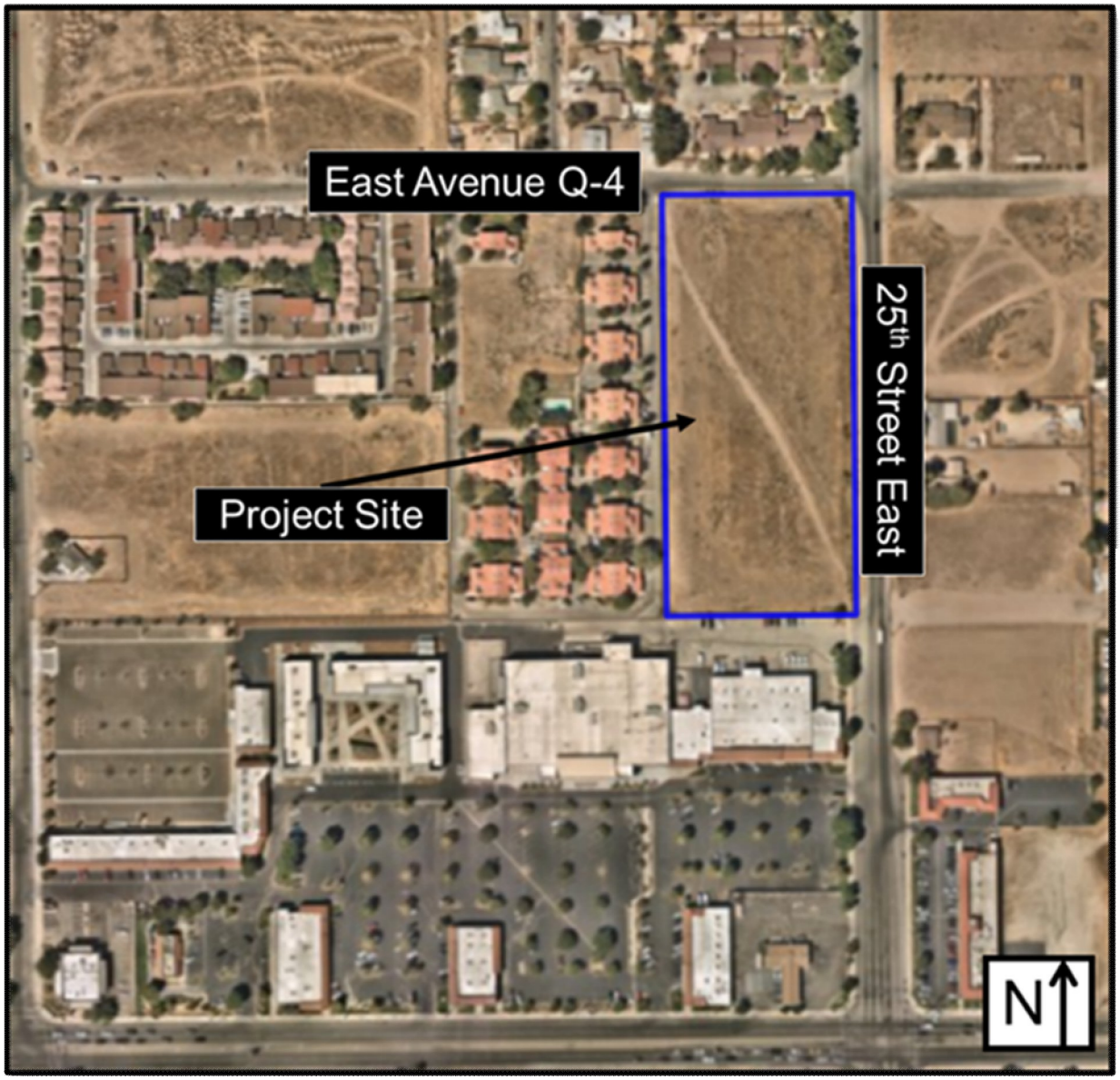
THE LAND REFERRED TO IS SITUATED IN THE COUNTY OF LOS ANGELES, CITY OF PALMDALE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THE NORTH HALF OF THE SOUTH HALF OF THE EAST HALF OF THE EAST HALF OF LOT 1 OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 6 NORTH, RANGE 11 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF PALMDALE, ACCORDING TO THE OFFICIAL PLAT OF THE SURVERY OF SAID LAND ON FILE IN THE BUREAU OF LAND MANAGEMENT.

APN: 3018-014-074

EXHIBIT II

AERIAL MAP FOR DBA 22-001



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: **3018-014-074**

DENSITY BONUS HOUSING AGREEMENT
Juniper Valley Townhomes

THIS DENSITY BONUS HOUSING AGREEMENT ("Agreement") dated as of _____, 2022, is entered into by and between the City of Palmdale, a municipal corporation of the State of California ("City"), and Juniper Valley Associates, 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- 014-074, located at the intersection of 25th Street East and Avenue Q-4 and legally described in Exhibit"A" attached hereto and incorporated by reference ("Property").

B. Owner will construct a 70-unit affordable housing development, with eight residential buildings and included amenities ("Residential Development"). The project provides for units of varying types, two- and three-bedroom townhome units. The project will provide at least 105 parking stalls onsite.

C. Owner proposes construction of a rental housing development of 70 units for very low income and low-income individuals and families. One hundred percent (100%) of the units, with the exception of the manager's unit, will be available to and occupied by households whose incomes do not exceed the maximum income of 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 MFR (10.1-16 dwelling units per acre) and is zoned R-3 (16 dwelling units per acre). The Property is 4.44 acres allowing 71 units to be developed on the Property. The Residential Development does not require a density bonus. Density Bonus Law requires that because 100% of the resident units in the Residential Development will be affordable to "lower income households" per section 50079.5 of the California Health and Safety Code, Government Code section 65915(d)(2)(D) entitles the Residential Development to four incentives or concessions. Density Bonus Law requires the City to grant to the Residential Development parking ratios that do not exceed 1 space per studio or one bedroom unit, 1.5 spaces per two bedroom or three bedroom unit, or 2.5 spaces per four bedroom unit. Therefore, Density Bonus Law requires the City to permit the Residential Development's proposed parking ratio of 1.5 spaces per unit. In addition, 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. To allow reduction of required open space from 30% to 15%.

b. To allow reduction of required private open space from 200 square feet per unit to 150 square feet per unit.

c. To increase the maximum travel distance from assigned parking stall to unit entrances from 150 feet to 250 feet.

d. To allow reduction of the setback along both 25th Street East and East Avenue Q-4 from 20 feet to 10 feet.

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 impactupon 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 (30) percent of seventy (70) percent of the Area Median Income, Adjusted for Household Size Appropriate for the Unit. Affordable Rent shall be applicable for all of the Affordable Units, as provided in Section 5 of this Agreement.

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. "Area Median Income" means Los Angeles County area median income as determined annually and published in Title 25, California Code of Regulations, Section 6932, by the California Department of Housing and Community Development.

e. "Director" means City's Department of Neighborhood Services Director, or his or her designee.

f. "Income Eligible Household" means a Low Income Household which is eligible to rent a particular Affordable Unit.

g. "Low Income Household" shall have the meaning ascribed to "lower income households" under California Health and Safety Code Section 50079.5. The upper income limit for Low Income Households shall be the income limits for such households published annually by the CaliforniaDepartment of Housing and Community Development with adjustments for household size.

h. "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.

i. "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.

j. "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.

k. "Property" shall have the meaning defined in Recital "A," as more particularly described in Exhibit "A" attached hereto and incorporated herein.

l. "Residential Development" shall have the meaning given in Recital "B".

m. "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 one hundred percent (100%) of the units in the Residential Development (69 units) shall be rented exclusively to Low Income Households, at an Affordable Rent.

5. Affordable Rents. Affordable Rents for Affordable Units, including Utility Allowances, shall be based upon the Area Median Income and consistent with California Government Code Section 65915(c)(B)(ii) such that rents for (a) not less than 20 percent of the Affordable Units shall be set at an affordable rent, as defined in Section 50053 of the California Health and Safety Code, and (b) the remaining Affordable Units shall be set at an amount consistent with the maximum rent levels for a housing development that receives an allocation of state or federal low-income housing tax credits from the California Tax Credit Allocation Committee, in each case as Area Median Income 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 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 Low Income Household, but who, due to an increase in income, no longer qualifies as a Low Income Household shall pay as rent an amount that is the least of the amount thatwould 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 AffordableUnit 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 forfeitto 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 One Thousand Four Hundred Fifty Dollars ($1,450) 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 andconditions 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: Juniper Valley Associates, L.P.
9 Cushing
Suite 200
Irvine, CA 92618
Attention: Michael Limb

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 W 5th Street
64th Floor
Los Angeles, CA 90071
Attention: Kyle Arndt

To City: City of Palmdale
38250 Sierra Highway
Palmdale, CA 93550-4798
Attn: Director of Neighborhood Services

With a copy to: City of Palmdale
38300 Sierra Highway
Palmdale, CA 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 partyshall 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 bevalid 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) ofthis Section, any amendment to this Agreement, whether requestedby 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:_____
Ronda Perez
Interim 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
Juniper Valley Associates, L.P.
a California limited partnership
By: JCL GP LLC,
a California limited liability company,
its Administrative General Partner

By: _____
Michael Limb
Authorized Signatory

Dated:_____

By: Spectrum GP LLC,
a California limited liability company,
its Managing General Partner

By: _____
Daniel Kim
Authorized Signatory

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 and2924c. 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:

[*requires notarized signature*]

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EXHIBIT A
Legal Description of Property

Real property in the City of Palmdale, County of Los Angeles, State of California, described as follows:

The North half of the South half of the East half of the East half of Lot 1 of the Northwest quarter of Section 30, Township 6 North, Range 11 West, San Bernardino Base and Meridian, in the City of Palmdale, according to the Official Plat of the Survey of said land on file in the Bureau of Land Management.

APN: 3018-014-074

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT - PLANNING DEPARTMENT**

DISTRICT: **2 AND 5**

SUBJECT: **ADOPT ORDINANCE NO. 1586; A REQUEST TO APPROVE ZONING ORDINANCE AMENDMENT 21-008 TO AMEND PALMDALE MUNICIPAL CODE SECTION 17.72.100 TO REDUCE SETBACK REQUIREMENTS IN THE QUARRY RECLAMATION ZONE**

ISSUE

Adopt Ordinance No. 1586; a request to approve Zoning Ordinance Amendment 21-008 to amend Palmdale Municipal Code (PMC) Section 17.72.100 to reduce setback requirements in the Quarry Reclamation zone.

RECOMMENDATION

The Planning Commission recommends that the City Council:

1. Receive public testimony regarding proposed Ordinance No. 1586;
2. Adopt Ordinance No. 1586 approving Zoning Ordinance Amendment 21-008; and,
3. Find that the project is not subject to the California Environmental Quality Act (CEQA).

BACKGROUND

On April 14, 2022, the Planning Commission adopted Resolution No. PC-2022-018 recommending that the City Council approve ZOA 21-008 and approving Conditional Use Permit (CUP) 02-06 Major Modification No. 2 and Minor Modification 22-013, contingent upon the approval of the ZOA. Hi-Grade Materials Company is proposing to amend PMC Sections 17.72.100.C, 17.72.100.F.2.e and 17.72.100.F.2.f, to reduce the 50-foot setback for structures and/or excavations along all property lines to 25 feet. This would allow structures or excavations to be setback 25 feet rather than 50 feet in the QR zone.

With the approval of CUP 02-06 MM No. 2 Hi-Grade Materials Company also proposed to modify Condition of Approval No. 23.1 of Resolution No. PC-2004-087 to reduce the 50-foot setback for mining excavations and structures to 25 feet to be consistent with the

proposed ZOA. In addition, approval of Minor Modification 22-013 revised the reclamation plan to reflect the modified setback.

A Condition of Approval was specified within Resolution No. PC-2022-018 requiring the project, as contemplated by CUP 02-06 MM No. 2 and Minor Modification 22-013, to be modified accordingly if the revisions to the PMC requested by ZOA 21-008 are modified or denied by the City Council.

At this time, Hi-Grade Materials Company is the only quarry operator that has requested to reduce the setback, contingent upon approval of ZOA 21-008. If the amendment is approved, other quarry operators may seek approval to reduce minable setbacks in compliance with the new requirement through review and approval of a modification to their existing entitlements.

DISCUSSION

The existing setbacks for all structures and excavations within the QR zone is 50-feet from any public street, highway, flood control easement, and any property in any other zone other than the QR zone. The modification to PMC Sections 17.72.100.C, 17.72.100.F.2.e and 17.100.F.2.f would reduce the 50-foot setback requirement to 25-feet for all structures and excavations within the QR zone. The amendment is intended to allow existing and future uses within the QR zone to utilize more of the land within the project site, which can extend the life of the quarry, while still providing an adequate buffer from sensitive land uses.

The 25-foot setback is an adequate buffer for sensitive land uses because PMC Section 17.72.100.F, specifies requirements for operations in the QR zone to ensure uses do not create a nuisance to the general safety, health, and welfare of the public such as operational hours for uses that are not conducted within an enclosed building and standards for fencing or berms around the perimeter of the site to ensure safety and reduce visual impact. In addition, a 25-foot setback is greater than the standard setback in most other zones which is a maximum of 20-feet.

Finally, projects are reviewed on a case-by-case basis and may be conditioned to provide larger setbacks for equipment that may become a nuisance to sensitive land uses such as aggregate crushing and processing equipment.

FISCAL IMPACT

The required application fees were submitted for processing of the proposed project. In addition, the Application will promote the retention of an existing business, which will continue to generate property tax revenue, sales tax revenue and Business License fees.

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:	Justin Sauder, Associate Planner
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Acting City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENT

1. Ordinance No. 1586

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1586

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE CALIFORNIA, AMENDING PALMDALE MUNICIPAL CODE SECTION 17.72.100 TO REDUCE SETBACK REQUIREMENTS IN THE QUARRY RECLAMATION ZONE

WHEREAS, Hi-Grade Materials Company has filed an application requesting approval of Zoning Ordinance Amendment (ZOA) 21-008 described herein (hereinafter referred to as "Application");

WHEREAS*,* the Application, as contemplated, proposes to amend Palmdale Municipal Code (PMC) Sections 17.72.100.C, 17.72.100.F.2.e and 17.100.F.2.f to reduce setback requirements in the Quarry Reclamation zone;

WHEREAS*,* on April 14, 2022, the Planning Commission of the City of Palmdale recommended City Council approval of the proposed Application and approved Conditional Use Permit 02-06 Major Modification No. 2 and Minor Modification 22-013, modifying Condition of Approval No. 23.1 of Resolution No. PC-2004-087 to reduce the 50-foot setback for mining excavations and structures to 25 feet to be consistent with the proposed ZOA and revised the reclamation plan to reflect the modified setback; and,

WHEREAS, on May 4, 2022, 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 May 4, 2022.

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all of the facts set forth in the Recitals, Part A of this Ordinance, are true and correct.

SECTION 2. Based upon substantial evidence presented to the City Council during the May 4, 2022, public hearing, including public testimony and written and oral staff reports, the City Council specifically finds as follows:

a) The proposed ZOA conforms with the goals, objectives and policies of the General Plan.

The proposed Application involves modifying PMC Sections 17.72.100.C, 17.72.100.F.2.e and 17.100.F.2.f to reduce the 50-foot setback requirement to 25-feet for all structures and excavations within the QR zone as described in Exhibit I. The Application conforms with the goals, objectives, and

policies of the General Plan, because the amendment is consistent with General Plan Policy ER 6.1.3: *Require adequate buffering measures between land uses within the Mineral Resource Extraction (MRE) designation and incompatible uses outside of, and adjacent to the MRE area*. The 25-foot setback is adequate for buffering between land uses because the standards specified within PMC Section 17.72.100.F and the Conditions of Approval for individual projects ensure that the uses within the QR (Quarry Reclamation) zone will not create a nuisance to the general health, safety and welfare of the public.

b) The proposed ZOA is necessary to implement the General Plan and to provide for public safety, convenience and/or general welfare.

The Application is intended to provide for the convenience and general welfare of the surface mining operation by reducing required setbacks in the QR zone, which will allow existing and proposed uses within the QR zone to utilize a greater portion of the project site, which can extend the life of mining operations, and retain jobs for local residents. The Application will continue to ensure the safety of the general public and the avoidance of nuisances because PMC Section 17.72.100.F contains standards such as operational hours for uses that are not conducted within an enclosed building and standards for fencing or berms around the perimeter of the site to ensure safety and reduce visual impacts. In addition, amending PMC Sections 17.72.100.C, 17.72.100.F.2.e and 17.72.100.F.2.f, will assist applicants in the implementation of the goals, policies and objectives of the General Plan because the project is consistent with General Plan Goal L2.1: *Promote creation and retention of businesses within the City to increase employment opportunities within the Antelope Valley.* The Application will allow the existing and future surface mining operations to mine more materials, elongating operation of this type of business within the City.

c) The proposed ZOA conforms with the intent of the Zoning Code and is consistent with all other related provisions thereof.

The proposed changes are consistent with the stated purpose and intent of the applicable chapter (PMC Chapter 17.72) because the Application provides for the safe and orderly development of uses within the QR zone. The Application will ensure that all uses within the QR zone have adequate setbacks to ensure uses are not a nuisance to neighboring properties, while allowing the property owner to utilize as much of the property as possible.

The proposed setback is adequate for safe and orderly development because the standards within PMC Section 17.72.100.F and the Conditions of Approval of individual projects will ensure that uses within the QR zone do not create a nuisance to the general health, safety and welfare of the public. The Application adheres to both the guiding principles and spirit of the original document. The intent of the Zoning Code is to *"promote the public health, safety, and general welfare and to preserve and enhance the quality of life within the City by establishing regulations to ensure that an appropriate mix of land uses is developed in an orderly manner."* The Application preserves and enhances quality of life by providing opportunity for expanded business operations for existing and proposed operations within the QR zone. In addition, a 25-foot setback is greater than the standard setback in most other zones which is a maximum of 20-feet.

d) The proposed ZOA is reasonable and beneficial at this time.

The Application is beneficial and desirous for the community because it will allow for expanded business operations of an existing use that will continue to provide a valuable economic and employment opportunity for the City. The Application is also reasonable and beneficial at this time because it will allow for existing and future uses within the QR zone to utilize more of the land within their project site, which will benefit the City economically by expanding current mining operations and attracting future mining operations. The Application applies to the QR zone; however, Hi-Grade Materials Company is currently the only quarry operator that has requested to mine within the reduced the setback area. If the Application is approved, other quarry operators may seek approval to reduce minable setbacks in compliance with the new requirement through review and approval of a modification to their existing entitlements.

SECTION 3. The City Council hereby finds as follows with respect to the environmental documentation:

a) The project qualifies under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Pursuant to CEQA Guidelines Section 15061(B)(3), where it can be seen with certainty that there is no possibility that the activity in question may have significant effect on the environment, the activity is not subject to CEQA. The proposed ZOA does not propose any physical change to the environment itself. The ZOA involves modifications regarding setbacks within the QR zone. It does not result in a physical change that

could cause an impact to the environment. On a case-by-case review of each project, the appropriate environmental document will be prepared to address project-specific impacts. Therefore, the ZOA will not have a significant effect on the environment

b) The custodian of records for the environmental determination, and all other materials which constitute the record of proceedings upon which the Planning Commission's decision is based, is the Planning Manager of the City of Palmdale. These documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

SECTION 4. 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 ZOA 21-003 amending the PMC to incorporate the proposed changes as shown in EXHIBIT I to this Ordinance.

SECTION 5. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 6. The City Clerk shall certify to the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

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 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 4th day of May, 2022 effective on the 3rd day of June, 2022, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____ _____
Shanae S. Smith, City Clerk

EXHIBIT I

17.72.100 Standards of Development

C. Yards

There shall be no excavations or structures within ~~fifty (50)~~ 25 feet of:

1. Any public street, highway or flood control easement.

2. Any property in any zone other than Zone QR, except as provided in PMC 17.72.100(F)(2)(f).

F. Special development and performance standards

2. All mining and quarrying operations, rock crushing plants and aggregate dryers shall be established and operated in accordance with the following standards:

e. No excavation or production shall be permitted nearer than ~~fifty (50)~~ 25 feet of the boundary of the QR Zone.

f. No production shall be permitted nearer than ~~fifty (50)~~ 25 feet of any lot line of adjoining property in any zone or district unless the written consent of the owner in fee of such property is first secured and recorded in the Los Angeles County Recorder's Office.

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT**
PLANNING DIVISION

DISTRICTS: **4 AND 5**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-048, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING GENERAL PLAN AMENDMENTS 21-002 AND 22-002 AND ADOPT ORDINANCE NO. 1585, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING ZONE CHANGES 21-002 AND 21-003**

ISSUE

Adopt Resolution No. CC 2022-048; a Resolution of the City Council of the City of Palmdale approving General Plan Amendments (GPA) 21-002 and 22-002 and adopt Ordinance No. 1585; a Resolution of the City Council of the City of Palmdale approving Zone Changes (ZC) 21-002 and 21-003.

RECOMMENDATION

The Planning Commission recommends that the City Council:

1. Receive public testimony regarding Resolution No. CC 2022-048 and Ordinance No. 1585;
2. Adopt Resolution No. CC 2022-048 approving GPA's 21-002 and 22-002 and adopt Ordinance No. 1585 approving ZC's 21-002 and 21-003; and,
3. Find that the projects are exempt from environmental review.

BACKGROUND

On April 14, 2022, the Planning Commission adopted Resolution Nos. PC-2022-016 and PC-2022-015 recommending City Council approval of GPA's 21-002 and 22-002 and ZC's 21-002 and 21-003.

In addition to recommending City Council approval of GPA 22-002 and ZC 21-003, the Planning Commission also approved Conditional Use Permit (CUP) 21-009 and Minor Modification 22-011. The proposed project involves the request to establish a commercial daycare use and make minor improvements to the site to accommodate the

proposed use, which is an allowed use within the R-2 (Medium Residential) zone with approval of a CUP pursuant to Palmdale Municipal Code (PMC) Chapter 17.76. At this time there is no development proposed related to GPA 21-002 and ZC 21-002 and any future development would require separate review and approval.

DISCUSSION

As specified within Government Code Section 65358(b), no mandatory element of a General Plan may be amended more frequently than four times during any calendar year. Each amendment may include more than one change to the General Plan. As such, two General Plan Amendments from two separate projects, have been combined into one report with one resolution so that they will constitute as the second amendment of 2022. Combining the two amendments will allow staff to process additional applications for amendments to the Land Use Element within the 2022 calendar year, which will include the comprehensive General Plan Amendment associated with Palmdale 2045. In addition, two zone changes are proposed to ensure the zone is consistent with the proposed land use designation.

General Plan Amendment 21-002 and Zone Change 21-002

A request to modify the General Plan land use designation from MR (Medium Residential, 6.1 to 10 dwelling units per acre) to RC (Regional Commercial) / PF (Public Facilities) and zone from R-2 (Medium Residential) to C-4 (Commercial Center) / PF (Public Facilities) for three contiguous parcels totaling approximately five acres located adjacent to Pearblossom Highway and approximately 1,700 feet west of Fort Tejon Road / State Route 138. No development is proposed in conjunction with this request.

FIGURE 1 – EXISTING LAND USE

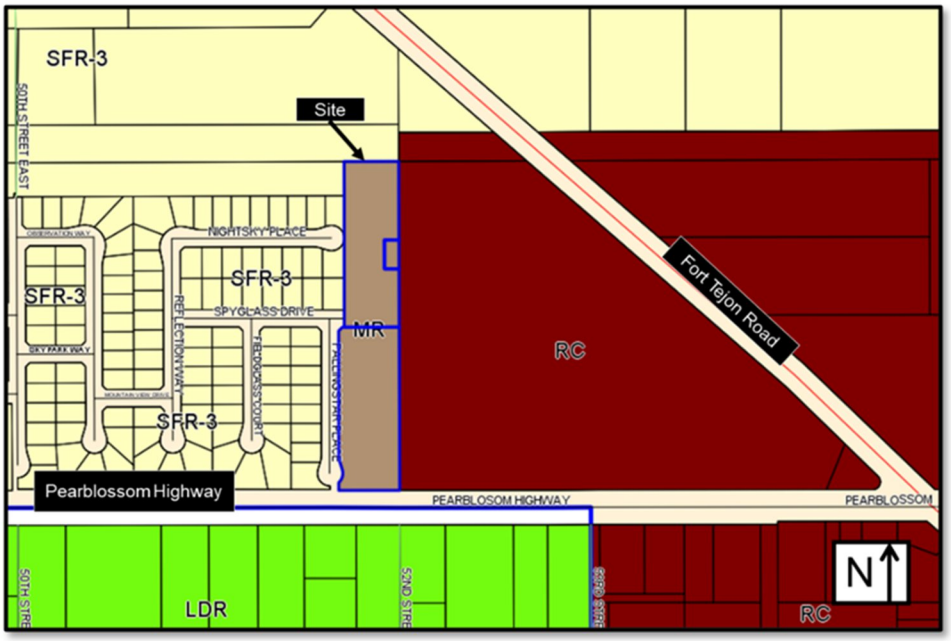
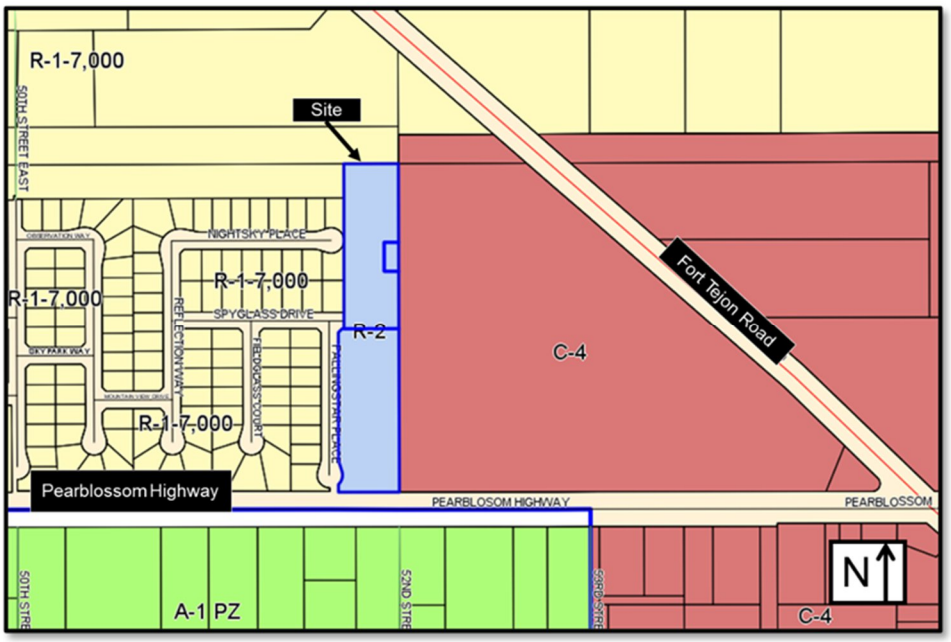


FIGURE 2 – EXISTING ZONE



Figures 1 and 2 depict the existing General Plan land use designation and zone. As depicted in Figures 3 and 4, approval of the request would change both the General Plan land use designation to RC / PF and zone to C-4 / PF. The request resolves a past misdesignation, because one of the three parcels is a public utility site containing a water well, which was erroneously designated as R-2. There is no development proposed at

this time and any future development would require separate review and approval; however, the GPA and ZC creates a logical continuation of the existing land use designation and zoning of adjacent parcels.

FIGURE 3 – PROPOSED LAND USE

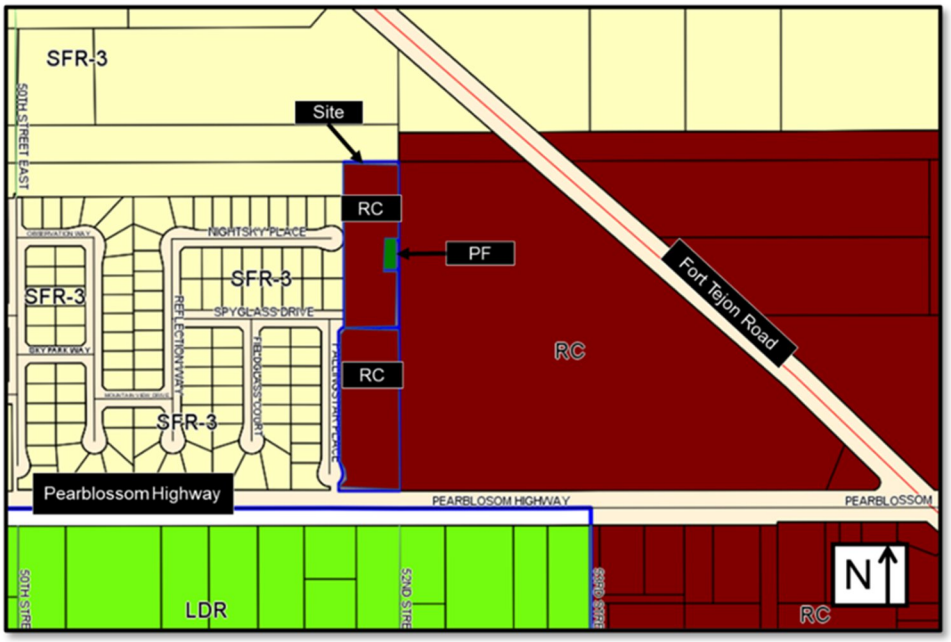
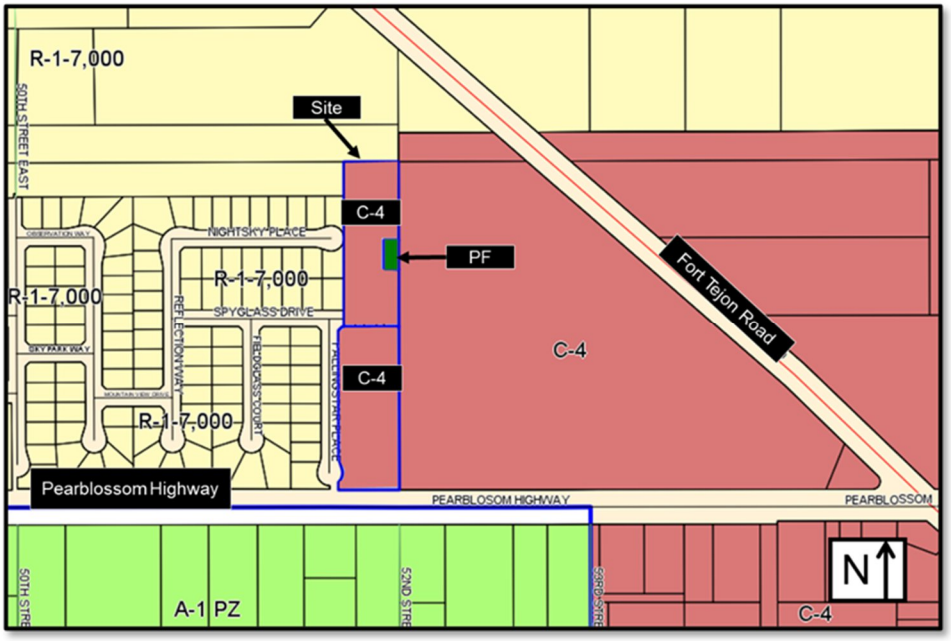


FIGURE 4 – PROPOSED ZONE



General Plan Amendment 22-002 and ZC 21-003

A request to modify the General Plan land use designation from SFR-3 (Single-Family Residential, 3.1-6 dwelling units per acre) to MR (Medium Residential 6.1-10 dwelling units per acre) and zone from R-1-7,000 (Single-Family Residential, minimum lot size of 7,000 square feet) to R-2 (Medium Residential) for two contiguous parcels totaling approximately four acres located on the southwest corner of East Avenue R and 20th Street East.

FIGURE 5 – EXISTING LAND USE

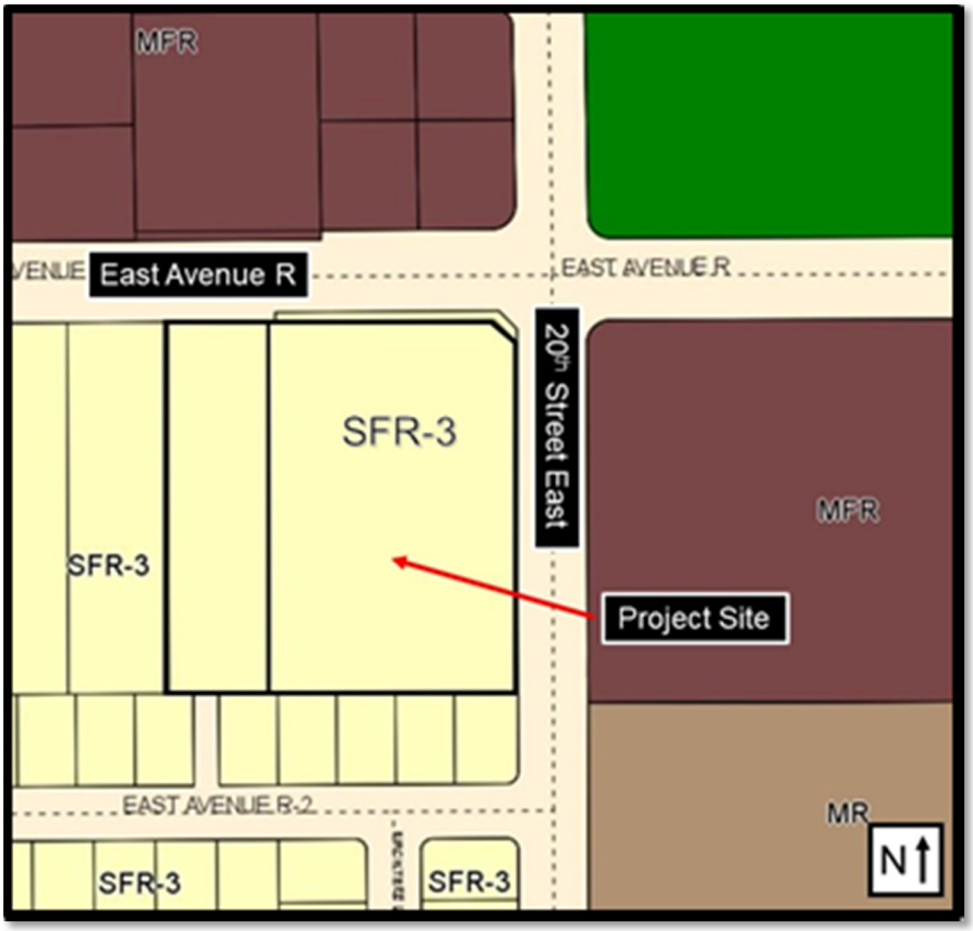
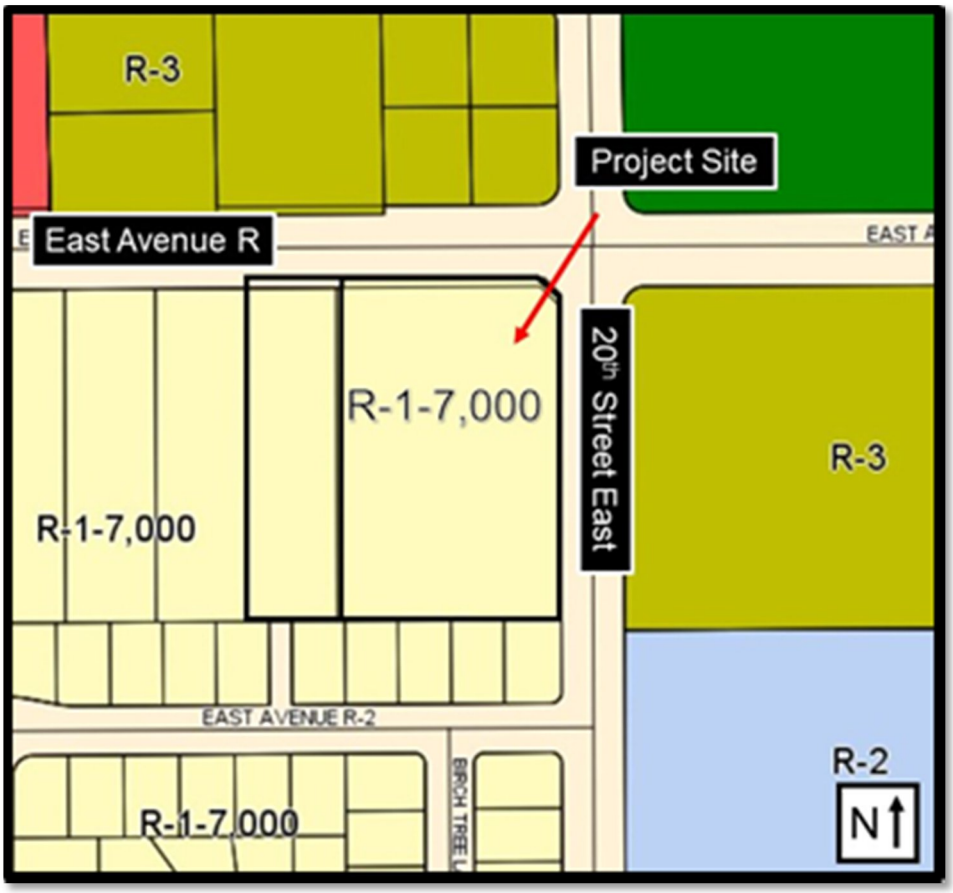


FIGURE 6 – EXISTING ZONE



Figures 5 and 6 depict the existing General Plan land use designation and zone. The GPA and ZC are proposed to allow the establishment of a commercial daycare within an existing vacant church building. As specified within PMC Chapter 17.76, commercial daycare facilities are not an allowable use within the R-1-7,000 zone. As depicted in Figures 7 and 8, approval of the request would change the land use designation to MR (Medium Residential 6.1-10 dwelling units per acre) and zone to R-2 (Medium Residential). The daycare facility is consistent with the intent of the R-2 zone because it will occupy an existing building that was constructed to fit into the residential character of the surrounding neighborhood.

FIGURE 7 – PROPOSED LAND USE

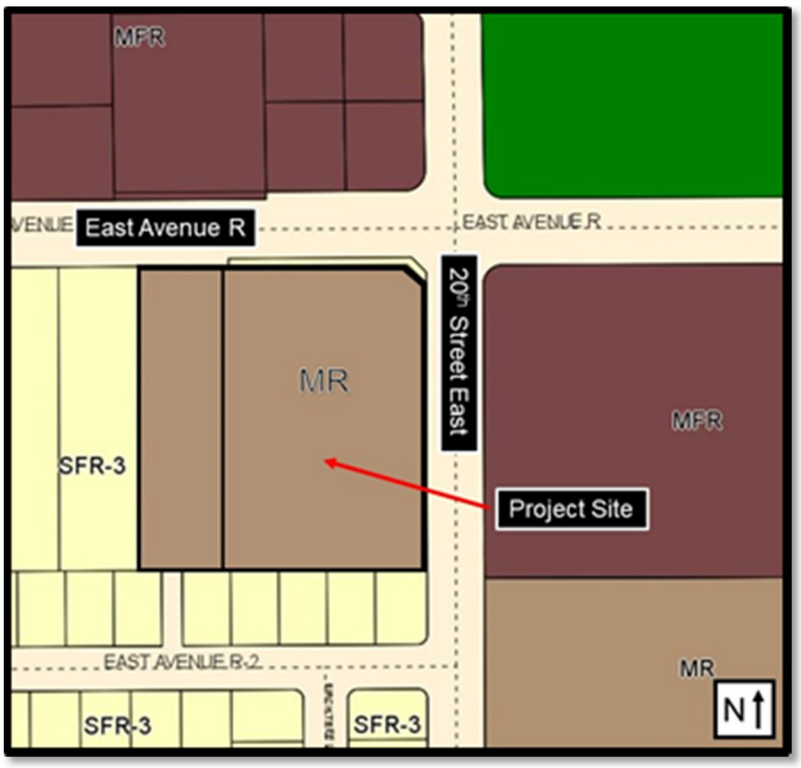
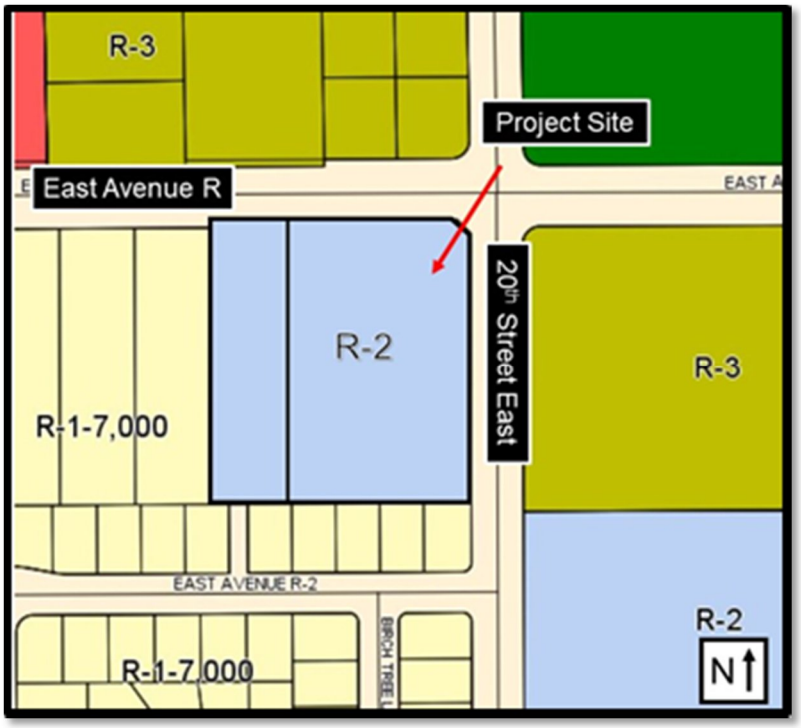


FIGURE 8 – PROPOSED ZONE



FISCAL IMPACT

The required application fees were submitted for processing of the proposed projects. In addition, GPA 22-002 will facilitate a daycare use, which will generate an increase in property tax revenue. Although no new revenues are anticipated from GPA 21-002, facilitation of potential future commercial development may result in additional sales tax revenue for the City.

STRATEGIC PLAN

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

B. Provide inclusive access to a variety of supportive services that build a resilient and healthy community.

Prepared by:	Justin Sauder and Jasmine Alvarado, Associate Planners
Certified as to availability of Funds:	Keith Kang, Finance Manager
Approved by:	Ronda Perez, Acting City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-048
2. Ordinance No. 1585

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-048

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING A GENERAL PLAN AMENDMENT TO AMEND THE LAND USE DESIGNATION FROM MR (MEDIUM RESIDENTIAL, 6.1-10 DWELLING UNITS PER ACRE) TO RC (REGIONAL COMMERCIAL) / PF (PUBLIC FACILITIES) FOR THREE CONTIGUOUS PARCELS TOTALING APPROXIMATELY FIVE ACRES LOCATED ADJACENT TO PEARBLOSSOM HIGHWAY AND APPROXIMATELY 1,700 FEET WEST OF FORT TEJON ROAD / STATE ROUTE 138 (GPA 21-002); AND AMEND THE LAND USE DESIGNATION FROM SFR-3 (SINGLE FAMILY RESIDENTIAL, 3.1-6 DWELLING UNITS PER ACRE) TO MR (MEDIUM RESIDENTIAL, 6.1-10 DWELLING UNITS PER ACRE) FOR TWO CONTIGUOUS PARCELS TOTALING APPROXIMATELY FOUR ACRES LOCATED ON THE SOUTHWEST CORNER OF EAST AVENUE R AND 20TH STREET EAST (GPA 22-002)

A. RECITALS

WHEREAS, Four Points Enterprises, LLC and Kids N Color Daycare have filed applications requesting the approval of General Plan Amendments (GPA) 21-002 and 22-002, respectively, described herein (hereinafter referred to as “Application”);

WHEREAS*,* the Application, as contemplated, is referred to on the Los Angeles County Assessor’s roles as APN’s 3051-019-900, -112, and -030 and 3012-021-027 (also referenced as 3012-021-038) and -035 and is legally described in Exhibit I hereto and shown on the maps attached hereto as Exhibit II;

WHEREAS*,* on April 14, 2022, the Planning Commission of the City of Palmdale reviewed the proposed projects, approved Conditional Use Permit 21-009 for the establishment of a commercial daycare use and Minor Modification 22-011 for minor site improvements, and recommended approval of the Application by the City Council; and,

WHEREAS*,* on May 4, 2022, 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 May 4, 2022.

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

B. RESOLUTION

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 May 4, 2022, public hearing, including public testimony and written and oral staff reports, the City Council specifically finds as follows:

(a) The proposed change in land use is consistent with State law.

The Application includes a request to amend the General Plan land use designation from MR (Medium Residential, 6.1-10 dwelling units per acre) to RC (Regional Commercial) / PF (Public Facilities) for three contiguous parcels; and amend the land use designation from SFR-3 (Single-Family Residential, 3.1-6 dwelling units per acre) to MR (Medium Residential 6.1-10 dwelling units per acre) for two contiguous parcels. The Application has been reviewed by interested agencies and Native American Tribes in accordance with State law.

In addition, the General Plan may only be amended four times per year and combining the two amendments will allow staff to process additional applications for amendments to the Land Use Element within the 2022 calendar year, which will include the comprehensive General Plan Amendment associated with Palmdale 2045.

(b) The amendment is suitable and beneficial for the uses permitted within the associated zone districts.

The subject site related to GPA 21-002 is reasonable and beneficial for the uses permitted within the associated C-4 (Commercial Center) zone and the two larger parcels are physically suitable for development. The Application ensures consistency with the commercial uses to the east of the site. No development of the site is proposed at this time and future development will require additional review and approval. Additionally, the request resolves a past misdesignation, because one of the three parcels is a public utility site containing a water well, which was erroneously designated as MR (Medium Residential 6.1-10 dwelling units per acre). The land use designation of PF allows the existing well to remain on site for continued use by Palmdale Water District.

The subject site related to GPA 22-002 is reasonable and beneficial for the uses permitted within the R-2 zone and the site is physically suitable and consistent with the residential uses to the north, east and south of the site. The Application is beneficial because the request will allow a commercial daycare use within existing buildings, which will provide a valuable economic and employment opportunity for the City as well as providing a valuable service for residents.

SECTION 3. The City Council hereby finds as follows with respect to the environmental documentation.

(a) The proposed request related to GPA 21-002 is Categorically Exempt from California Environmental Quality Act (CEQA) review pursuant to Section 15332 of the CEQA Guidelines, which exempts in-fill development projects that have no significant impacts to the environment. GPA 21-002 meets the following conditions:

(i) The project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.

The Application consists of a request to modify the General Plan land use designation of the subject area to RC (Regional Commercial) and PF (Public Facilities) for three contiguous parcels; therefore, as amended, the change in zone will continue to be consistent with the General Plan as depicted in Exhibit III.

(ii) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.

The subject site is located on approximately five acres and is substantially surrounded by existing development with commercial to the east, existing single-family residences to the south and west, and the railroad tracks to the north. There is no development proposed at this time and any future development would require additional review and approval.

(iii) The project site has no value as habitat for endangered, rare, or threatened species.

The project site is devoid of any sensitive plant vegetation and animal diversity and is situated within a substantially urbanized area. A database search with the U.S. Fish and Wildlife Service determined that four endangered species would be potentially affected by activities in this location; however, since no development is proposed as part of this request there would be no impacts to potentially sensitive species. In addition, any future development would require additional review and approval.

(iv) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

The subject site consists of three vacant parcels, one of which contains a utility operated by Palmdale Water District. No development is proposed as part of this request. Therefore, the subject request is not anticipated to have a significant effect on the environment in regard to traffic, noise, air quality, or water quality. Any development proposed in the future, will undergo separate review and future development will be required to comply with the development standards within the Palmdale Municipal Code and outside agency requirements.

(v) The site can be adequately served by all required utilities and public services.

The site can be adequately served by all required utilities and public services, because the project is within the City limits and is within an area that has access to such utilities. No development is proposed as part of this request. Any future development would require additional review and approval.

(b) The proposed request related to GPA 22-002 is exempt from CEQA review pursuant to Section 15301, of the CEQA Guidelines, which exempts the minor alteration of existing private structures involving negligible expansion. The project qualifies under this exemption because

there will be minor alterations to the site involving the construction of a wrought iron fence, vehicle restricting gates and minor improvements to the parking area to establish a drop-off/pick-up area, which is a negligible expansion of the use.

(c) The custodian of records for the environmental document, and all other materials which constitute the records of proceedings upon which the City Council's decision is based, is the Planning Manager of the City of Palmdale. Those documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

SECTION 4. 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 GPA's 21-002 and 22-002 to incorporate the proposed changes as shown in Exhibit III to this Resolution.

SECTION 5. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of May 2022.

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 City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of May, 2022, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____

_____
Shanae S. Smith, City Clerk

EXHIBIT I

LEGAL DESCRIPTION OF THE ASSOCIATED PROPERTIES FOR GENERAL PLAN AMENDMENTS 21-002 AND 22-002

(GPA 21-002)
APN: 3051-019-112

PARCEL 1:
THE EAST 239.423 FEET OF THE SOUTH 624 FEET OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 11 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, MAY 22, 1929.

EXCEPTING THEREFROM THE NORTHERLY 30 FEET OF THE SOUTHERLY 60 FEET OF SAID LAND, AS CONDEMNED BY THE STATE OF CALIFORNIA, FOR PUBLIC PURPOSES, A CERTIFIED COPY OF FINAL ORDER OF CONDEMNATION WAS RECORDED JULY 23, 1959, AS INSTRUMENT NO. 3498, IN BOOK D-546, PAGE 631 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THE FOLLOWING PROPERTY DEEDED TO THE CITY OF PALMDALE, A MUNICIPAL CORPORATION, IN THAT EASEMENT DEED RECORDED DECEMBER 29, 2006, AS INSTRUMENT NO. 06 -2905060 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 13 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 48 OF TRACT NO. 52029, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1314, PAGE(S) 1 THROUGH 8, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, THENCE ALONG THE EASTERLY LINE OF SAID LOT AND THE CENTERLINE OF “FALLINGSTAR PLACE”, 30.00 FEET WIDE, AS SHOWN ON SAID TRACT NO 52029, NORTH 00° 02' 55" WEST 561.02 FEET TO THE SOUTHERLY LINE OF SPYGLASS DRIVE AS SHOWN ON SAID MAP; THENCE ALONG SAID SOUTHERLY LINE, SOUTH 89° 54' 52” EAST 43.00 FEET; THENCE SOUTH 45° 01' 06" WEST 18.36 FEET; THENCE SOUTH 00° 02' 55" EAST 427.06 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 88.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL

ANGLE OF 17° 23' 25" AN ARC DISTANCE OF 26.71 FEET, THENCE SOUTH 17° 26' 20 EAST 26.65 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 64° 24’ 18" AN ARC DISTANCE OF 49.46 FEET; THENCE SOUTH 00° 02' 55" EAST 26.88 FEET TO THE NORTHERLY LINE OF “PEARBLOSSOM HIGHWAY” AS SHOWN ON TRACT NO 51743, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1207, PAGE(S) 29 THROUGH 30, INCLUSIVE OF MAPS, IN THE OFFICE OF COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE, NORTH 89° 55' 10" WEST 30.00 FEET TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID LOT 48; THENCE ALONG SAID SOUTHERLY PROLONGATION, NORTH 00° 02’ 55” WEST 30.00 FEET TO THE POINT OF BEGINNING.

APN: 3051-019-030

PARCEL 2:
THE EAST 1/2 OF THE EAST 1/2 OF THAT PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND APPROVED BY THE FOLLOWING DESCRIBED LINES;

BEGINNING AT THE INTERSECTION OF THE EAST LINE OF SAID SOUTHWEST ¼ WITH THE NORTH LINE OF THE SOUTH 624 FEET OF SAID SOUTHWEST 1/4; THENCE ALONG SAID EAST LINE 0° 03' 30" WEST 572.58 FEET TO THE SOUTHEASTERLY CORNER OF THE LAND CONVEYED TO SOUTHERN PACIFIC COMPANY BY DEED RECORDED ON MARCH 12, 1957 AS INSTRUMENT NO. 1845 IN BOOK 53840 PAGE 215 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID CORNER BEING DISTANT ALONG SAID EAST LINE SOUTH 0° 03' 30" EAST 128.62 FEET FROM SAID NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4; THENCE ALONG THE SOUTHERLY LINE OF SAID LAND, SOUTH 89° 55' 45" WEST 755 FEET; THENCE SOUTH 0° 02' 53" EAST 570.65 FEET TO A POINT IN SAID NORTH LINE OF THE SOUTH 624 FEET OF SAID SOUTHWEST ¼ THAT IS DISTANT THEREON NORTH 89° 55' 25" WEST 755 FEET FROM THE POINT OF BEGINNING; THENCE ALONG SAID NORTH LINE SOUTH 89° 55' 25" EAST 755 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 4 BOUNDED BY THE FOLLOWING DESCRIBED LINES:

BEGINNING AT THE INTERSECTION OF THE EAST LINE OF SAID SOUTHWEST 1/4 WITH THE NORTH LINE OF THE SOUTH 624 FEET OF SAID SOUTHWEST 1/4; THENCE ALONG SAID EAST LINE NORTH 0° 03' 30" WEST 201.20 FEET TO A POINT THAT IS DISTANT 500 FEET SOUTH ALONG SAID EAST LINE FROM THE NORTHEAST CORNER OF SAID SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4, BEING THE TRUE POINT OF BEGINNING; THENCE WEST 50 FEET; THENCE NORTH 100 FEET; THENCE EAST 50 FEET TO SAID EAST LINE; THENCE SOUTH 0° 03' 30" WEST 100 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3:
AN EASEMENT OVER THE EASTERLY 30 FEET OF THE SOUTHERLY 624 FEET OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECT20N 4, TOWNSHIP 5 NORTH RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

APN: 3051-019-900

0.12 AC COM S 400 FT FROM NE COR OF SE ½ OF SW ¼ OF SEC 4 T SN R 11 W TH W SO FT WITH A UNIFORM DEPTH OF 100 FT S PART OF SE ¼ OF SW ¼ OF SEC 4 T SN R 11W.

(GPA 22-002)
PARCEL 1:
THE EASTERLY 108.09 FEET OF THE WETSERLY 1,229.61 FEET OF THE SOUTHERLY 430 FEET OF THE NORTHERLY 460 FEET OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 12 WEST, S.B.B AND M., IN THE COUNTY OF LOS ANGELES.

EXCEPT ALL MINERAL AND OIL RIGHTS, AS RESERVED IN THE DEED FROM HATTIE C. BRANDT, ET AL. TO C. H. ROGERS, RECORDED IN BOOK 2810 PAGE 202, OFFICAL RECORD.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THAT CERTAIN FINAL ORDER OF CONDEMNATION RECORDED NOVEMBER 03, 2020 AS INSTRUMENT NO. 2020-1682848, OF OFFICIAL RECORDS.

PARCEL 2:

THE SOUTHERLY 430 FEET OF THE NORTHERLY 460 FEET OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 12 WEST, S.B.B AND M., IN THE COUNTY OF LOS ANGELES.

EXCEPT THE WESTERLY 1,229.61 FEET THEREOF.

ALSO, EXCEPT FOR MINERAL AND OIL RIGHTS, AS RESERVED IN THE DEED FROM HATTIE C. BRANDT, ET AL. TO C. H. ROGERS, RECORDED IN BOOK 2810 PAGE 202, OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THAT CERTAIN FINAL ORDER OF CONDEMNATION RECORDED NOVEMBER 03, 2020, AS INSTRUMENT NO. 2020-1682848, OF OFFICIAL RECORDS.

PARCEL 3:
THE EASTERLY 108.09 FEET OF THE WESTERLY 1,121.52 FEET OF THE SOUTHERLY 430 FEET OF THE NORTHERLY 460 FEET OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 12 WEST, S.B.B AND M., IN THE COUNTY OF LOS ANGELES, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND APPROVED BY THE SURVEYOR GENERAL SEPTEMBER 3, 1885.

EXCEPT MINERAL AND OIL RIGHTS AS RESERVED BY HATTIE C. BRANDT, ET AL., RECORDED IN BOOK 2810 PAGE 202, OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THAT CERTAIN FINAL ORDER CONDEMNATION RECORDED NOVEMBER 03, 2020 AS INSTRUMENT NO. 2020-1682848 OF OFFICIAL RECORDS

APNS: 3012-021-027 (ALSO REFERENCED AS 3012-021-038) AND -035

EXHIBIT II

AERIAL MAP FOR GPA 21-002

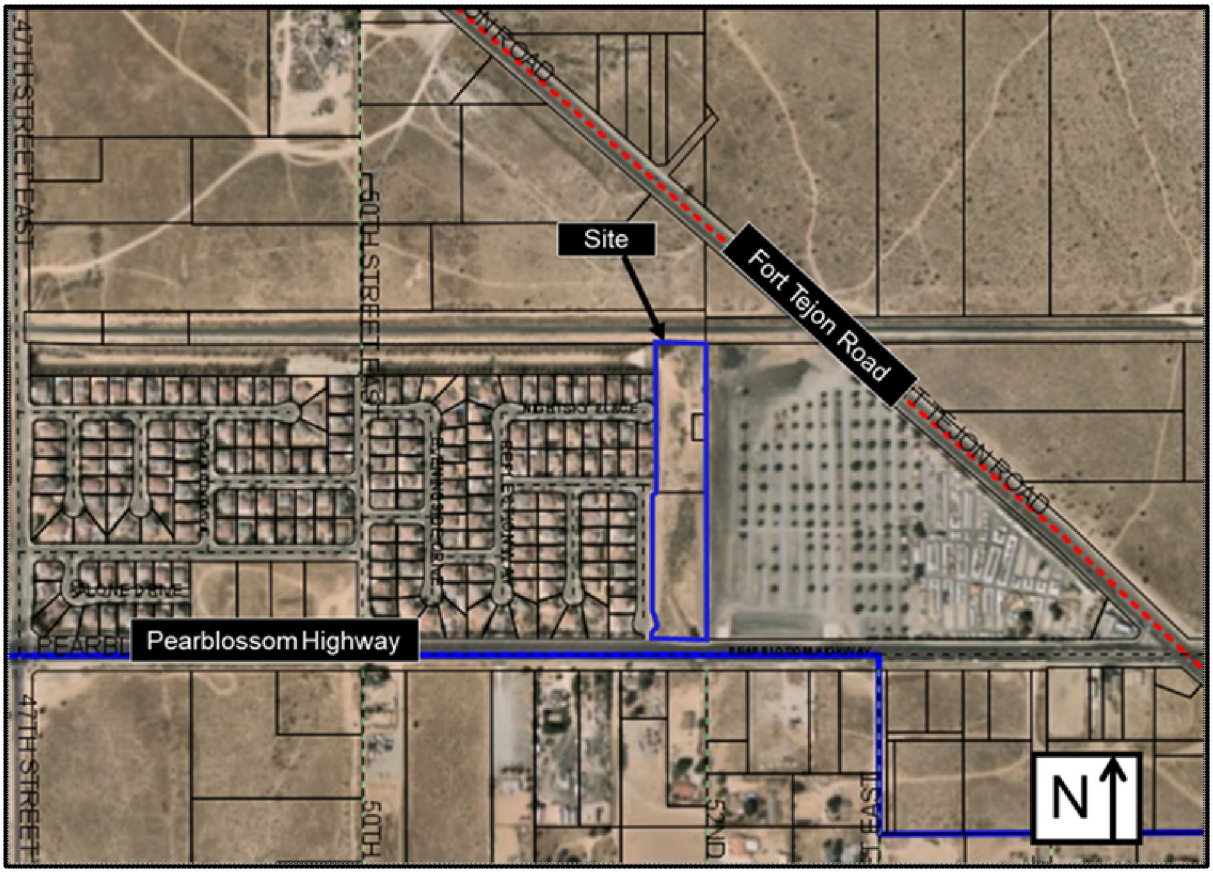
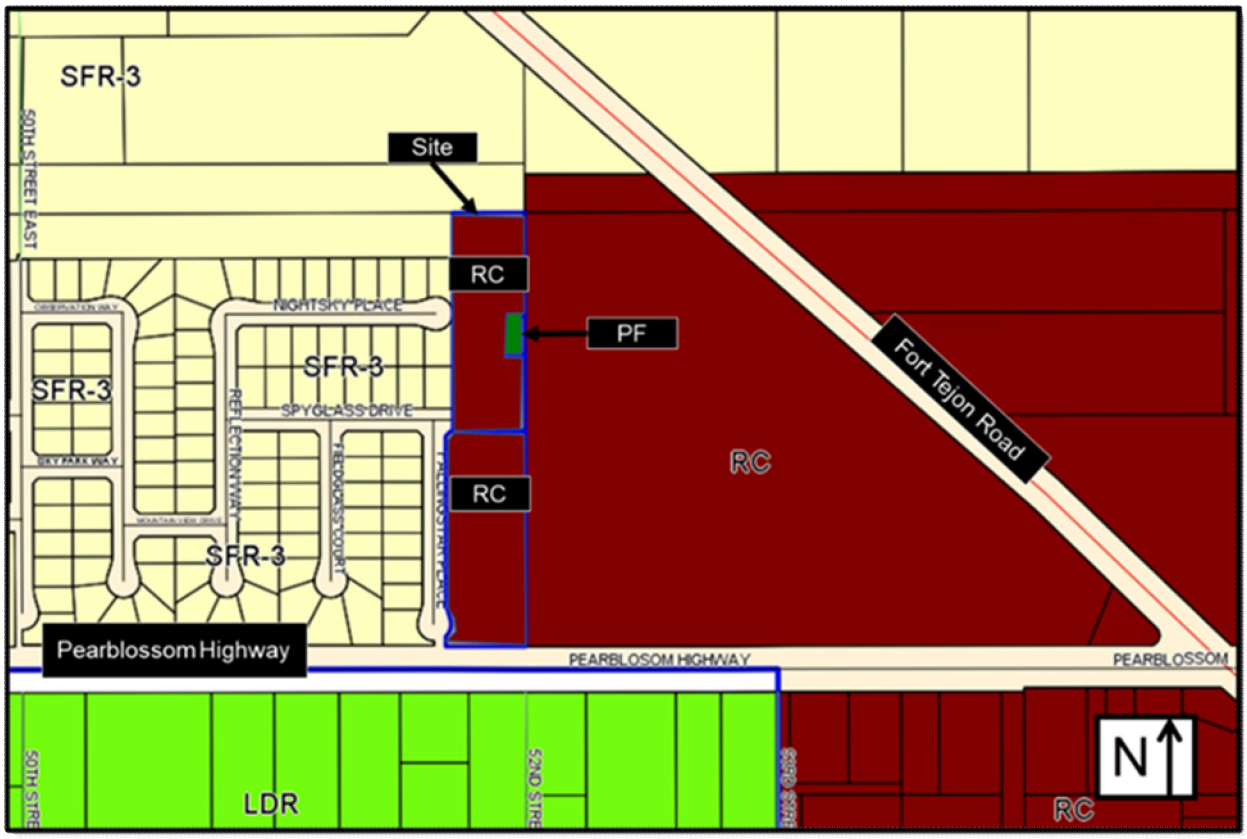


Exhibit II
Page 2

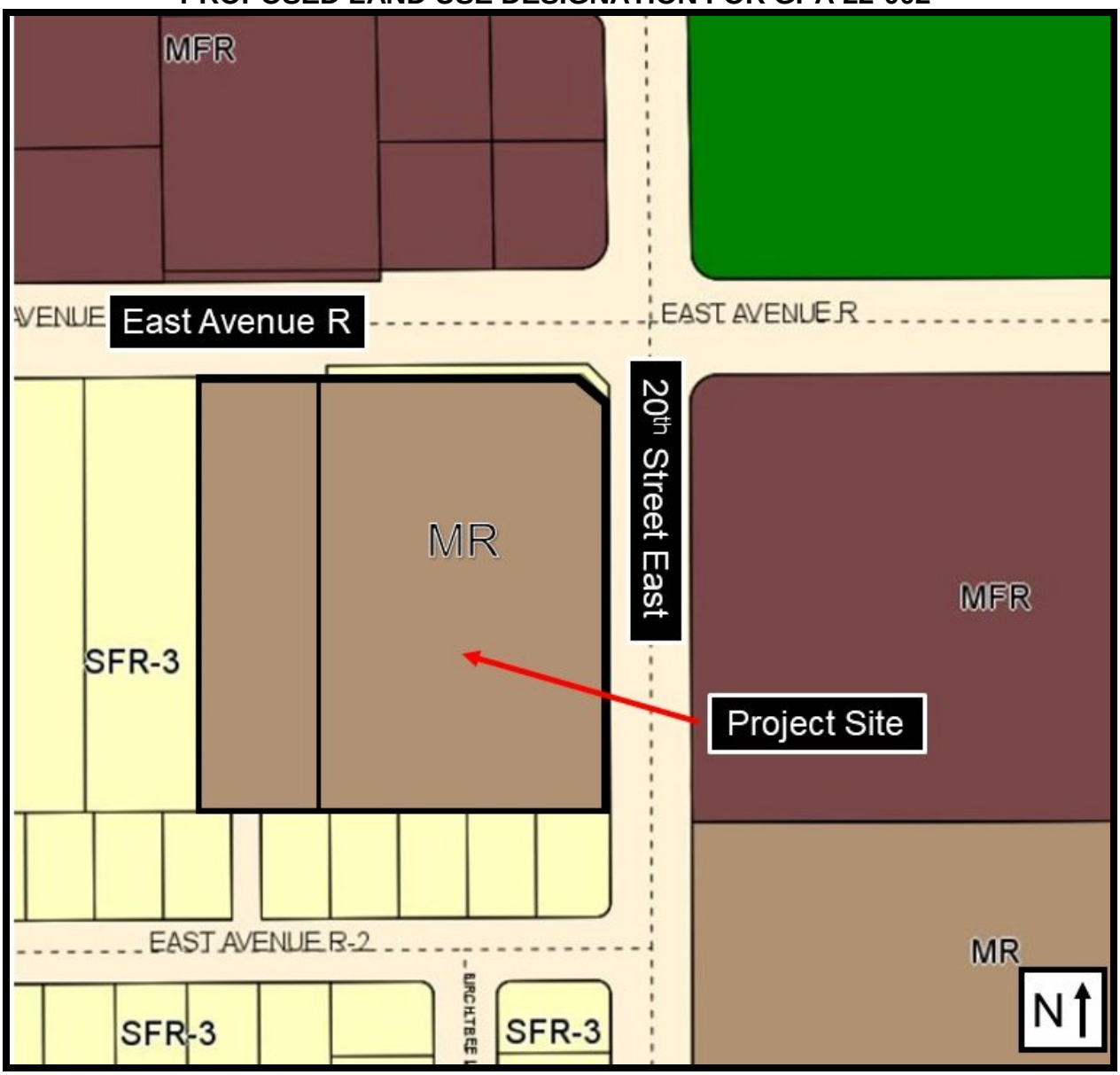
AERIAL MAP FOR GPA 22-002

EXHIBIT III

PROPOSED LAND USE DESIGNATION FOR GPA 21-002



PROPOSED LAND USE DESIGNATION FOR GPA 22-002



CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1585

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING A ZONE CHANGE FROM R-2 (MEDIUM RESIDENTIAL) TO C-4 (COMMERCIAL CENTER) / PF (PUBLIC FACILITIES) FOR THREE CONTIGUOUS PARCELS TOTALING APPROXIMATELY FIVE ACRES LOCATED ADJACENT TO PEARBLOSSOM HIGHWAY AND APPROXIMATELY 1,700 FEET WEST OF FORT TEJON ROAD / STATE ROUTE 138 (ZC 21-001); AND A ZONE CHANGE FROM R-1-7,000 (SINGLE-FAMILY RESIDENTIAL, MINIMUM LOT SIZE OF 7,000 SQUARE FEET) TO R-2 (MEDIUM RESIDENTIAL) FOR TWO CONTIGUOUS PARCELS TOTALING APPROXIMATELY FOUR ACRES LOCATED ON THE SOUTHWEST CORNER OF EAST AVENUE R AND 20TH STREET EAST (ZC 21-003)

A. RECITALS

WHEREAS, Four Points Enterprises, LLC and Kids N Color Daycare have filed applications requesting the approval of Zone Changes (ZC) 21-001 and 21-003, respectively, described herein (herein referred to as “Application”);

WHEREAS*,* the Application, as contemplated, is referred to on the Los Angeles County Assessor’s roles as APN’s 3051-019-900, -112, and -030 and 3012-021-027 (also referenced as 3012-021-038) and -035 and is legally described on Exhibit I hereto and shown on the map attached hereto as Exhibit II;

WHEREAS*,* On April 14, 2022, the Planning Commission of the City of Palmdale reviewed the proposed projects, approved Conditional Use Permit 21-009 for the establishment of a commercial daycare use and Minor Modification 22-011 for minor site improvements, and recommended approval of the Application by the City Council; and,

WHEREAS*,* on May 4, 2022, 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 May 4, 2022.

B. ORDINANCE

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby specifically finds that all of the facts set forth in the Recitals, Part A of this Ordinance, are true and correct.

SECTION 2. Based upon substantial evidence presented to the City Council during the May 4, 2022, public hearing, including public testimony and written and oral staff reports, the City Council specifically finds as follows:

(a) The site of the proposed change in zone is suitable for any of the land uses permitted within the proposed zone district.

(b) The proposed change in zone is reasonable and beneficial at this time.

The subject site related to ZC 21-002 is reasonable and beneficial for the uses permitted within the C-4 (Commercial Center) zone and the two larger parcels are physically suitable for development. In addition, the Application ensures consistency with the commercial uses to the east of the site. No development of the site is proposed at this time and future development will require additional review and approval. Additionally, the request resolves a past misdesignation, because one of the three parcels is a public utility site containing a water well, which was erroneously designated as R-2 (Medium Residential). The zoning designation of PF allows the existing well to remain on site for continued use by Palmdale Water District (PWD).

The subject site related to ZC 21-003 is reasonable and is physically suitable and consistent with the residential uses to the north, east and south of the site because the Application facilities a request to establish a commercial daycare, which will occupy existing vacant buildings that were constructed to fit into the residential character of the surrounding neighborhood. In addition, the Application is beneficial because a commercial daycare is not an allowed use within the R-1-7,000 zone and the modifications will allow the commercial daycare use within the R-2 zone. The Application is desirous for the community because it will allow the creation of a new business, providing a valuable economic and employment opportunity for the City as well as providing a valuable service for residents.

(c) The proposed change in zone is consistent with the General Plan.

The applicants have submitted General Plan Amendment requests in conjunction with the Application, and modifying the zone to C-4 (Commercial Center) / PF (Public Facilities) (ZC 21-002) and R-2

(Medium Residential 6.1-10 dwelling units per acre) (ZC 21-003) will ensure consistency with the General Plan, as amended.

(d) The proposed change in zone will not have a substantial adverse effect on surrounding properties or the community in general.

ZC 21-002 requests the change in zone of the two larger parcels, which will bring consistency to the existing surrounding zoning designation because it will be compatible with the property immediately to the east of the subject site, which is currently zoned C-4 and occupied by commercial uses. The C-4 zoning designation allows for various types of commercial uses, including but not limited to regional malls, major retail outlets, office complexes, hotels and convention facilities, entertainment centers, and supportive commercial and service uses. The smaller parcel is currently owned by PWD and is occupied by a water well and will continue to accommodate a well. The Application addresses a discrepancy in land use designation and zoning of the parcel. Lastly, no development is proposed as part of this request.

In regards to ZC 21-003, the proposed change in zone from R-1-7,000 (Single-Family Residential, minimum lot size of 7,000 square feet) to R-2 (Medium Residential 6.1-10 dwelling units per acre) will not have a substantial adverse effect on surrounding properties because it will accommodate the proposed daycare use while providing a logical transition from the single-family residences to the south and west of the project site and multiple-family residences to the north and east of the site.

SECTION 3. The City Council hereby finds as follows with respect to the environmental documentation:

(a) The proposed request related to ZC 21-002 is Categorically Exempt from California Environmental Quality Act (CEQA) review pursuant to Section 15332 of the CEQA Guidelines, which in-fill development projects that have no significant impacts to the environment. GPA 21-002 meets the following conditions:

(i) The project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.

The Application consists of a request to modify the General Plan land use designation of the subject area to RC(Regional Commercial) and PF (Public Facilities) for three contiguous parcels; therefore, as amended, the change in zone will continue to be consistent with the General Plan as depicted in Exhibit III.

(ii) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.

The subject site is located on approximately five acres and is substantially surrounded by existing development with commercial to the east, existing single-family residences to the south and west, and the railroad tracks to the north. There is no development proposed at this time and any future development would require additional review and approval.

(iii) The project site has no value as habitat for endangered, rare, or threatened species.

The project site is devoid of any sensitive plant vegetation and animal diversity and is situated within a substantially urbanized area. A database search with the U.S. Fish and Wildlife Service determined that four endangered species would be potentially affected by activities in this location; however, since no development is proposed as part of this request there would be no impacts to potentially sensitive species. Any future development would require additional review and approval.

(iv) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

The subject site consists of three vacant parcels, one of which contains a utility operated by Palmdale Water District. No development is proposed as part of this request. Therefore, the subject request is not anticipated to have a significant effect on the environment in regard to traffic, noise, air quality, or water quality. Any development proposed in the future, will undergo separate review and future development will be required to comply with the development standards within the Palmdale Municipal Code and outside agency requirements.

(v) The site can be adequately served by all required utilities and public services.

The site can be adequately served by all required utilities and public services, because the project is within the City limits and is within an area that has access to such utilities. No development is proposed as part of this request. Any future development would require additional review and approval.

(b) The proposed request related to ZC 21-003 is exempt from CEQA review pursuant to Section 15301, of the CEQA Guidelines, which exempts the minor alteration of existing private structures involving negligible expansion. The project qualifies under this exemption because there will be minor alterations to the site involving the construction of a wrought iron fence, vehicle restricting gates and minor improvements to the parking area to establish a drop-off/pick-up area, which is a negligible expansion of the use.

(c) The custodian of records for the environmental documentation, and all other materials which constitute the record of proceedings upon which the City Council's decision is based, is the Planning Manager of the City of Palmdale. Those documents are available for public review in the Planning Division of the City of Palmdale located at 38250 Sierra Highway, Palmdale, California 93550, telephone (661) 267-5200.

SECTION 4. 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

Zone Changes 21-002 and 21-003 changing the Zoning Map to incorporate the proposed changes as shown in Exhibit III of this Ordinance.

SECTION 5. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 6. The City Clerk shall certify to the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

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 City Council of the City of Palmdale at a regular meeting of said Council held on the 4th day of May, 2022, effective the 3rd of June, 2022, by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

Date: _____ _____
Shanae S. Smith, City Clerk

EXHIBIT I

LEGAL DESCRIPTION OF THE ASSOCIATED PROPERTIES FOR ZONE CHANGES 21-002 AND 21-003

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:

(ZC 21-002)
APN: 3051-019-112

PARCEL 1:
THE EAST 239.423 FEET OF THE SOUTH 624 FEET OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 11 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, MAY 22, 1929.

EXCEPTING THEREFROM THE NORTHERLY 30 FEET OF THE SOUTHERLY 60 FEET OF SAID LAND, AS CONDEMNED BY THE STATE OF CALIFORNIA, FOR PUBLIC PURPOSES, A CERTIFIED COPY OF FINAL ORDER OF CONDEMNATION WAS RECORDED JULY 23, 1959, AS INSTRUMENT NO. 3498, IN BOOK D-546, PAGE 631 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THE FOLLOWING PROPERTY DEEDED TO THE CITY OF PALMDALE, A MUNICIPAL CORPORATION, IN THAT EASEMENT DEED RECORDED DECEMBER 29, 2006, AS INSTRUMENT NO. 06 -2905060 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 13 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF LOT 48 OF TRACT NO. 52029, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1314, PAGE(S) 1 THROUGH 8, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, THENCE ALONG THE EASTERLY LINE OF SAID LOT AND THE CENTERLINE OF “FALLINGSTAR PLACE”, 30.00 FEET WIDE, AS SHOWN ON SAID TRACT NO 52029, NORTH 00° 02' 55" WEST 561.02 FEET TO THE SOUTHERLY LINE OF SPYGLASS DRIVE AS SHOWN ON SAID MAP; THENCE ALONG SAID SOUTHERLY LINE, SOUTH 89° 54' 52” EAST 43.00 FEET; THENCE SOUTH 45° 01' 06" WEST 18.36 FEET; THENCE SOUTH 00° 02' 55" EAST 427.06 FEET TO THE BEGINNING OF A TANGENT

CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 88.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 17° 23' 25" AN ARC DISTANCE OF 26.71 FEET, THENCE SOUTH 17° 26' 20 EAST 26.65 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 64° 24’ 18" AN ARC DISTANCE OF 49.46 FEET; THENCE SOUTH 00° 02' 55" EAST 26.88 FEET TO THE NORTHERLY LINE OF “PEARBLOSSOM HIGHWAY” AS SHOWN ON TRACT NO 51743, IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1207, PAGE(S) 29 THROUGH 30, INCLUSIVE OF MAPS, IN THE OFFICE OF COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE, NORTH 89° 55' 10" WEST 30.00 FEET TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID LOT 48; THENCE ALONG SAID SOUTHERLY PROLONGATION, NORTH 00° 02’ 55” WEST 30.00 FEET TO THE POINT OF BEGINNING.

APN: 3051-019-030

PARCEL 2:
THE EAST 1/2 OF THE EAST 1/2 OF THAT PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND APPROVED BY THE FOLLOWING DESCRIBED LINES;

BEGINNING AT THE INTERSECTION OF THE EAST LINE OF SAID SOUTHWEST ¼ WITH THE NORTH LINE OF THE SOUTH 624 FEET OF SAID SOUTHWEST 1/4; THENCE ALONG SAID EAST LINE 0° 03' 30" WEST 572.58 FEET TO THE SOUTHEASTERLY CORNER OF THE LAND CONVEYED TO SOUTHERN PACIFIC COMPANY BY DEED RECORDED ON MARCH 12, 1957 AS INSTRUMENT NO. 1845 IN BOOK 53840 PAGE 215 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID CORNER BEING DISTANT ALONG SAID EAST LINE SOUTH 0° 03' 30" EAST 128.62 FEET FROM SAID NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4; THENCE ALONG THE SOUTHERLY LINE OF SAID LAND, SOUTH 89° 55' 45" WEST 755 FEET; THENCE SOUTH 0° 02' 53" EAST 570.65 FEET TO A POINT IN SAID NORTH LINE OF THE SOUTH 624 FEET OF SAID SOUTHWEST ¼ THAT IS DISTANT THEREON NORTH 89° 55' 25" WEST 755 FEET FROM THE POINT OF BEGINNING; THENCE ALONG SAID NORTH LINE SOUTH 89° 55' 25" EAST 755 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 4 BOUNDED BY THE FOLLOWING DESCRIBED LINES:

BEGINNING AT THE INTERSECTION OF THE EAST LINE OF SAID SOUTHWEST 1/4 WITH THE NORTH LINE OF THE SOUTH 624 FEET OF SAID SOUTHWEST 1/4; THENCE ALONG SAID EAST LINE NORTH 0° 03' 30" WEST 201.20 FEET TO A POINT THAT IS DISTANT 500 FEET SOUTH ALONG SAID EAST LINE FROM THE NORTHEAST CORNER OF SAID SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4, BEING THE TRUE POINT OF BEGINNING; THENCE WEST 50 FEET; THENCE NORTH 100 FEET; THENCE EAST 50 FEET TO SAID EAST LINE; THENCE SOUTH 0° 03' 30" WEST 100 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3:
AN EASEMENT OVER THE EASTERLY 30 FEET OF THE SOUTHERLY 624 FEET OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECT20N 4, TOWNSHIP 5 NORTH RANGE 11 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

APN: 3051-019-900

0.12 AC COM S 400 FT FROM NE COR OF SE ½ OF SW ¼ OF SEC 4 T SN R 11 W TH W SO FT WITH A UNIFORM DEPTH OF 100 FT S PART OF SE ¼ OF SW ¼ OF SEC 4 T SN R 11W.

(ZC 21-003)
PARCEL 1:
THE EASTERLY 108.09 FEET OF THE WETSERLY 1,229.61 FEET OF THE SOUTHERLY 430 FEET OF THE NORTHERLY 460 FEET OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 12 WEST, S.B.B AND M., IN THE COUNTY OF LOS ANGELES.

EXCEPT ALL MINERAL AND OIL RIGHTS, AS RESERVED IN THE DEED FROM HATTIE C. BRANDT, ET AL. TO C. H. ROGERS, RECORDED IN BOOK 2810 PAGE 202, OFFICAL RECORD.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THAT CERTAIN FINAL ORDER OF CONDEMNATION RECORDED NOVEMBER 03, 2020 AS INSTRUMENT NO. 2020-1682848, OF OFFICIAL RECORDS.

PARCEL 2:
THE SOUTHERLY 430 FEET OF THE NORTHERLY 460 FEET OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 12 WEST, S.B.B AND M., IN THE COUNTY OF LOS ANGELES.

EXCEPT THE WESTERLY 1,229.61 FEET THEREOF.

ALSO, EXCEPT FOR MINERAL AND OIL RIGHTS, AS RESERVED IN THE DEED FROM HATTIE C. BRANDT, ET AL. TO C. H. ROGERS, RECORDED IN BOOK 2810 PAGE 202, OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THAT CERTAIN FINAL ORDER OF CONDEMNATION RECORDED NOVEMBER 03, 2020, AS INSTRUMENT NO. 2020-1682848, OF OFFICIAL RECORDS.

PARCEL 3:
THE EASTERLY 108.09 FEET OF THE WESTERLY 1,121.52 FEET OF THE SOUTHERLY 430 FEET OF THE NORTHERLY 460 FEET OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 12 WEST, S.B.B AND M., IN THE COUNTY OF LOS ANGELES, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND APPROVED BY THE SURVEYOR GENERAL SEPTEMBER 3, 1885.

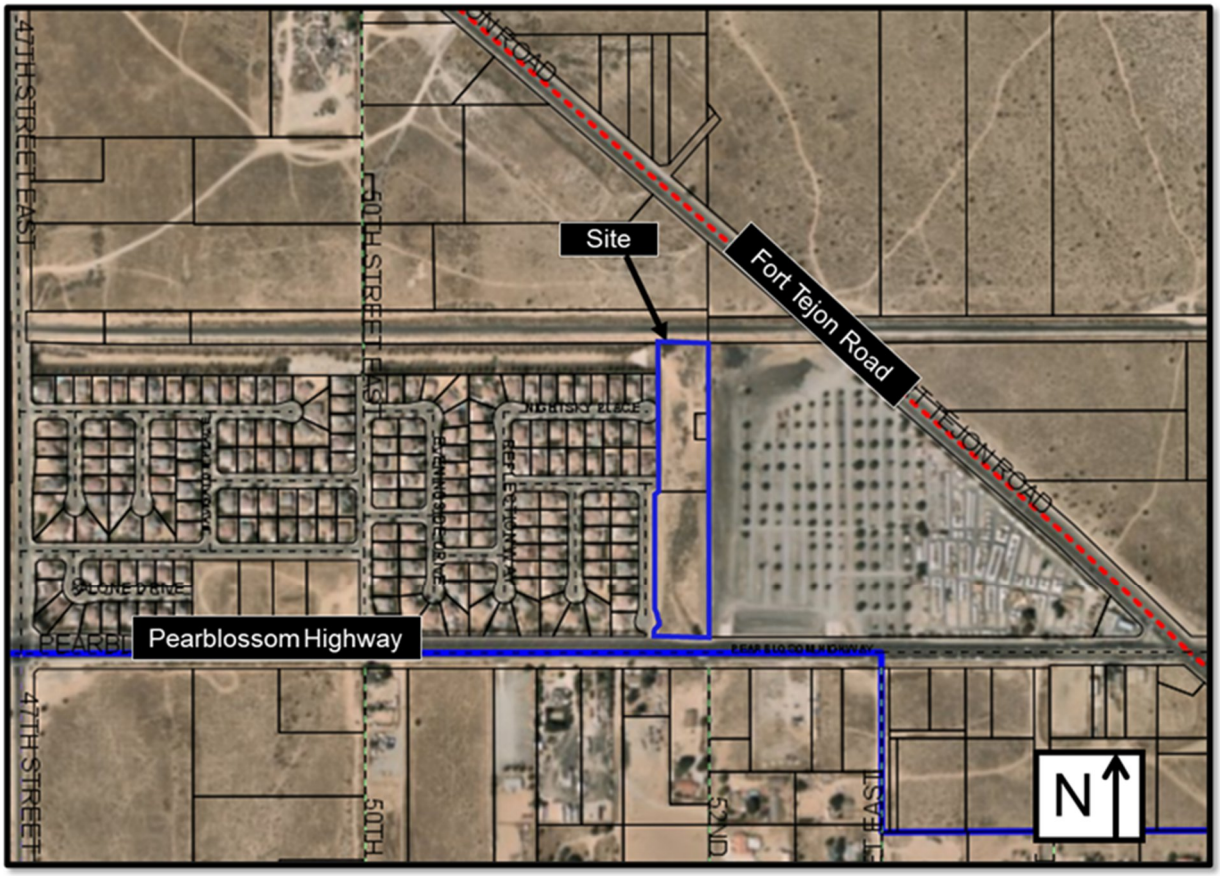
EXCEPT MINERAL AND OIL RIGHTS AS RESERVED BY HATTIE C. BRANDT, ET AL., RECORDED IN BOOK 2810 PAGE 202, OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THAT CERTAIN FINAL ORDER CONDEMNATION RECORDED NOVEMBER 03, 2020 AS INSTRUMENT NO. 2020-1682848 OF OFFICIAL RECORDS

APNS: 3012-021-027 (ALSO REFERENCED AS 3012-021-038) AND -035

EXHIBIT II

AERIAL MAP FOR ZONE CHANGE 21-002



AERIAL MAP FOR ZONE CHANGE 21-003

EXHIBIT III

PROPOSED ZONE FOR ZONE CHANGE 21-002

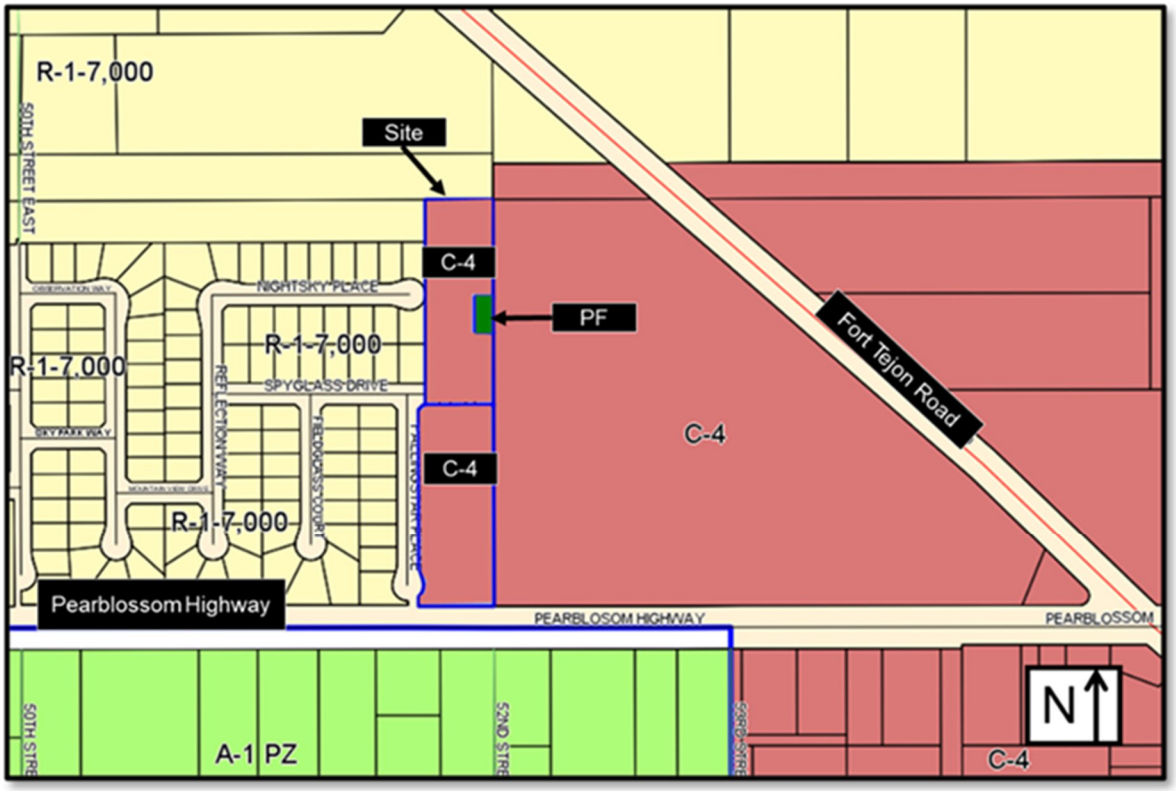
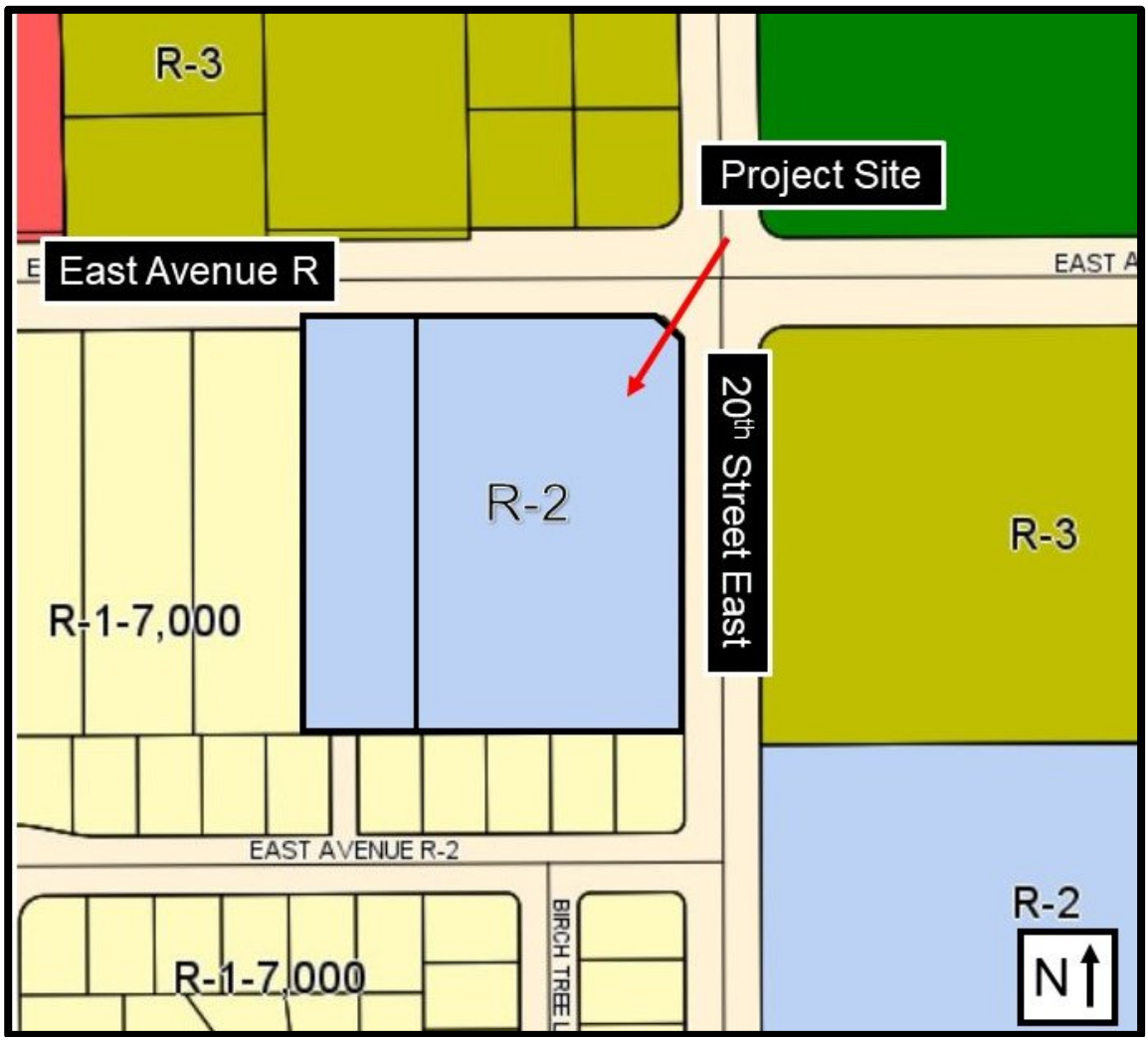


Exhibit III
Page 2

PROPOSED ZONE FOR ZONE CHANGE 21-003



City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**

DISTRICT: **1**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-052, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE INTERIM CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND EXECUTE A FACILITY SOLUTIONS MASTER AGREEMENT AND AN OPERATIONS & MAINTENANCE AGREEMENT WITH SITELOGIQ, INC. FOR THE McADAM PARK SOLAR AND BATTERY STORAGE PROJECT**

ISSUE

Adopt Resolution No. CC 2022-052, a Resolution of the City Council of the City of Palmdale authorizing the Interim City Manager and City Attorney to negotiate and execute a Facility Solutions Master Agreement and an Operations and Maintenance Agreement with SiteLogIQ, Inc. for the McAdam Park Solar and Battery Storage Project.

RECOMMENDATION

Adopt Resolution No. CC 2022-052, authorizing the Interim City Manager and City Attorney to negotiate and execute Agreement No. A-7917, Facility Solutions Master Agreement and Agreement No. A-7918, Operations and Maintenance Agreement with SiteLogIQ, Inc. for the McAdam Park Solar and Battery Storage Project.

BACKGROUND

The City of Palmdale entered into a consultant agreement with SitelogIQ Energy Services to develop project applications on behalf of the City for Southern California Edison's (SCE) Self Generation Incentive Program (SGIP). SGIP provides incentive rebates for qualifying distributed energy systems, such as battery storage, installed on the customer's side of the utility meter. Initially, the City was waitlisted with the requests it prepared; however, was notified in late 2020 that it was taken off the wait list for the McAdam Park project and was awarded $416,937. As a result, the City had to immediately provide a 5% deposit in good faith and at the May 4, 2021 Council Meeting accepted the grant funds.

Pursuant to California Government Code Section 4217.10 to 4217.18, this project can be direct contracted with SitelogIQ provided that the City follows noticing as outlined in the Code.

DISCUSSION

The proposed project will include the installation of solar shade structures, complemented by a battery storage component at McAdam Park. In SitelogIQ's proposed pro forma, the anticipated Edison grant funds combined with the proposed use of American Rescue Plan Act (ARPA) funds would be used for the installation of the batteries and solar panels, the infrastructure needed, system software, along with the operations and maintenance of the systems. Based on their pro forma, the project will be revenue positive, realizing the City a cumulative savings of almost $3.1 million after the anticipated 30- year life of the solar component of the project.

Other benefits of the project are as follows:

- The batteries would provide a level of redundancy at the Park. If there were a power outage in the area, the batteries would still be able to provide power to the pool filters for a given amount of time, which will allow the pool to remain in operation rather than shutting down.
- In approving the implementation of Energy for Palmdale's Independent Choice (EPIC), Council expressed the desire to explore the implementation of battery type projects.
- The City will retain the Renewable Energy Credits (RECs) from the project, which could be used to aid EPIC with its RECs compliance efforts.
- Supplementing the battery storage with solar allows for greater redundancies.

SCE recently followed-up with SiteLogIQ, indicating that the SGIP has been over-subscribed and that the City must clearly demonstrate that it intends to move forward with the project as soon as is possible. Without the clear indication of the City's intent, SCE will need to reallocate the funds to another jurisdiction. The purpose of Resolution No. CC 2022-052 is to provide the information required by SCE to demonstrate the City's intent to utilize the funds.

According to Section 4217.12 (a)(1) the City Council may determine a project would be in the City's best interest if "the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases." Such determination must be made in a regularly scheduled public meeting, with a notice of the item being posted a minimum of two weeks in advance. Staff recommends the Council approve Resolution No. CC 2022-054, which will determine that an agreement with SiteLogIQ is in the City's best interest.

FISCAL IMPACT

The total project cost is estimated to be $1,667,749. It is being proposed that ARPA funds will be used for the remaining cost of $1,242,749. Pending approval of Resolution No. CC 2022-052 and of the ARPA allocation, SiteLogIQ will work with the City to have the

facilities installed. Upon receiving the notice to proceed, SiteLogIQ will request the battery, which will require the City to pay $417,000 immediately upon making the said request. After the first year of operation, the City will receive $212,500 of the grant funds from SCE and $42,500 per year for five years for the remaining portion of the grant. Discounting the construction costs and the operation and maintenance of the system, the City will realize the cumulative savings of $3,086,346 for the life of the project (over $4.75 million in total savings).

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost effective, customer focused methods of service delivery.
B. Implement and administer environmentally sustainable programs.

Goal IV: Maintain a desirable community where everyone wants to live, work and play.

B. Provide inclusive access to a variety of supportive services that build a resilient and healthy community.

Prepared by:	Chuck Heffernan, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Resolutions No. CC 2022-052
DRAFT Agreement No. A-7917, Facility Solutions Master Agreement
DRAFT Agreement No. A-7918, Operations and Maintenance Agreement
Notice of Public Hearing

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-052

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE INTERIM CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND EXECUTE A FACILITY SOLUTIONS MASTER AGREEMENT AND AN OPERATIONS & MAINTENANCE AGREEMENT WITH SITELOGIQ, INC. FOR THE McADAM PARK SOLAR AND BATTERY STORAGE PROJECT

WHEREAS, the City desires to reduce energy consumption and operational expenses through the installation of energy conservation and energy generation technologies ("System");

WHEREAS, the City of Palmdale was awarded grant funding in the amount of $425,000 from Southern California Edison through the Self Generation Incentive Program (SGIP) for a battery storage project at McAdam Park; and

WHEREAS, California Government Code § 4217.10 et seq. authorizes Cities, Counties, and Special Districts to enter into agreements, contracts and related documents with private sector entities for developing energy generation and conservation projects upon City's finding that the anticipated costs for such services provided under this Agreement, together with any financing costs, will be less than the anticipated marginal energy costs to City;

WHEREAS, the City has assigned specific areas on City properties (each one, a "Site") on which the solar and energy conservation measures (each one, a "System") will be constructed;

WHEREAS, SiteLogIQ, Inc. (Contractor) has the capacity to design and build the solar energy generating and battery energy storage project planned for McAdam Park; and

WHEREAS, City desires to engage Contractor to design, supply and install selected and listed scope of work at each Site; and

WHEREAS, Contractor desires to provide such turnkey upgrades, design, supply and installation services, all in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, Contractor is a full-service energy services company with the technical and financial capabilities to provide services to the City, including, but not limited to, energy and energy system auditing, engineering, design, procurement, construction management, installation, construction, financing, training, monitoring and verification, maintenance, operation, and repair.

WHEREAS, the project pro forma estimates shows that the City will have a cumulative savings of approximately $3.1 million throughout the life of the project; and

WHEREAS, staff is anticipating that a portion of the American Rescue Plan Act (ARPA) budget will include the additional funding needed to implement the project.

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

SECTION 1. Based on comments, staff reports, and documentation reviewed by the City Council, the City Council makes the formal findings required by California Government Code section 4217.12 that the renewable energy and storage technologies to be used at McAdam Park will realize costs that will be less than the anticipated cost to the City of thermal, electrical, or other energy consumed by the City in the absence of the proposed project.

SECTION 2. Once the City has finalized and adopted its American Rescue Plan Act (ARPA) budget and assuming the funds needed have been allocated to the battery storage project at McAdam Park, the Interim City Manager and City Attorney are authorized to negotiate with SiteLogIQ the agreements needed for the project.

SECTION 3. The Interim City Manager is authorized to execute the agreements needed with SiteLogIQ to build and manage the solar and battery storage project.

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

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

_____
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 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT: _____

Date: _____ _____
Shanae S. Smith, City Clerk

4217 FACILITY SOLUTIONS MASTER AGREEMENT

by and between

City of Palmdale

and

SitelogIQ, Inc.

1651 Response Rd., Suite 300

Sacramento, California, 95815

CA Contractor License #: 1054171

_____, 2022

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DRAFT

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DRAFT

AGREEMENT NO A-7917
CONTRACT FOR FACILITY SOLUTIONS AGREEMENT
BETWEEN THE CITY OF PALMDALE AND SITELOGIQ, INC.

This FACILITY SOLUTIONS AGREEMENT ("Agreement"), dated as of _____, 2022, ("Effective Date"), is by and between City of Palmdale, a City organized and existing under the laws of the State of California ("City") and SitelogIQ, Inc., a Delaware corporation ("Contractor") (each a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, City desires to reduce energy consumption and operational expenses through the installation of energy conservation and energy generation technologies ("System");

WHEREAS, California Government Code § 4217.10 et seq. authorizes Cities, Counties, and Special Districts to enter into agreements, contracts and related documents with private sector entities for developing energy generation and conservation projects upon City's finding that the anticipated costs for such services provided under this Agreement, together with any financing costs, will be less than the anticipated marginal energy costs to City;

WHEREAS, City has assigned specific areas on City properties (each one, a "Site") on which the solar and energy conservation measures (each one, a "System") will be constructed;

WHEREAS, City desires to engage Contractor to design, supply and install selected and listed scope of work at each Site; and

WHEREAS, Contractor desires to provide such turnkey upgrades, design, supply and installation services, all in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, Contractor is a full-service energy services company with the technical and financial capabilities to provide services to the City, including, but not limited to, energy and energy system auditing, engineering, design, procurement, construction management, installation, construction, financing, training, monitoring and verification, maintenance, operation, and repair.

NOW THEREFORE, in consideration of the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

DRAFT

DRAFT

AGREEMENT

1. DEFINITIONS.

Unless otherwise required by the context in which any term appears: (a) capitalized terms used in this Agreement shall have the respective meanings set forth in Exhibit A; (b) the singular shall include the plural and vice versa; (c) the word "including" shall mean "including, without limitation," (d) references to "Sections" and "Exhibits" shall be to sections and exhibits of this Agreement; (e) the words "herein", "hereof" and "hereunder" shall refer to this Agreement as a whole and not to any particular section or subsection; and (f) references to this Agreement shall include a reference to all attached Exhibits, as the same may be amended, modified, supplemented or replaced from time to time.

2. CONTRACTOR CERTIFICATIONS

This Agreement includes the following contractor certifications, the forms of which are attached in Exhibit B, which must be completed by Contractor prior to commencement of the work on the Systems:

i. Drug-Free Workplace / Tobacco-Free Environment Certification (Exhibit B-1)

ii. Non-collusion Declaration (Exhibit B-2)

3. GENERAL

3.1. Scope of Work

(a) Contractor shall furnish to City turnkey energy efficiency upgrades and the engineering, design, procurement, construction management, installation, construction, monitoring, and commissioning of energy generation systems (each one a "System") installed at various sites (collectively, the upgrades and Systems shall be referred to as the "Project").

(b) Operations and maintenance are not a part of this Agreement. City shall enter into a separate contract for operations and maintenance.

(c) Project will be executed by individual Work Orders for each Project that will be independently executed and attached in Exhibit C ("Work").

(d) Work shall be performed in accordance with this Agreement, Energy Conservation Findings, and Exhibits attached hereto.

3.2. Contract Price

(a) Contract Price. Subject to adjustments and/or the issuance of additional of Work Orders as set forth in this Agreement, Contractor agrees to perform the Work for the price as defined in each Work Order ("Work Order Price") as detailed in Exhibit C. The total value of the Contract is the summation of the Work Order Prices, as updated from time to time ("Contract Price"):

(i) Payment of the Contract Price shall be made in compliance with the process described in Exhibit C.

3.3. Protective Measures.

(a) Contractor shall be responsible for all injury or damage to individuals or property that may occur as a result of its fault or negligence, or that of its Subcontractors, in connection with the performance of the Work, subject to the limitation of liability contained in Section 7.5.

(b) Contractor shall take all reasonably necessary precautions for the safety of its employees and any and all other individuals present on the Site where the System is located and prevent accidents or injury to individuals on, about, or adjacent to the premises where the Work is being performed.

(c) Contractor shall keep the relevant part of the Site where the System is located and surrounding areas free from accumulation of waste materials or rubbish caused by the Work, and at the end of each Day that the Contractor performs the Work, Contractor shall remove any debris, store such debris in containers at its sole expense, and leave the Site in a clean and orderly condition. Upon Final Completion, Contractor shall remove from the relevant part of the Site where the System is located all waste materials, rubbish, debris, debris containers, tools, Equipment, machinery and surplus materials from the Site and leave the Site in a clean and orderly condition.

3.4. Prevailing Wage.

(a) California Labor Code. Contractor shall comply with all applicable provisions of the California Labor Code, Division 2, Part 7, Chapter 1, Articles 1-5, including (without limitation) the payment of the general prevailing per diem wage rates for public work projects in excess of $1,000. In addition, Contractor and each Subcontractor shall comply with Chapter 1 of Division 2, Part 7 of the California Labor Code, commencing with Section 1720, and including Sections 1735, 1777.5 and 1777.6

forbidding discrimination, and Sections 1776, 1777.5 and 1777.6 concerning the employment of apprentices by Contractor or Subcontractor.

(b) Certified Payroll Records. This Project is subject to the requirements of Subchapter 4.5 of Chapter 8 of Title 8 of the California Code of Regulations. Contractor and all subcontractors must furnish certified payroll records to the Department of Industrial Relations' Compliance Monitoring Unit at least monthly, or within ten (10) Business Days of any separate request by the Compliance Monitoring Unit, in the manner required by the Compliance Monitoring Unit.

(c) Payment Withholding. Pursuant to 8 CCR 16463(e), the City may withhold contract payments when payroll records are delinquent or inadequate or as required by the Labor Commissioner. The amount withheld shall be limited to those payments due or estimated to be due to the Contractor or Subcontractor whose payroll records are delinquent or inadequate, plus any additional amount that the Labor Commissioner has reasonable cause to believe may be needed to cover a back wage and penalty assessment against the Contractor or Subcontractor whose payroll records are delinquent or inadequate; provided that the Contractor shall be required in turn to cease all payments to a Subcontractor whose payroll records are delinquent or inadequate until the Labor Commissioner provides notice that the Subcontractor has cured the delinquency or deficiency.

(d) Site Access.

(i) Contractor shall provide site access to Department of Industrial Relations personnel upon request.

(ii) Construction staging areas, storage areas, access, parking, Site use, etc. must be acceptable to City at all times. Site access and use will be limited. At no times shall public roads or sidewalks be blocked.

(iii) Driveways and Entrances: Contractor shall keep driveways, entrances, and fire access roads clear and available to City, City's employees, and emergency vehicles. Contractor shall not use these areas for parking or storage of materials.

(iv) Contractor shall schedule deliveries to minimize use of driveways and entrances.

(v) Contractor shall schedule deliveries to minimize space and time requirements for storage of materials and equipment on-site.

(vi) Parking: Designated Contractor parking areas will be assigned. All vehicles should be locked as the City cannot guarantee observation of Contractor or public vehicles.

(vii) Contractor shall confine operations on the Site to areas indicated in the Contract Documents and as directed by City. Portions of the Site beyond areas on which Work is indicated are not to be disturbed. Contractor shall conform to Site rules and regulations affecting the Work while engaged in project construction.

(e) Prevailing Wage Notice. On each job site that is subject to compliance monitoring and enforcement by the Department of Industrial Relations, the Contractor shall post at appropriate, conspicuous, weatherproof points at the site the Notice of Projects Subject to Requirements of Subchapter provided in Title 8, section 16451(d) of the California Code of Regulations.

(f) Prevailing Rate Penalty. Contractor shall, as a penalty, forfeit not less than Two Hundred Dollars ($200.00) to the City for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of the Department of Industrial Relations for such work or craft in which such worker is employed for the Work by the Contractor or by any Subcontractor, of any tier, in connection with the Work. Pursuant to California Labor Code §1775, the difference between prevailing wage rates and the amount paid to each worker each calendar day, or portion thereof, for which each worker paid less than the prevailing wage rate, shall be paid to each worker by Contractor.

3.5. Site Conditions.

(a) Prior to the start of construction, Contractor will conduct a full and complete visual inspection of each Site, including (a) the readily apparent surface conditions of any areas where a System will be installed in or on the ground, including areas where utilities are located such as manhole covers, pull boxes, marked underground service areas, etc., (b) all staging, storage, delivery, and other areas necessary to perform the Work, (c) ingress to and egress from each Site for all supplies, personnel and Equipment, (d) all as-built drawings, Site layout, easement and other documentation provided by City to Contractor, (e) extent of the Work,

locality, actual conditions, as built conditions, and all local conditions and federal, state and local laws and regulations that in any manner may affect cost, progress, performance or furnishing of Work or which relate to any aspect of the design and the means, methods, techniques, sequences or procedures of construction to be employed by Contractor and safety precautions and programs incident thereto, and (f) has considered the physical conditions at or contiguous to the sites or otherwise that may affect the cost, progress, performance or furnishing of the Work, as Contractor considers necessary for the performance or furnishing of the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of Contract Documents.

(b) Contractor will document and provide to City all findings in regards to the aforementioned inspection. If any conditions exist, arise, or are discovered at the Sites that differ materially from those conditions that Contractor discovered or should have reasonably discovered based on the inspections set forth in this Section, including without limitation, conditions related to Hazardous Materials or archeological findings, soils conditions, ground water, rock, caving, or subsurface obstructions of which Contactor was not aware on the date of this Agreement or could not reasonably be expected to anticipate based on the inspection described above, and such conditions involve the incurrence by Contractor of any material expenses to correct or accommodate such conditions (hereinafter, "Unanticipated Condition"), Contractor shall submit a request for a Change Order to City. City and Contractor may mutually agree to modify the Work to offset the Change Order request to comply with City budget limits.

3.6. Labor.

Contractor shall be responsible for all Contractor labor-related delays or disruption of the progress of the Work. Contractor shall promptly take any and all reasonable steps that may be available in connection with the resolution of violations of collective bargaining agreements or labor jurisdictional disputes. Contractor shall advise City promptly in writing of any actual or threatened labor dispute of which Contractor has knowledge that might materially affect the performance of the Work by Contractor or by any of its Subcontractors. Notwithstanding the foregoing, (a) the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the discretion of the Party having the difficulty, (b) a labor-related delay shall not give rise to a change in the Construction Schedule unless such delay constitutes a Force Majeure Event under paragraph (c) of the definition thereof, and (c) in no event will labor-related delays or difficulties give rise to additional payments to Contractor.

3.7. Insurance.

(a) Contractor and City, at their own expense, shall procure or cause to be procured and maintain or cause to be maintained in full force and effect at all times commencing no later than commencement of the Work at the Site and until Final Completion, all insurance coverage specified in Exhibit E.

(b) City and any lenders to the City shall be added as additional insureds under the commercial general liability, automobile liability and umbrella/ excess liability insurance procured and maintained by Contractor in connection with the Work. Contractor shall not add City or any lender as additional insureds under its worker's compensation insurance policy.

(c) Each Party shall furnish current certificates indicating that the insurance required under this Agreement is being maintained. Each Party's certificate shall contain a provision whereby the insurer agrees to give the other Party thirty (30) Calendar days (or ten (10) Calendar days in the event of failure to pay premiums) written notice before the insurance is cancelled.

3.8. Performance of the Work.

(a) Contractor shall supervise and direct the Work, using Contractor's best skill and attention. Contractor shall be solely responsible for all methods, techniques, sequences and procedures, and shall coordinate all portions of the Work. City will deal only through Contractor, who shall be responsible for the proper execution of the entire Work.

A subcontractor ("Subcontractor") is a person or organization that has a direct contract with Contractor to perform any of the Work. Contractor agrees that it is as fully responsible to City for the acts and omissions of Subcontractors and of persons either directly or indirectly employed by Contractor as it is for the acts and omissions of persons directly employed by it. Nothing contained in this Agreement or any other document associated with the performance of the work shall create any contractual relation between any Subcontractor and City.

Contractor agrees to bind every Subcontractor by the terms of this Agreement as to that portion of the Work performed by Subcontractor, unless specifically noted to the contrary in a subcontract approved in writing by City. Contractor agrees to be bound to the Subcontractor by all of the obligations that City assumes to Contractor under this Agreement as to the portion of the Work performed by Subcontractor.

(b) Contractor agrees to use, and agrees that it shall require each of its Subcontractors to use, only personnel who are qualified and properly trained and who possess every license, permit, registration, certificate or other approval required by Applicable Law or any Governmental Authority to enable such Persons to perform their Work involving any part of Contractor's obligations under this Agreement.

(c) Contractor agrees that all materials and Equipment to be supplied or used by Contractor or its Subcontractors in the performance of its obligations under this Agreement shall be new (if being incorporated into the System) or in good operating condition (if not being incorporated into the System) and fit for the use(s) for which they are employed by Contractor or its Subcontractors. Such materials and Equipment shall at all times be maintained, inspected and operated pursuant to Industry Standards and as required by Applicable Law. Contractor further agrees that all licenses, permits, registrations and certificates or other approvals required by Applicable Law or any Governmental Authority will be procured and maintained for such materials and Equipment at all times during the use of the same by Contractor or its Subcontractors in the performance of any of Contractor's obligations under this Agreement.

3.9. Hazardous Materials.

(a) Contractor hereby specifically agrees to indemnify, defend and hold City, their present and future Board members, administrators, employees, agents, representatives, successors and assigns harmless from and against any and all losses, liabilities, claims, demands, damages, causes of action, fines, penalties, costs and expenses (including, but not limited to, all reasonable consulting, engineering, attorneys' or other professional fees), that they may incur or suffer by reason of:

(i) any release of a Hazardous Material brought on to the Site by Contractor, or any pre-existing Hazardous Materials that, through Contractor's sole negligence, are released or disturbed at the Site;

(ii) any enforcement or compliance proceeding commenced by or in the name of any Governmental Authority because of an alleged, threatened or actual violation of any Applicable Law by Contractor; and

(iii) any action reasonably necessary to abate, remediate or prevent a violation or threatened violation of any Applicable Law by Contractor.

(b) City hereby specifically agrees to indemnify, defend and hold Contractor, its present and future direct or indirect parents, subsidiaries, affiliates, divisions, and their respective directors, officers, employees, shareholders, agents, representatives, successors and assigns harmless from and against any and all losses, liabilities, claims, demands, damages, causes of action, fines, penalties, costs and expenses (including, but not limited to, all reasonable consulting, engineering, attorneys' or other professional fees), that they may incur or suffer by reason of:

(i) any release of a Hazardous Material brought on to the Site by City, City Representative, or Third Party and any pre-existing Hazardous Material except pre-existing Hazardous Material released or disturbed at the Site through Contractor's negligence;

(ii) any enforcement or compliance proceeding commenced by or in the name of any Governmental Authority because of an alleged, threatened or actual violation of any Applicable Law by City or City Representative; and

(iii) any action reasonably necessary to abate, remediate or prevent a violation or threatened violation of any Applicable Law by City or City Representative.

3.10. Suspension of the Work.

(a) If Contractor does not receive payment of any undisputed invoices submitted in accordance with Section 4.2, Contractor shall have the right, upon not less than fifteen (15) Business days written notice, to suspend the Work under this Agreement. Contractor shall be entitled to compensation for all undisputed amounts under this Agreement. If City issues full payment of the undisputed invoice within fifteen (15) Business days of written notice of intention to suspend, the notice of intention to suspend shall have no further force or effect and Contractor shall continue to perform the services hereunder as if the notice of intention to suspend had not been given. In the event of any such suspension, Contractor shall be entitled to request (i) an extension of the deadlines of this Agreement for the same period of the suspension, and (ii) the reimbursement of the additional costs and expenses, if any, reasonably incurred and substantiated by Contractor (provided Contractor undertakes reasonable efforts to mitigate such costs and expenses) in protecting, securing or insuring the Work, the delay resulting from such suspension, and in resumption of the Work. If a suspension of the Work

under this Section continues for more than two (2) months, Contractor shall be entitled to, at its sole discretion, terminate this Agreement.

(b) City may suspend the Work temporarily at its discretion. In the event of any such suspension, Contractor shall be entitled to request (i) an extension of the deadlines of this Agreement for the same period of the suspension, and (ii) the reimbursement of the additional costs and expenses, if any, reasonably incurred and substantiated by Contractor (provided Contractor undertakes reasonable efforts to mitigate such costs and expenses) in protecting, securing or insuring the Work, the delay resulting from such suspension, and in resumption of the Work. If a suspension of the Work under this Section 3 continues for more than six (6) months, Contractor shall be entitled, at its sole discretion, to terminate this Agreement.

(c) In the event that the Work is totally or partially suspended, the Party that has caused the suspension (whether by reason of an act, omission or default) shall bear all the damages, costs and expenses caused by the suspension. If the suspension is not due to an act, omission or default of any of the Parties, and such delay falls under the definition of an Excusable Delay, then the deadlines of this Agreement will be extended for the same period of the suspension, or for such other period that the Parties deem reasonable in view of the circumstances, and City shall assume any costs arising under the effects of the suspension on the obligations of the Parties under this Agreement. Notwithstanding the occurrence or continuation of any Force Majeure Event, the provisions of this Section shall apply.

(d) After the resumption of the performance of the Work, Contractor shall, after due notice to City, examine the Work affected by the suspension. Contractor shall make good any defect, deterioration or loss of the construction or the Work affected that may have occurred during the suspension period. Costs properly incurred by Contractor (including but not limited to demobilization and mobilization costs, insurance fees, and repair cost) shall be added to the Work Order Price, so long as the suspension did not arise due to any act, omission or default on the part of Contractor.

3.11. Taxes.

The Work Order Price includes (and Contractor assumes exclusive liability for and shall pay before delinquency) all federal, state or local sales, use, value added, excise and other taxes, charges or contributions imposed on, or with respect to all Equipment and Contractor's services contemplated by this Agreement, provided that City shall pay and

have exclusive liability with respect to any taxes payable with respect to City's income. Contractor shall hold harmless, indemnify and defend City, together with any and all its governing board, administrators, agents and employees from any liability, penalty, interest and expense by reason of Contractor's failure to pay such taxes, charges or contributions. Contractor and City shall cooperate with each other to minimize the tax liability of both Parties to the extent legally permissible.

3.12. Liens.

Contractor warrants good title, free and clear of all liens, claims, charges, security interests, and encumbrances whatsoever, to all Equipment and other items furnished by it or any of its Subcontractors that become part of the System to the extent payment therefore has been received by Contractor from City.

3.13. Compliance with Applicable Laws.

(a) Contractor specifically agrees that it shall at all times fully comply with Applicable Laws and that it shall perform the Work in accordance with the Applicable Laws.

3.14. Energy Credits.

(a) City acknowledges that Contractor shall own, and may assign or sell in its sole discretion, all rights, title, and interest associated with or resulting from the development, construction, installation and ownership of the System or the production, sale, purchase or use of the energy output including, without limitation:

(i) All Environmental Incentives arising from the Environmental Attributes associated with the System;

(ii) The reporting rights and exclusive rights to claim that: (i) the energy output was generated by the System (except as stated in paragraph (a)), (ii) Contractor is responsible for the reductions in emissions of pollution and greenhouse gases resulting from the System, (iii) Contractor is entitled to all credits, certificates, registrations, etc., evidencing or representing any of the foregoing;

(iii) All carbon reduction tonnage as defined under the Climate Action Reserve or similar definition as enacted by the State of California or the U.S. Federal Government ("Carbon Credits");

(iv) All "renewable energy credits" (as such term is defined in Section 399.12(h)(2) of the California Public Utilities Code);

(v) All Environmental Incentives hereafter enacted into law, whether under federal, state or local law, arising from the Environmental

Attributes of the System or the energy output or production, sale, purchase, consumption or use of the energy output from the System, expressly excluding, however, any future Environmental Incentives that are or may be dependent on ownership of the System for federal tax purposes.

(b) The Carbon Credits, renewable energy credits, grants and future Environmental Incentives as described herein shall be referred to collectively as "Energy Credits". The Contractor may assign, sell, transfer or otherwise convey all or any part of its right, title, and interest in and to the Energy Credits from time to time as it may determine to be in its best interest. City shall take such steps as Contractor shall reasonably request to confirm Contractor's ownership of Energy Credits as herein provided and shall cooperate with Contractor, to the extent Contractor reasonably requests and at Contractor's expense, in the sale or other disposition of Energy Credits.

(c) City recognizes that the designer/contractor under this project may be eligible for a tax deduction for energy efficient commercial buildings under §179D of the Internal Revenue Code. City agrees and recognize that Contractor will be the designer of this project for purposes of the §179D deduction. City shall cooperate with Contractor in completing the paperwork and certifications necessary to allow Contractor to claim any §179D or other energy efficient commercial buildings tax deduction" provided credits cannot be used by or benefit City. Performance & Payment Bonds.

3.15. Performance and Payment Bonds.

Contractor shall submit a Performance Bond and Payment Bond in accordance with Exhibit C.

3.16. Title; Risk of Loss.

(a) From Effective Date and until the date of Substantial Completion for the Work subject to the applicable Work Order, Contractor assumes risk of loss and full responsibility for the cost of replacing or repairing any damage to the System and all damages to and defects in materials, Equipment, supplies and maintenance equipment (including temporary materials, equipment and supplies) that are purchased by Contractor for permanent installation in or for use during construction of the System.

(b) City shall bear the risk of loss and full responsibility with respect of the System from and after the date of Substantial Completion of the Work subject to the Work Order.

(c) Notwithstanding anything herein to the contrary, City shall bear the risk of loss and full responsibility for the cost of replacing or repairing any damage to that portion of the System applicable to the Work Order and

all materials, Equipment, supplies and maintenance equipment (including temporary materials, equipment and supplies) that are purchased by Contractor or City for permanent installation in or for use during construction of the System to the extent caused by the negligent, grossly negligent or willful acts of City or its agents, employees or representatives.

(d) Title to all materials, Equipment, supplies and maintenance equipment required by this Agreement, to be purchased by Contractor for permanent installation as part of the System or for ownership by City in the operation of that portion of the System subject to the particular Work Order shall pass to the City upon the achievement of Substantial Completion of the Work required by that Work Order.

4. PRICE AND PAYMENT

4.1. Contract Price.

(a) The Work Order Price is firm fixed price for the scope proposed and includes all expenses expected to be incurred by Contractor including, but not limited to, equipment and materials, erection, construction, commissioning, inclusive of cost of travel and lodging expenses, applicable permits (other than the City Permits), services, supplies, labor, appurtenances, fees, charges, and taxes, related to Contractor's performance of its obligations under this Agreement.

(b) Any Changes to the System or Work above and beyond code requirements and Industry Standards requested by the City shall be resolved through a Change Order to this Agreement.

(c) If applicable and approved by City, any additional Work not otherwise specified in Exhibit C shall be resolved through a Change Order to this Agreement.

(d) City and Contractor may mutually agree to reduce portions of the Work to offset the Change Order request to comply with City budget limits.

(e) The Work Order Price shall only be changed by Change Order approved by Contractor and City.

4.2. Payment.

(a) City shall pay to Contractor the progress payments set forth in Exhibit C when Contractor has completed the Work associated with such payment. Contractor must submit documentation at the time of invoicing for related progress payments.

(b) City shall pay one hundred percent (100%) of each progress payment.

(c) The following minimum content will be contained in, or delivered together with, any payment request from Contractor to City:

(i) Contractor address, phone number, and fax

(ii) Contractor invoice number and date

(iii) Project Site address(es)

(iv) Description of completed milestones since the immediately preceding payment request

(v) Total invoice amount

(vi) "Remit to" details (for wire transfer)

(vii) Lien waivers from major Subcontractors (>5% of Work Order Price)

(viii) Signature of authorized representative of Contractor, certifying as to the accuracy of the payment request.

(d) Overdue payment obligations of City hereunder shall bear interest from the date due until the date paid at a rate per annum equal to the rate published by the *Wall Street Journal* as the "prime rate" on the date on which such interest begins to accrue plus two percent (2%).

(e) City may withhold or, on account of subsequently discovered evidence, nullify and require repayment of the whole or part of any payment to the extent necessary to protect City from loss, including costs and actual attorneys' fees, on account of (1) any breach of this Agreement by Contractor; (2) claims filed or reasonable evidence indicating probable filing of claims; (3) failure of Contractor to make payments properly to its Subcontractors or for material, labor or fringe benefits; (4) a reasonable doubt that the Work to be completed as a condition to a payment has properly been completed; (5) penalties assessed against City for failure of Contractor to comply with state, federal or local laws and regulations; or (6) any other ground for withholding payment allowed by state or federal

law, or as otherwise provided in this Agreement. When the above matters are rectified, such amounts as then due and owing shall be paid or credited to Contractor.

(f) City agrees, and Contractor shall be entitled to, an increase in the Contract Price where the cost to Contractor for any raw-material or component (including without limitation, solar panels, tracking equipment, inverters, lighting and mechanical system components or any other equipment necessary to complete the work required by this Agreement) increases greater than two percent (2%) after the date of this Agreement. Contractor shall be entitled to an equitable adjustment in time and money for any costs that it incurs directly or indirectly that arise out of or relate to changes in taxes, tariffs, or similar charges due to such changes including, without limitation, escalation, delay damages, costs to re-procure, costs to change suppliers, costs of manufactured equipment or system components, or other costs of any kind resulting from the changes.

(g) For any non-Contractor caused delay or suspension lasting longer than 90 Calendar days, Contractor shall be entitled to a reasonable increase in the Contract Price for an increase in cost for materials, equipment, labor, taxes, tariffs, or other items necessary to complete the work. Should an increase arise; a fair and equitable solution will be negotiated in good faith between the City and Contractor for any additional costs required.

5. COMMENCEMENT & COMPLETION

5.1. Commencement and Substantial Completion.

(a) Contractor shall perform the Work as soon as practicable following the receipt of City Notice to Proceed.

(b) City shall provide access to the sites to complete the Work.

(c) The Contractor shall achieve Substantial Completion as set forth in Work Order. Contractor may claim a justified extension of the Substantial Completion Date if it is or will be delayed in completing the Work for one or more of the following causes:

(i) Unanticipated Conditions which directly affect the Project Milestones;

(ii) Changes in the design, scope, or schedule of the Project required by the City;

(iii) Breach of this Agreement by City;

(iv) Suspension of the Work for more than 90 Calendar Days; or

(v) Force Majeure Event.

(d) The following are conditions precedent to Substantial Completion:

(i) the System is mechanically, electrically, and structurally constructed in accordance with the requirements of this Agreement, the Work and Industry Standards, except for non-critical punchlist items that do not affect operations;

(ii) the electrical infrastructure and the grid connection for the System is mechanically, electrically and functionally complete and capable of interconnection with the local utility;

(iii) City and Contractor shall have agreed on the punchlist items. For clarity purposes, the punchlist shall include final as-built drawings, operation and maintenance manuals, operation and maintenance training, permission to operate by local utility, Performance Test, and final lien waivers; and

(iv) all necessary documents have been submitted to the local public utility and all Work has been completed to the extent necessary for the local utility to issue a permission to operate.

(e) When Contractor believes it has achieved Substantial Completion, Contractor shall provide notice to City containing sufficient detail to enable City to determine that Contractor has complied fully with the requirements of Section 5.1(d). Within ten (10) Business days after receipt of such notice, City shall either issue to Contractor the Certificate of Substantial Completion in a form similar to Exhibit F, or, if reasonable cause exists for doing so, advise Contractor by notice (stating the reasons therefore) that Substantial Completion has not been achieved. In the event City determines that Substantial Completion has not been achieved in accordance with the conditions precedent in Section 5.1(d), Contractor shall promptly take such action or perform such Work as is required to achieve Substantial Completion and shall thereupon issue to City another notice as set forth above. This procedure shall be repeated until such time as City has acknowledged Substantial Completion subject to Section 5.1(f).

(f) All punchlist items shall be completed no later than sixty (60) Business Days after Substantial Completion Date unless otherwise delayed by the

local utility. Failure of Contractor to fulfill this obligation shall entitle City to complete the pending works on its own. City shall issue final payment to Contractor minus the cost to complete remaining or incomplete punchlist items.

(g) Any dispute between City and Contractor with respect to the projected achievement of Substantial Completion as contemplated by this Section 5.1 shall be resolved in accordance with Section 8.5.

5.2. Final Completion.

(a) Final Completion of the System shall be deemed to have occurred only if:

(i) all punchlist items contemplated in Section 5.1(d)(iii) have been completed or waived;

(ii) all manuals, drawings and other documents expressly required to be delivered by Contractor hereunder have been delivered to City;

(iii) on-site operation and maintenance training as required has occurred;

(iv) all final Lien waivers have been obtained;

(v) a Certificate of Final Completion in a form similar to Exhibit F is duly signed and recorded by City's Representative and the Contractor's Representative; and

(vi) local utility has provided a permission to operate.

(b) Upon Final Completion, Contractor shall submit to City a Certificate of Final Completion in a form similar to Exhibit F certifying that all of the foregoing conditions have been satisfied. City shall, within ten (10) Business Days after the receipt by City of such written certificate, shall execute an acknowledgment of such certificate if Contractor has achieved Final Completion or provide written notice of Contractor's failure to achieve Final Completion. Contractor shall promptly take such action or perform such Work as is required to achieve Final Completion and shall thereupon issue to City another notice as set forth above. This procedure shall be repeated until such time as City has acknowledged Final Completion .

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(c) Any dispute between City and Contractor with respect to the projected achievement of Final Completion as contemplated by this Section 5.2 shall be resolved in accordance with Section 8.5.

5.3. Inspection.

All Work performed by Contractor and all Equipment shall be subject to inspection by City, but such right of inspection of the Work or Equipment shall not relieve Contractor of responsibility for the proper performance of the Work or Equipment to the extent provided under this Agreement. Contractor shall provide to City or City's designee access to Contractor's facility or facilities where the Work is being performed during business hours, and subject to compliance with Site safety rules and policies. City shall ensure that the inspections do not affect the normal performance of this Agreement unless Work is not in compliance with this Agreement.

6. REPRESENTATIONS & WARRANTIES

6.1. Representations and Warranties of Contractor.

Contractor represents and warrants to City that:

(a) Contractor is a Delaware corporation, duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has full power to engage in the business it presently conducts and contemplates conducting, and is and will be duly licensed or qualified and in good standing under the laws of the State of California and in each other jurisdiction wherein the nature of the business transacted by it makes such licensing or qualification necessary and where the failure to be licensed or qualified would have a material adverse effect on its ability to perform its obligations hereunder.

(b) Contractor has (either directly or through a Subcontractor) all the required authority, ability, skills, experience and capacity necessary to perform and shall diligently perform the Work in a timely and professional manner, utilizing sound procurement principles, project management procedures, construction procedures and supervisory procedures, all in accordance with Industry Standards. Contractor has (either directly or through a Subcontractor) the experience and skills necessary to determine, and Contractor has reasonably determined, that Contractor can perform the Work for the Work Order Price.

(c) The execution, delivery and performance by Contractor of this Agreement will not (i) violate or conflict with any covenant, agreement or

understanding to which it is a party or by which it or any of its properties or assets is bound or affected, or its organizational documents or (ii) subject the System or any component part thereof to any lien other than as contemplated or permitted by this Agreement.

(d) There are no undisclosed actions, suits, proceedings, patent or license infringements or investigations pending or, to Contractor's knowledge, threatened against it before any court or arbitrator that individually or in the aggregate could result in any materially adverse effect on the business, properties or assets or the condition, financial or otherwise, of Contractor or in any impairment of its ability to perform its obligations under this Agreement.

(e) All goods, services, equipment, parts, and materials furnished in connection with the Work related to the System are new, unused and undamaged at the time of delivery to the Site.

(f) The individual executing this Agreement on behalf of Contractor is duly authorized to execute and deliver this Agreement on behalf of Contractor and this Agreement is binding upon Contractor in accordance with its terms.

(g) Contractor Not Employee of City: It is understood and agreed that in no instance is any party, signing this Contract for or on behalf of City or acting as an employee or representative of City, liable on this Contract, or upon any warranty of authority, or otherwise, and it is further understood and agreed that liability of City is limited and confined to such liability as authorized or imposed by the Contract Documents or applicable law.

(h) Non-Discrimination: Contractor shall provide all services under this Agreement without discrimination, and shall not discriminate against any employee or applicant for employment, on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation. Contractor will comply with Section 1735 of the Labor Code and all provisions of Executive Order No. 10925 of March 6, 1961, as amended, and all rules, regulations and relevant orders of the President's Committee on Equal Opportunity created thereby. Contractor shall also comply with the California Fair Employment and Housing Act (Government Code, Section 12900 and following).

(i) Severability: The invalidity of any provision of this Agreement, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

(k) Retention of Records. Pursuant to Government Code Section 8546.7, the performance of any work under this Agreement is subject to the examination and audit of the State Auditor at the request of City or as part of any audit of City for a period of three years after final payment under the Agreement. Each party hereto shall retain all records relating to the performance of the Work and the administration of the Agreement for three years after final payment hereunder.

6.2. Representations and Warranties of City.

City represents and warrants to Contractor that:

(a) City is a California City, duly organized, validly existing, and in good standing under the laws of the State of California, and has full legal capacity and standing to pursue its purpose (including the capacity to dispose of and encumber all of its assets) and full power to engage in the business it presently conducts and contemplates conducting.

(b) The execution, delivery and performance by City of this Agreement will not (i) violate or conflict with any covenant, agreement or understanding to which it is a party or by which it or any of its properties or assets is bound or affected, or its organizational documents or (ii) subject the System or any component part thereof or the Site or any portion thereof to any lien other than as contemplated or permitted by this Agreement.

(c) There are no undisclosed actions, suits, proceedings, patent or license infringements or investigations pending or, to City's knowledge, threatened against it before any court or arbitrator that individually or in the aggregate could result in any materially adverse effect on the business, properties or assets or the condition, financial or otherwise, of City or in any impairment of its ability to perform its obligations under this Agreement.

(d) City will exercise commercially reasonable efforts to procure funding for the Project within three-hundred and sixty-five (365) Calendar days of the Effective Date.

(e) City has proof of funds, to the satisfaction of the Contractor, that are necessary from time to time to pay Contractor the Work Order Price in accordance with the terms of this Agreement.

(f) The individual executing this Agreement on behalf of City is duly authorized to execute and deliver this Agreement on behalf of City and this Agreement is binding upon City in accordance with its terms.

7. BREACH & TERMINATION

7.1. Termination by City for Cause.

(a) Contractor agrees that City shall be entitled to terminate this Agreement for cause upon the occurrence of any of the following circumstances:

(i) Except as otherwise permitted under this Agreement, Contractor abandons the entire Work for more than ninety (90) Calendar days or fails to commence the Work within one-hundred and eighty (180) Calendar days after receiving the Notice to Proceed, and after expiration of said period fails to commence or continue performance of the Work within ten (10) Business days of Contractor's written notice from City to commence or continue performance of the Work;

(ii) Contractor commits a material breach of this Agreement, and Contractor does not commence the cure of said breach and thereafter diligent pursuant to completion the cure of said breach, within thirty (30) Calendar days following Contractor's receipt of written notice thereof from City, or

(iii) Contractor makes a general assignment for the benefit of creditors, or a receiver is appointed on account of its insolvency, or it becomes the subject of any proceeding commenced under any federal or state insolvency statute or law for the relief of debtors.

(b) Upon the occurrence of any of the foregoing, City may instruct Contractor to discontinue all or any part of the Work, and Contractor shall thereupon discontinue the Work of such parts thereof. City shall thereupon have the right to continue and complete the Work or any part thereof, by contract or otherwise. City shall also pay Contractor for all services rendered up to and including the date of termination; plus all costs incurred with respect to equipment or materials ordered (which order cannot be refunded, terminated or such costs otherwise recovered by Contractor) prior to the date of termination; plus, if applicable, amounts payable to Subcontractors arising from costs or expenses reasonably incurred by such Subcontractor and directly resulting from such termination; plus, if applicable, costs incurred by Contractor in demobilizing its work force from Site; plus all engineering and development cost incurred by Contractor prior to the Effective Date.

7.2. Termination by City for Convenience.

(a) Contractor agrees that City shall be entitled to terminate this Agreement for Convenience upon the occurrence of any of the following circumstances:

(i) Upon exercising commercially reasonable efforts, City shall be entitled to terminate this Agreement if it is unable to procure funding for the Project within three-hundred and sixty-five (365) Calendar days of the Effective Date.

(ii) If any covenant, condition or restriction upon the Site prohibits the installation of the System at the Site, City has the right to terminate this Agreement.

(iii) For unanticipated site conditions that are beyond the contemplation of the parties that create any additional costs to City.

(b) Upon the occurrence of any of the foregoing, City may instruct Contractor to discontinue all or any part of the Work, and Contractor shall thereupon discontinue the Work of such parts thereof. City shall also pay Contractor for all services rendered up to and including the date of termination; plus all costs incurred with respect to equipment or materials ordered (which order cannot be refunded, terminated or such costs otherwise recovered by Contractor) prior to the date of termination; plus, if applicable, amounts payable to Subcontractors arising from costs or expenses reasonably incurred by such Subcontractor and directly resulting from such termination; plus, if applicable, costs incurred by Contractor in demobilizing its work force from Site; plus all engineering and development cost incurred by Contractor prior to the Effective Date.

7.3. Termination by Contractor.

(a) Contractor may terminate this Agreement, for any of the following causes:

(i) If City makes a general assignment for the benefit of creditors, or a receiver is appointed on account of its insolvency, or it becomes the subject of any proceeding commenced under any federal or state insolvency statute or law for the relief of debtors.

(ii) If City fails to make any payment to Contractor hereunder when due and defined in Section 4, which failure remains uncured for

thirty (30) Calendar days following City's receipt of written notice thereof from Contractor, the City shall be in breach and Contractor shall have all rights and remedies that may be available under Applicable Law against City with respect thereto, including without limitation the right to suspend performance of the Work or terminate this Agreement as set forth in this Agreement.

(iii) City shall reimburse Contractor for all services rendered up to and including the date of termination; plus all costs incurred with respect to equipment or materials ordered (which order cannot be refunded, terminated or such costs otherwise recovered by Contractor) prior to the date of termination; plus, if applicable, amounts payable to Subcontractors arising from costs or expenses reasonably incurred by such Subcontractor and directly resulting from such termination; plus, if applicable, costs incurred by Contractor in demobilizing its work force from Site; plus all engineering and development cost incurred by Contractor prior to the Effective Date.

7.4. Indemnity.

(a) Contractor shall indemnify, defend (upon the request of City) and hold harmless City and City's agents, board members, elected and appointed officials and officers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorney's fees of City Counsel and counsel retained by City, expert fees, costs and staff time, and investigation costs) of whatever kind or nature (collectively "Claims"), that arise out of or are in any way connected with the performance of this Contract by Contractor or Contractor's officers, agents, employees, independent contractors, subcontractors, or authorized representatives, except where caused by the sole negligence, active negligence or willful misconduct of City. Without limiting the generality of the foregoing, the same shall include injury, or death to any person or persons, damage to any property, regardless of where located, including the property of City, and any workers' compensation claim or suit arising from or connected with any services performed pursuant to this Contract on behalf of Contractor by any person or entity. Notwithstanding the foregoing, the indemnification obligations of Contractor set forth in this Section shall not apply when the claim of infringement arises from a particular design,

process or product of a particular manufacturer or manufacturers that Contractor is directed by City to use in connection with the Contract Documents, unless the Contractor has reason to believe there is an infringement of such intellectual property right.

(b) City shall fully indemnify, save harmless and defend Contractor and its successors, assigns, officers, directors, members, managers, employees, agents, affiliates and partners in connection with or arising from any claim by a third party for physical damage to or physical destruction of property, or death of or bodily injury to any person (other than Affiliates of Contractor or Subcontractors) arising from or relating to this Agreement, but only to the extent caused by (a) the negligence, gross negligence or willful misconduct of City or its agents or employees or others under City's control or (b) a breach by City of its obligations hereunder.

(c) City shall indemnify, defend and hold Contractor and its present and future direct and indirect parents, subsidiaries and Affiliates and their directors, officers, shareholders, employees, agents and representatives harmless from against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, damages, costs or expenses (including attorneys' fees and disbursements) of any kind whatsoever arising from the challenge to the procedures under which this Agreement was approved by the City.

(d) Each Party shall indemnify, defend and hold the other Party, and its present and future governing board members, administrators, direct and indirect parents, subsidiaries and Affiliates and their directors, officers, shareholders, employees, agents and representatives harmless from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, damages, costs or expenses (including attorneys' fees and disbursements) of any kind whatsoever arising from (a) actual or alleged infringement or misappropriation by such Party (or in the case of Contractor, any Subcontractor) of any patent, copyright, trade secret, trademark, service mark, trade name, or other intellectual property right in connection with the System, including without limitation, any deliverable, (b) such Party's (and in the case of Contractor, any Subcontractor's) violation of any third-party license to use intellectual property in connection with the Work, including, without limitation, any deliverable.

(e) If any claim is brought against a Party (the "Indemnified Party") that gives rise to a potential indemnity claim under this Section, then the Indemnified Party shall give written notice of said claim to the other Party

(the "Indemnifying Party"). Upon receipt of written notice of the claim, the Indemnifying Party shall be entitled to participate in, and, unless in the opinion of counsel for the Indemnifying Party a conflict of interest between the Parties may exist with respect to such claim, assume the defense of such claim, with counsel reasonably acceptable to the Indemnified Party. Where the Indemnifying Party has elected not to assume the defense of a claim that gives rise to a potential indemnity claim under this Section, the Indemnifying Party shall reimburse the Indemnified Party for its reasonable and necessary defense expenses to the extent said claim is adjudged to be covered under the indemnity obligations. Even if the Indemnifying Party assumes the defense of the Indemnified Party with acceptable counsel, the Indemnified Party, at its sole option, may participate in the defense, at its own expense, with counsel of its own choice without relieving the Indemnifying Party of any of its obligations hereunder.

7.5. Limitations of Liability.

(f) No Consequential Damages. IN NO CIRCUMSTANCES SHALL THE CONTRACTOR OR CITY OR ANY OF THEIR RESPECTIVE OFFICERS, MEMBERS OR EMPLOYEES BE LIABLE FOR PUNITIVE, CONSEQUENTIAL OR EXEMPLARY DAMAGES OF ANY NATURE INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOST PROFITS OR REVENUES OR THE LOSS OF USE OF SUCH PROFITS OR REVENUE, LOSS BY REASON OF PLANT SHUTDOWN OR INABILITY TO OPERATE AT RATED CAPACITY, COSTS OF REPLACEMENT POWER OR CAPITAL, DEBT SERVICE FEES OR PENALTIES, INVENTORY OR USE CHARGES, DAMAGES TO REPUTATION, DAMAGES FOR LOST OPPORTUNITIES, REGARDLESS OF WHETHER SAID CLAIM IS BASED UPON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHER THEORY OF LAW. NOTWITHSTANDING THE FOREGOING, THE LIMITATIONS ON PARTIES' LIABILITY FOR CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES IN THIS SECTION SHALL NOT APPLY TO THE PARTIES' RESPECTIVE INDEMNITY OBLIGATIONS AS SET FORTH IN THIS AGREEMENT FOR SUCH DAMAGES WHEN SUCH DAMAGES ARE SOUGHT BY THIRD PARTIES.

(g) Maximum Liability. Whether an action or claim is based on warranty, contract, tort or otherwise, under no circumstance shall either Party's total liability arising out of or related to this Agreement exceed the greater of (a) one-hundred percent (100%) of the Contract Price, or (b) the minimum insurance limits as defined in Exhibit E.

8. MISCELLANEOUS

8.1. Representatives.

(a) City Representative. City designates, and Contractor agrees to accept _____, as City Representative for all matters relating to Contractor's performance of the Work. The actions taken by City Representative regarding such performance shall be deemed the acts of City and shall be fully binding for City. City may, upon written notice to Contractor, pursuant to Section 8.6 hereof, change the designated City Representative.

(b) Contractor Representative. Contractor designates, and City agrees to accept, Kecia Davison as Contractor Representative for all matters relating to Contractor's performance under this Agreement. The actions taken by Contractor Representative shall be deemed the acts of Contractor and shall be fully binding for Contractor. Contractor may, upon written approval of City, such approval shall not be unreasonably approved pursuant to Section 8.6 hereof, change the designated Contractor Representative.

(c) Power of Representatives. The Parties shall vest their Representatives with sufficient powers to enable them to assume the obligations and exercise the rights of Contractor or City, as applicable, under this Agreement.

(d) Notices to Representative. Notwithstanding Sections 8.1(a) and 8.1(b), all amendments, Change Orders, notices and other communications between Contractor and City contemplated herein shall be delivered in writing and otherwise in accordance with Section 8.6.

8.2. Ownership of Plans, Data, Reports and Material.

(a) Subject to Sections 8.2(b), Contract Documents developed by Contractor under this Agreement shall become the property of City when prepared and shall be delivered to City upon completion of the Work; provided that nothing in the foregoing shall impair, alter or otherwise affect Contractor's proprietary rights in its patents, products or other intellectual property.

(b) Any additional inventions or intellectual property created during performance of this Agreement shall be owned by Contractor.

(c) Contractor further agrees to grant and hereby grants to City an revocable, non-exclusive, royalty-free license under all patents, copyrights and other proprietary information of Contractor related to the Work now or hereafter owned or controlled by Contractor to the extent reasonably

necessary for the operation, maintenance or repair of the System or any subsystem or component thereof designed, specified, or constructed by Contractor under this Agreement. No other license in such patents and proprietary information is granted pursuant to this Agreement.

8.3. Governing Law.

The formation, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of any Dispute that is not resolved pursuant to Section 8.5, the Parties hereto agree to submit to the jurisdiction of any court of competent jurisdiction and shall comply with all requirements necessary to give such court jurisdiction.

8.4. Force Majeure.

Contractor shall promptly notify City in writing of any delay or anticipated delay in Contractor's performance of this Agreement due to a Force Majeure Event, and the reason for and anticipated length of the delay. Contractor shall deliver such notice as soon as reasonably practicable, but in any event within forty-eight (48) hours of Contractor's becoming aware of such delay. Contractor shall be excused for any delays or defaults in the performance of its obligations under this Agreement that are the result of a Force Majeure Event. Contractor shall be entitled to a reasonable extension of time for delays due to a Force Majeure Event.

8.5. Dispute Resolution.

(a) Good faith negotiations. In the event that any question, dispute, difference or claim arises out of or in connection with this Agreement, including any question regarding its existence, validity, performance or termination (a "Dispute"), which either Party has notified to the other, senior management personnel from both Contractor and City shall meet and diligently attempt in good faith to resolve the Dispute for a period of thirty (30) Calendar days following one Party's written request to the other Party for such a meeting.

(b) Technical Dispute. Technical Disputes shall be resolved by an independent expert. For the purposes of this Agreement, a "Technical Dispute" shall mean a Dispute regarding whether the System conforms to the Industry Standards and applicable Building Codes, whether the relevant part of the Site where the System is located meets the required Site characteristics, and any other Disputes of a technical or engineering nature. All Technical Disputes shall be resolved on an accelerated basis by a nationally recognized professional expert unless otherwise agreed in

writing by Contractor and City. Parties will share equally in the cost of the independent expert engaged to resolve Technical Disputes.

(c) Non-Binding Mediation. If the Dispute remains unresolved, a Party may require that a non-binding mediation take place with a mediator mutually chosen by City and Contractor. If City and Contractor are unable to agree on a mediator, then either may request that the American Arbitration Association (the "AAA") to appoint a mediator. The mediator's fee and expenses shall be paid one-half by City, and one-half by Contractor. In any such mediation, representatives of the Parties with authority to resolve the dispute shall meet for at least three hours with mediator. The obligation to mediate shall not be binding upon any Party with respect to (i) requests for preliminary injunctions, temporary restraining orders, specific performance, or other procedures in a court of competent jurisdiction to obtain interim relief deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by mediation of the actual Dispute; (ii) actions to collect payments not subject to bona fide Dispute; or (iii) claims involving third parties who have not agreed to participate in the mediation of the Dispute. The provisions of this Section shall survive any termination of this Agreement.

(a) Attorneys' Fees. The prevailing Party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with such an action from the other Party.

8.6. Notices and Demands.

Any notice, request, demand or other communication required or permitted under this Agreement, shall be deemed to be properly given by the sender and received by the addressee if made in writing (a) the same day if personally delivered; (b) three (3) Business days after deposit in the mail if mailed by certified or registered air mail, post prepaid, with a return receipt requested; or (c) the same day if sent by facsimile or electronic mail with confirmation. Mailed notices, facsimile notices or electronic notices shall be addressed as follows to:

City:

Name: _____
Attention: _____
Address: _____

Phone: _____

Email: _____

With a copy to: City Counsel

Name:
Attention:
Address:
Phone:
Email

Contractor:
Name: SitelogIQ, Inc.
Attention: Kecia Davison, President, West Energy
Address: 1651 Response Rd. Suite 300
Sacramento, CA 95815
Phone: (888) 819-0041

E-mail: kecia.davison@sitelogiq.com

8.7. Public Records Act Disclosure.

Contractor has been advised and is aware that all reports, documents, information and data including, but not limited to, computer tapes, discs or files furnished or prepared by Contractor, or any of its subcontractors, and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 et seq.). Exceptions to public disclosure may be those documents or other information that qualify as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Contractor informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. City shall provide Contractor five (5) Business days written notice if City intends to disclose any information which Contractor has identified as trade secret, and provide Contractor ten (10) Business days to take steps to oppose such disclosure.

8.8. Time of Essence.

Time is expressly agreed to be of the essence of this Agreement and each, every and all of the terms, conditions and provisions herein.

8.9. Validity.

The provisions contained in each section, subsection and clause of this Agreement shall be enforceable independently of each of the others and their validity shall not be affected if any of the others are invalid. If any of those provisions is void but would be valid if some

part of the provision were deleted, the provision in question shall apply with such modification as may be necessary to make it valid. The Parties shall, if necessary, negotiate in good faith and make any necessary amendments to ensure the enforceable terms of this Agreement reflect the true intent of the Parties as of the date of execution of this Agreement.

8.10. Binding Effect.

This Agreement shall be binding on the Parties hereto and on their respective permitted successors, heirs and assigns.

8.11. Modifications.

No oral or written amendment or modification of this Agreement by any administrator, Board member, officer, agent or employee of Contractor or City, either before or after execution of this Agreement, shall be of any force or effect unless such amendment or modification is in writing and is signed by any duly authorized representative of both Parties to be bound thereby.

8.12. Headings.

The headings in this Agreement are for convenience of reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

8.13. Counterparts; Signature Pages.

This Agreement may be executed in counterparts which, taken together, shall constitute a single instrument. Facsimile and other electronically transmitted signature pages shall be effective to bind a Party to this Agreement.

8.14. Announcements and Publications.

Contractor shall coordinate with City with respect to, and provide advance copies to City for review of, the text of any proposed announcements or publications that include any non-public information concerning the Work prior to the dissemination thereof to the public or to any Person other than Subcontractors or advisors of Contractor, in each case, who agree to keep such information confidential. If City delivers written notice to Contractor rejecting any such proposed announcement or publication within ten (10) Business Days after receiving such advance copies, the Contractor shall not make such public announcement or publication; provided, however, that Contractor may disseminate or release such information in response to requirements of Governmental Authority.

8.15. Complete Agreement.

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This Agreement together with the Exhibits hereto completely and exclusively states the agreement of the Parties regarding its subject matter and its terms govern, all prior proposals, agreements, or other communications between the Parties, oral or written, regarding such subject matter. No oral agreement or conversation with any officer or employee of either Party or any or all prior proposals shall affect or modify any of the terms and conditions of this Agreement. This Agreement shall not be modified except by written amendment signed on behalf of the City and Contractor by their duly authorized representatives. Any purported oral amendment to the Agreement shall have no effect.

8.16. No Agency.

This Agreement is not intended, and shall not be construed, to create any association, joint venture, agency relationship or partnership between the Parties or to impose any such obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act as or be an agent or representative of, or otherwise bind, the other Party.

8.17. Priority of Documents.

In the event of conflicting provisions between any of the Contract Documents, the provisions shall govern in the following priority: first, duly executed amendments to this Agreement (to the extent not superseded by a subsequent amendment); second, this Agreement; third, Work Order in Exhibit C, and fourth, the other Contract Documents.

8.18. Assignment.

No Party shall be entitled to assign or subcontract this Agreement or any of its rights or obligations under this Agreement, nor shall it enter into any transaction as a result of which it may transfer, assign, charge or dispose by any title of any of those rights and obligations, without the prior written consent of the other Party, which shall not be unreasonably withheld, provided that Contractor may subcontract that portion of the Work to Subcontractors. Notwithstanding the foregoing, (i) without the consent of the Contractor, City shall be entitled to assign its right, title and interest in and to this Agreement (and, in particular, any rights arising in relation to any insurance policy and any other right to collect any amount from Contractor) to any lenders by way of security for the performance of obligations to such lenders; (ii) without consent of the City, Contractor shall be entitled to assign its right, obligation, title and interest in and to this Agreement in connection with a merger or acquisition of Contractor; and (iii) without consent of City, Contractor shall be entitled to assign its right, obligation, title and interest in and to this Agreement to an Affiliate of the Contractor.

8.19. No Waiver.

Either Party's failure to enforce any provision of this Agreement of the waiver thereof in a particular instance shall not be construed as a general waiver of any part of such provision. The provision shall remain in full force and effect.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have duly executed and delivered this Agreement as of the date set forth above.

City of _____,
a City organized and existing under the laws of the State of California

By: _____
Name: _____
Title: _____

SitelogIQ, Inc.,
a Delaware corporation

By: _____
Name: Kecia Davison
Title: President, West Energy
Contractor's License #: 1054171

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EXHIBIT A
DEFINITIONS

"Affiliate" of a specified Person means any Person that directly or indirectly through one or more intermediaries' controls, is controlled by, or is under common control with, such specified Person. As used in this definition of Affiliate, the term "control" of a specified Person including, with correlative meanings, the terms, "controlled by" and "under common control with," means (a) the ownership, directly or indirectly, of 50% or more of the equity interest in a Person or (b) the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" shall have the meaning set forth in the preamble.

"Applicable Law" shall mean, with respect to any Governmental Authority, any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, injunction, registration, license, permit, authorization, guideline, governmental approval, consent or requirement of such Governmental Authority, as construed from time to time by any Governmental Authority.

"Applicable Permits" means those permits identified as the responsibility of Contractor as determined in Exhibit C.

"Authority Having Jurisdiction (AHJ)" means those local, state, or federal entities having regulatory authority over a specific aspect of the Project, such as building officials, Department of State Architecture, and fire departments.

"Business Day" means Mondays to Fridays, except such days on which banks are permitted or required to close in California.

"Certificate of Substantial Completion" shall mean a document in similar form to Exhibit F.

"Certificate of Final Completion" shall mean a document in similar form to Exhibit F.

"Change" shall means any addition to, deletion from, suspension of, or other modification to the quality, function, or intent of the Work, including without limitation any such addition, deletion, suspension, or other modification that effects a change in the scope of the Work. An "Unanticipated Condition" as defined in Section 3.5 hereof, experienced by Contractor during the course of the Work is included within the definition of "Change".

"Change Order" shall mean a written document signed by City and Contractor to adjust the Work Order Price or Construction Schedule as a result of a Change issued after execution of this Agreement.

"Commencement of Work" shall mean the commencement of Work for each Work Order.

"Construction Schedule" shall mean the schedule for implementation of the Work as determined by the Contractor to meet the Project Milestones as set forth on Exhibit C.

"Construction Documents" shall mean construction documents prepared by Contractor and approved by City.

"Contract Documents" shall mean this Agreement and Exhibits hereto, and drawings, specifications, plans, calculations, models and designs that are part of this Agreement and the Construction Documents prepared by Contractor and approved by City.

"Contractor" shall have the meaning set forth in the preamble.

"Contractor Representative" shall mean the individual designated by the Contractor in accordance with Section 8.1(b).

"Day" means calendar day unless it is specified that it means a "Business Day".

"Dispute" shall have the meaning set forth in Section 8.5(a).

"City" shall have the meaning set forth in the Preamble to this Agreement.

"City Permits" means those permits identified as the responsibility of City in Exhibit C.

"City's Representative" shall mean the individual designated by City in accordance with Section 8.1(a).

"Dollar" and "$" shall mean the lawful currency of the United States of America.

"Effective Date" shall mean the date first set forth in the preamble.

"Environmental Attributes" means all environmental and other attributes that differentiate the System or the energy generated by fossil-fuel based generation units, fuels or resources, characteristics of the System that may result in the avoidance of environmental impacts on air, soil or water, such as the absence of emission of any oxides of nitrogen, sulfur or carbon or of mercury, or other gas or chemical, soot, particulate matter or other substances attributable to the System or the compliance of the System or the energy output with the law, rules and standards of the United Nations Framework Convention on Climate Change (the "UNFCCC") or the Kyoto Protocol to the UNFCCC or crediting "early action" with a view thereto, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency or successor administrator or any state or federal entity given jurisdiction over a program involving transferability of Environmental Attributes and Reporting Rights.

"Environmental Incentives" means all rights, credits (including tax credits), grants, rebates, benefits, reductions, offsets and allowances and entitlements of any kind, howsoever entitled or

named (including carbon credits and allowances), whether arising under federal, state or local law, international treaty, trade association membership or the like arising from the Environmental Attributes of the System on each Site or the energy output or otherwise from the development, construction, installation or ownership of the System on each Site or the production, sale, purchase, consumption or use of the energy output from each Site. Without limiting the forgoing, "Environmental Incentives" includes green tags, renewable energy credits, grants, tradable renewable certificates, portfolio energy credits, the right to apply for (and entitlement to receive) incentive programs offered by the State of California and the right to claim federal income tax credits under Section 45 or 48 of the Code as such credits are available arising from the Environmental Attributes of the system on each Site or the energy output or otherwise from the development, construction, installation or ownership of the System on each Site or the production, sale, purchase, consumption or use of the energy output from each Site.

"Equipment" shall mean (a) all materials, supplies, apparatus, machinery, equipment, parts, tools, components, instruments, appliances, spare parts and appurtenances thereto that are required for prudent design, construction or operation of the System in accordance with Industry Standards and (b) all materials, supplies, apparatus, machinery, equipment, parts, tools, components, instruments, appliances, spare parts and appurtenances thereto described in, required by, reasonably inferable from or incidental to the Work or the Contract Documents.

"Excusable Delay" shall mean a Delay outside of Contractor's control that prevents Contractor from achieving the Commercial Operation Date for any System in accordance with the Project Schedule, and to the extent that such Delay adversely affects the Work such that the performance of the Work is prevented or delayed, Contractor shall be entitled to an adjustment in the Construction Schedule and deadlines of this Agreement. For purposes of this Agreement, an Excusable Delay shall include any of the following events:

(a) an act or failure to act of, or other delay caused by, or negligence of, City or its agents or employees;

(b) changes in the design, scope or schedule of the Project unilaterally required by the City;

(c) the suspension of Work in whole or in part by City;

(d) labor disputes, fire, vandalism, delay in manufacturing and deliveries;

(e) adverse weather conditions not reasonably anticipated and in excess of 150% of the normal weather (*e.g.,* rain, snow, sleet) for the local geographic area for the past ten (10) years as measured in a given month;

(f) unforeseen conditions at any Site, including discovery or existence of Hazardous Substances;

(g) the occurrence of a Force Majeure, or other unavoidable casualties or other causes beyond Contractor's control;

(h) the failure to obtain any Utility Interconnection Agreement, permission to operate, Applicable Permit, CEQA/NEPA approval or approval of a Governmental Authority or delays caused by changes and/or modifications to the Scope of Work as required by any Governmental Authority having jurisdiction over the Project;

(i) any equipment or material delays caused by suppliers or vendors;

(j) adverse changes to regulatory requirements;

(k) any breach of this Agreement or the Utility Interconnection Agreement or any information provided to the Contractor by City or Utility is inaccurate or incomplete; or

(l) any other cause outside Contractor's control after Contractor's best efforts to mitigate that delay, to the extent that Contractor is able to mitigate such delay, provided that a failure to perform of Contractor's subcontractors' shall not be an Excusable Delay, unless such subcontractors are unable to perform the Work as a result of any of the events described in this definition of "Excusable Delay".

"Facility" shall mean any and all properties of the City upon which the System shall be constructed or to which the System shall be connected, including land, buildings, structures, equipment, and electrical tie-in points.

"Final Completion" shall mean satisfaction or waiver of all of the conditions for completion of that portion of the System applicable to a particular Work Order as set forth in Section 5.2.

"Force Majeure Event" shall mean, when used in connection with the performance of a Party's obligations under this Agreement, any act or event (to the extent not caused by such Party or its agents or employees) which is reasonably unforeseeable, or being reasonably foreseeable, reasonably unavoidable (including by taking prudent protective and preventative measures) and outside the control of the Party which invokes it, and which renders said Party unable to comply totally or partially with its obligations under this Agreement. In particular, any of the following shall be considered a Force Majeure Event:

a. war (whether or not war is declared), hostilities, revolution, rebellion, insurrection against any Governmental Authority, riot, terrorism, acts of a public enemy or other civil disturbance;

b. acts of God, including but not limited to, unusually severe storms, floods, lightning, earthquakes, hailstorms, ice storms, tornados, typhoons, hurricanes, landslides, volcanic eruptions, winds in excess of ninety (90) miles per hour, drought, and objects striking the earth from space (such as meteorites) sabotage or destruction by a third party (other than any contractor retained by or on behalf of the Party) of FACILITY and equipment relating to the performance by the affected Party of its obligations under this Agreement;

c. strikes, walkouts, lockouts or similar industrial or labor actions or disputes, in each case of a regional or national nature;

d. changes in Applicable Law after the Effective Date that materially impact a Party's ability to perform under this Agreement; and

e. acts of any Governmental Authority that materially restrict or limit Contractor's access to the Site.

f. plague, epidemic, pandemic, outbreaks of infectious disease or any other public health crisis, including quarantine or other restrictions.

g. explosion, fire, destruction of machines, equipment, factories and of any kind of installation, prolonged break-down of transport, telecommunication or electric current

"Governmental Authority" shall mean any national, autonomic, regional, province, town, City, or municipal government, or other administrative, regulatory or judicial body of any of the foregoing.

"Hazardous Material" shall mean oil or petroleum and petroleum products, asbestos and any asbestos containing materials, radon, polychlorinated biphenyl's ("PCBs"), urea formaldehyde insulation, lead paints and coatings, and all of those chemicals, substances, materials, controlled substances, objects, conditions and waste or combinations thereof which are now listed, defined or regulated in any manner by any federal, state or Applicable Law.

"Indemnified Party" shall have the meaning set forth in Section 7.4.

"Indemnifying Party" shall have the meaning set forth in Section 7.4.

"Industry Standards" shall mean those standards of care and diligence normally practiced by a majority of engineering, construction and installation firms in performing services of a similar nature in jurisdictions in which the Work will be performed and in accordance with good construction practices, Applicable Permits, and other standards established for such Work.

"Manufacturer Warranty" shall have the meaning set forth in Exhibit C.

"Notice to Proceed Date" shall mean the date that City has granted Contractor the Notice to Proceed for the Work.

"Party" shall mean, individually, each of the parties to this Agreement.

"Performance Tests" means, the tests of the System, as more particularly described in Exhibit C.

"Person" shall mean any individual, corporation, partnership, company, joint venture, association, trust, unincorporated organization or Governmental Authority.

"Project" shall mean the entirety of Work to be performed by Contractor pursuant to the terms and conditions of the Work and any Change Orders.

"Representatives" shall mean the Contractor Representative and the City Representative and each may individually be referred to as a "Representative".

"Rock" is defined as limestone, sandstone, granite or similar rocks in solid beds or masses in original or stratified position which can be removed only by continuous drilling, blasting or the use of pneumatic tools, and all boulders of 1 cubic yard in volume or larger. Material which can be loosened with a pick, frozen materials, soft laminated shale and hardpan, which for convenience or economy is loosened by drilling, blasting, wedging or the use of pneumatic tools, shall not be classified as "Rock".

"City" shall have the meaning set forth in preamble.

"Site" shall have the meaning set forth in the first recital, and is more fully described in Exhibit C. An individual Site shall mean any area of a property owned by the City upon which a System is constructed.

"Solar Plant" shall mean that portion of the System only related to converting solar radiation into electricity and explicitly excludes all energy conservation technologies.

"Subcontractor" shall mean any Person, other than Contractor and Suppliers, retained by Contractor to perform any portion of the Work (including any Subcontractor of any tier) in furtherance of Contractor's obligations under this Agreement.

"Substantial Completion" shall mean satisfaction or waiver of all of the conditions for completion of that portion of the System applicable to a particular Work Order as set forth in Section 5.1(d).

"Substantial Completion Date" shall mean the actual date on which the Substantial Completion of the System, as defined in Section 5.1(d), has occurred.

"Suppliers" shall mean those Equipment suppliers with which Contractor contracts to build the System.

"System" shall have the meaning ascribed in the Recitals to this Agreement.

"Technical Dispute" shall have the meaning set forth in Section 8.5(b).

"Third Party" shall have the meaning of any persons or entity not affiliated with Contractor or City.

"Unanticipated Condition" shall have the meaning set forth in Section 3.5.

"Work" shall mean all obligations, duties, and responsibilities assigned to or undertaken by Contractor and described in Exhibit C with respect to the System.

"Work Order" shall mean the assigned Work for each Site as described in Exhibit C.

"Work Order Price" shall mean the amount for performing the Work that is payable to Contractor as set forth in Section 3.2, as the same may be modified from time to time in accordance with the terms hereof, and as described in Exhibit C.

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EXHIBIT B

CERTIFICATIONS

Exhibit B-1 Drug-Free Workplace / Tobacco-Free Environment Certification

Exhibit B-2 Non-Collusion Declaration

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DRUG-FREE WORKPLACE / TOBACCO-FREE ENVIRONMENT CERTIFICATION
(EXHIBIT B-1)

Government Code section 8350 et seq., the Drug-Free Workplace Act of 1990, requires that every person or organization awarded a contract or grant for the procurement of any property or service from any state agency must certify that it will provide a drug-free workplace by doing certain specified acts. In addition, the Act provides that each contract or grant awarded by a state agency may be subject to suspension of payments or termination of the contract or grant, and the contractor or grantee may be subject to debarment from future contracting, if the contracting agency determines that specified acts have occurred. The City of _____ is not a "state agency" as defined in the applicable section(s) of the Government Code, but the City is a local agency and City under California law and requires all contractors on City projects to comply with the provisions and requirements of Government Code section 8350 et seq., the Drug-Free Workplace Act of 1990. Contractor shall certify that it will provide a drug-free workplace by doing all of the following:

1 Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person's or organization's workplace and specifying actions which will be taken against employees for violations of the prohibition;

2 Establishing a drug-free awareness program to inform employees about all of the following:

a. The dangers of drug abuse in the workplace.
b. The person's or organization's policy of maintaining a drug-free workplace.
c. The availability of drug counseling, rehabilitation, and employee-assistance programs.
d. The penalties that may be imposed upon employees for drug abuse violations.

3 Requiring that each employee engaged in the performance of the contract or grant be given a copy of the statement required above, and that, as a condition of employment on the contract or grant, the employee agrees to abide by the terms of the statement.

I understand that if the City determines that I have either (a) made a false certification herein, or (b) violated this certification by failing to carry out the requirements of section 8355, that the Contract awarded herein is subject to termination, suspension of payments, or both. I further understand that, should I violate the terms of the Drug-Free Workplace Act of 1990, I may be subject to debarment in accordance with the requirements of section 8350 et seq.

I acknowledge that I am aware of the provisions of Government Code section 8350 et seq. and hereby certify that I will adhere to the requirements of the Drug-Free Workplace Act of 1990.

In addition, and pursuant to, without limitation, 20 U.S.C section 6083, Labor Code section 6400 et seq., Health & Safety Code section 104350 et seq. and City Board Policies, all City sites, including the

Sites, are tobacco-free environments. Smoking and the use of tobacco products by all persons is prohibited on or in City property. City Property includes buildings, grounds, owned vehicles and vehicles owned by others while on City property. I acknowledge that I am aware of the City policy regarding tobacco-free environments and hereby certify that I will adhere to the requirements of that policy and not permit any of my firm's employees, agents, subcontractors, or my firm's subcontractors' employees or agents to use tobacco and/or smoke on the Sites.

Date:

Proper Name of Contractor: SitelogIQ

Signature: _____

Print Name: Kecia Davison

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NONCOLLUSION DECLARATION
(EXHIBIT B-2)

(Public Contract Code § 7106)

The undersigned declares:

I am the President of SitelogIQ West, the party making the foregoing Contract.

The Contract is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The Contract is genuine and not collusive or sham. Contractor has not directly or indirectly induced or solicited any other entity to put in a false or sham bid or proposal. Contractor has not directly or indirectly colluded, conspired, connived, or agreed with any other designer/builder or anyone else to put in a sham bid or proposal, or to refrain from proposing. Contractor has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the Contract Price of Contractor or any other entity, or to fix any overhead, profit, or cost element of the Contract Price, or of that of any other entity. All statements contained in the Contract are true. Contractor has not, directly or indirectly, submitted his or her Contract Price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, governing agency, or to any member or agent thereof, to effectuate a collusive or sham bid or proposal, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of a Contractor that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of Contractor.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on the following date:

.

Date:

Proper Name of Contractor: SitelogIQ

Signature: _____

Print Name: Kecia Davison

EXHIBIT C
WORK ORDERS

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Work Order 1

Photovoltaic (PV) Renewable Energy System Installation and Battery Energy Storage System (BESS) Scope of Work

PROJECT SCOPE OF WORK INDEX

Section 1	Scope of Work
Section 2	Proposed Project Installation Timeline & Coordination
Section 3	Work Milestones
Section 4	Fixed Price Amount
Section 5	Progress Payment Schedule
Section 6	Performance and Payment Bonds

1.0 SCOPE OF WORK

General

The scope of work for the new systems include engineering, permitting, procurement, construction, and commissioning, supervision, materials and supplies, labor, tools, construction equipment and machinery, utilities and transportation for the proper execution and completion of a fully integrated and operational System, unless otherwise excluded in this Scope of Work. Contractor shall perform, supervise, and direct the Work in accordance with Industry Standards, Applicable Law and Project Milestone dates.

1.1 System Summary

The solar PV & BESS systems installation will be installed as illustrated in the Site Layout Plans & Single Line Diagram provided in Section 1.13. Any changes to the location, size, or orientation shall constitute a Change Order. In summary, the systems will include the following:

1. McAdam Park solar installation will include one (1) electricity grid-connected carport structure photovoltaic system with a total rated approximate capacity of 84.7 kW-DC-STC.

2. McAdam Park battery installation will include one (1) 125kW / 500kWh battery energy storage system. BESS equipment will be STEM product line 8.0.5.A-125-534 with Sungrow ST556KWH-250UD enclosure or similar.

   Includes SEL-700G relay, Automatic Transfer Switch, and Mini Power Center with 5kVA transformer.

In general, the Systems above will consist of the following:

a. PV modules
b. PV module support structure
c. Batteries
d. Inverter(s)
e. System electrical protection
f. Electrical disconnects
g. Switchgear
h. Automatic Transfer Switch (ATS)
i. Relays
j. Fuses and/or breakers
k. Transformers
l. Control and monitoring systems
m. Outdoor rated equipment enclosures
n. Cables, wires, jumpers, connectors, system grounding and associated trenching and/or boring
o. Equipment foundations
p. Lighting (under canopy only)
q. Signage

1.2 Engineering Design Services

Contractor shall be responsible for detailed design and operational coordination of equipment and materials installed for the System. Contractor shall conform to Industry Standard and Applicable Law. The following design services shall be provided by Contractor:

A. Civil Engineering design, including the preparation of the following:
   - Site Plan
   - Geotechnical Report (if required)
B. Structural Engineering Design, including:
   - Foundations and other structural concrete
   - PV module support structural design
   - Structural design calculations, as required
C. Electrical Systems design, including:
   - PV modules
   - Inverter
   - BESS
   - DC combiners, disconnects, fuses, and wiring
   - AC breakers and disconnects
   - Revenue metering
   - Enclosures, conduit, and wiring
   - Communications and control systems as described herein

- Other electrical systems included in the scope of work

1.3 Permits

Contractor shall obtain and shall file on a timely basis any documents required to obtain Applicable Permits except those permits that are the responsibility of the City ("City Permits"). City shall obtain, and shall file on a timely basis, any documents required to obtain all such City Permits. City shall pay for all taxes, fees, and costs required to obtain all Permits.
Applicable Permits include:

- General Construction and Building Permits

City Permits include:

- CEQA (Categorical Exemption certified by the City is assumed for this project)
- Easements required to complete the work.
- All other permits required for construction of the System, except for Applicable Permits

1.4 Procurement

Contractor shall procure all materials and equipment included in the Scope of Work for the installation of a complete System under this Scope of Work.

1.5 Construction Services

The following services shall be provided by Contractor as part of the general construction activities:

A. Civil construction, including surveying, clearing, grubbing, excavation, trenching, and backfill.
   A.1. Backfill with native soil & compact to 90% in landscape areas
   A.2. Backfill with 1-sack slurry, restore to match existing conditions in roadways
B. Structural construction, including foundations, concrete work, grouting, anchors, erection of PV racks, shade structures, and other support structures
C. Electrical construction, including PV modules, BESS, combiners, inverter, disconnects, wiring, breakers, metering, control and monitoring systems, telecom systems, and lighting systems as required for a complete System.
D. Safety services, including on-site safety equipment, personnel training, and safety monitoring of construction activities
E. Support services, including Contractor's trailers, shaded worker rest areas, restroom facilities, and security
F. Coordination with City's staff for site access, laydown, and storage with minimal interference to normal operations.
G. Operator training services

H. Restoration of landscape and hardscape to pre-construction condition, or in accordance with new design, as needed
I. Construction inspections, material verification, and testing as required
J. Lawful Disposal of refuse, spoils, chemicals, and waste materials associated with construction activities
K. Testing and start-up services for electrical and control systems included in the scope of work. Testing shall include pre-operational functional tests, equipment calibration, and insulation resistance tests. All necessary test equipment and instrumentation will be provided.
L. Miscellaneous consumable materials required to erect the System
M. Coordination with City's Staff and Representatives, including Inspector of Record ("IOR") for all inspections and submittals.

1.6 Documentation Submittals

Contractor will prepare and submit designs, drawings, and specifications to the City for review and approval. City shall review the documents and provide any comments in writing to Contractor within ten (10) Business Days after receipt of such documents (the "Design Review Period"). Contractor will proceed with the assumption that City has approved the documents if no comments are received within ten (10) Business Days. Any comments provided by City after ten (10) Business Days that result in re-work shall constitute a Change Order. City shall consolidate all comments for each review cycle such that Contractor does not receive comments in separate submittals at different times from various City personnel. Any re-work as a result of receiving comments in separate submittals shall constitute a Change Order. To the extent consistent with Applicable Law and Industry Standards, Contractor will incorporate City comments into the final designs, drawings, and specifications (the "Construction Documents"), as applicable. Contractor shall submit such revised documents to City for additional Design Review Periods, which shall not extend longer than ten (10) Business Days, until City approves such revised documents subject to the terms of the Agreement.

The following list is not all inclusive but defines the Contract Documents that are required to be submitted by Contractor for review and approval by the City.

A. Facility drawing with Project improvements drawn to scale (Site Plan)
B. Electrical design package including:
    - Single Line AC and DC diagrams
    - Communication, Monitoring and Control schematics
    - Electrical Circuit and Conduit schedule
    - Electrical Equipment installation plans
    - Lighting plan, if required
    - Placard schedule

- Equipment data sheets

C. Structural Calculations package including:
   - Ground structural elements for ground-mount systems
   - Equipment foundations and enclosures
   - Security fencing
D. System energy production calculations and software model based on Site Plan
E. Approved Applicable Permits
F. Geotechnical report including Project applicable soil properties (if required)
G. Project Schedule
H. Environment, Health and Safety Plan
I. System Manual with specifications, startup, commissioning and testing procedures for relevant equipment.
J. System Operation and Maintenance manual (O&M plan)
K. As-Builts (Record Drawings)
L. Professional Engineer Wet Stamps and signatures on final design documents:
   - Electrical Design package
   - Structural Calculation package
M. Interconnection Agreement with Local Utility
N. Documentation for Rate Change with Local Utility

1.7 Workmanship Warranty

Commencing on the Final Completion Date and for a period of one (1) year thereafter, Contractor warrants that the Systems will be free from defects ("Workmanship Warranty"). If a System has a defect, and City provides written notification of said defect within the one (1) year workmanship warranty period, Contractor will, at its option, either repair or replace the portion of the System that is defective at no cost to City within forty-five (45) days of notification. The Workmanship Warranty shall not apply to the extent such defect is caused by any of the following:

(b) Alterations or repairs made to the supporting structure of any System or associated wiring and parts without Contractor's prior written approval;

(c) Failure of a System to perform caused by legislative, administrative, or executive regulation, order or requisition of the government, local utility or public utilities commission, or any state, provincial or municipal government or official;

(d) Use of a System beyond the scope contemplated in its operating manuals or technical specifications;

(e) Damage to a System not caused directly or indirectly by Contractor or its subcontractors under any agreement between Contractor and City;

(f) Force Majeure Events;

(g) A change in usage of that portion of the Site on which the System is located which may affect building or site permits and related requirements, without the written approval of Contractor, or a change

in ownership of building or property and the new owner has not signed an assumption agreement of the terms and conditions herein,

(h) Any defect of deficiency to the extent the same results from a specific written direction from the City if, prior to implementing such written direction, Contractor advised City that City's written direction would so affect the warranty provided by Contractor hereunder.

1.8 Manufacturer Warranties

Contractor shall procure and assign to City warranties from the equipment manufacturers (the "Manufacturer Warranty") to the extent said equipment is purchased and provided for the Solar Plant by Contractor. Solar energy equipment included in the scope of work for electricity generation (PV modules, inverters) shall have a minimum ten (10) year manufacturer performance warranty to protect against degradation of electrical generation output of more than 15% from their originally rated electrical output. Except as expressly provided in this Agreement, Contractor's obligations under this warranty do not apply to any defects whatsoever in the equipment purchased and provided by Contractor for the Solar Plant, provided Contractor has procured and assigned to City the Manufacturer Warranty of such equipment. Contractor makes no representation or warranty, and City shall seek no recourse from Contractor, regarding the Manufacturer Warranties, including, without limitation, any degradation in electrical generation output of the PV modules.
Contractor shall require that Manufacturers provide the following warranties:

a. Inverters shall have a ten (10) year standard Manufacturer Warranty.
b. PV modules shall have the following standard Manufacturer Warranties:
    i. Five (5) year material and workmanship warranty;
    ii. Ten (10) year power output warranty at ninety percent (90%) of rated nominal power output; and
    iii. Twenty-five (25) year power output warranty at eighty percent (80%) of rated nominal power output.
c. Meters shall have a one (1) year standard Manufacturer Warranty.
d. Battery Storage Equipment shall have a ten (10) year standard Manufacturer Warranty

1.9 Project Closeout

a. Contractor shall deliver to City an owner's manual, operator's manual and as-built drawings for the System no later than ninety (90) days after Substantial Completion occurs. For the avoidance of doubt, the as-built drawings shall be included in the punchlist items.

b. At City's request, Contractor shall provide City's personnel with no less than one (1) full Day of detailed and complete on-site operation training with respect to the System. City's personnel shall have the qualifications necessary to perform

their activities and will be hired by City or its Affiliate. Contractor shall provide City reasonable assistance in soliciting and obtaining any subsidies, rebates or incentives that may be available from any Governmental Authority pursuant to or in connection with the purchase or operation of the System or otherwise. Contractor makes no representation nor warranty to City as to the availability or amount of any such subsidies, rebates or incentives.

1.10 City Responsibilities

Contractor shall not be obligated to perform any work or activity beyond the scope of the work and its other obligations under this Agreement. In particular, the following shall not be included in the Scope of Work and therefore shall be performed by City:

a. The City shall furnish, to the extent not already provided to Contractor: (a) all surveys or other information in City's possession that describe the physical characteristics, legal limitations, and utility locations in and around the Site; (b) any prior environmental review documentation and all known information in City's possession concerning subsurface conditions, including without limitation the existence of any known Hazardous Materials, in or around the general area of the Site where the Work will be performed; (c) all relevant information in City's possession, including any structural or other relevant as-built drawings and photographs, of prior construction undertaken in the general area where the Work will be performed; (d) title reports less than one (1) year in age; and (e) any and all easements, zoning variances, planning approvals, including any resolution of any environmental impact issues, and any other legal authorization regarding utilization of the Site essential to the execution of the Work.
b. City shall provide continuous access to the Site to perform the Work according to the Construction Schedule;
c. City shall make water source available at the Site for construction water;
d. City shall obtain the City Permits;
e. City shall be responsible for hiring and paying for a Division of State Architect certified Inspector of Record;
f. City shall select its own personnel so that it is present at the date of Substantial Completion;
g. City shall pay for and provide communication access for system monitoring;
h. City shall pay for all taxes, fees, and costs required to obtain all Permits;
i. City shall provide access to, and allow Contractor the use of, water lines, sewer lines, storm water lines, power lines, fuel lines, telephone and communication lines, pipelines, and drainage ditches; and

j. City shall be responsible for operating the System from and after Substantial Completion.

1.11 General Clarifications & Qualifications to Scope of Work

a. Scope of Work Price assumes one (1) review cycle by City of the equipment layout drawings, one (1) review cycle by City of final design documentation, and one (1) final set of as-built drawings delivered to City in electronic format and hard copy.
b. Schedule and Scope of Work Price assumes City will review and provide comments on drawings within 10 business days.
c. Installation of approximately 4,999 SF of T canopies.
d. HSS columns and HSS beams with Light Gauge Steel purlins.
e. 1 array in Portrait orientation.
f. 28'-6'' column spacing assumed.
g. 5-degree tilt assumed.
h. 10'-0'' clear height assumed for all structures.
i. All arrays assumed to follow existing grade.
j. No soils reports have been provided by the client. SitelogIQ will complete a soils report. SitelogIQ is currently assuming a foundation depth of 12 ft and diameter of 24 in with average drilling conditions and a maximum Fa=1.0 with no caving, water intrusion or refusal. Assumptions will need to be confirmed with a soils report.
k. Roof live load of 0 psf is assumed in this estimate.
l. Site conditions verified by site walk and conditions are considered in this estimate.
m. Steel mill run assumed for steel efficiency.
n. One footing per array is assumed for conduit installation inside of footing. (1) assumed as part of this proposal.
o. Shade installation is Scope of Work Price is based on code approved conduit and wiring methods.
p. Scope of Work Price assumes that Contractor will not encounter any Rock during trenching and excavating.
q. Scope of Work Price assumes that Contractor will not encounter any ground water during trenching and excavating.
r. Wiring from PV panels to combiners is USE cable and not placed in raceways.
s. Grounding as required by NEC.
t. AC and DC wiring to be aluminum where possible.
u. Scope of Work Price is based on the COMEX and The Steel Index (TSI) material pricing as of the Effective Date. Increases to COMEX and The Steel Index (TSI) may result in an increase in the Contract Price.

v. Scope of Work Price is based on site parking being available to all Contractor and Subcontractor employees.
w. Scope of Work Price is based on straight time Monday to Friday (no holidays) work week, 40 hours per week between 6:00 AM and 6:00 PM. (except for Interconnection Shutdowns)
x. Scope of Work Price and schedule assumes that City will receive all necessary easements within 45 business days after the Effective Date.
y. Scope of Work assumes there are no existing encumbrances or easements on the site.
z. Worksite must be clear of all obstructions.
aa. Sufficient laydown and material storage area will be made available on-site thru the duration of the project.
bb. Sufficient area shall be cleared and made available to safely crane the electrical equipment into place. Crane-Pick location shall be coordinated with client at least 1 week prior to crane mobilization.
cc. All existing Point-of-Interconnection gear is fully capable of and rated for the interconnection of the proposed BESS+PV system without the need for modifications.
dd. Price includes decorative
ee. Site is currently missing As-Built Electrical drawings. It is assumed that the BESS system will back-up the meter with loads for the pool. SitelogIQ will complete a more thorough assessment and confirm prior to engineering.
ff. Existing soil conditions are suitable for direction boring with no refusals, obstructions, hard digging, caving soils, or water mitigation.
gg. Existing soil conditions are suitable for compaction without special handling or drying of material

1.12 Scope of Work Exclusions

The Solar Work excludes the following:

a. Plumbing, Fire Sprinklers, Fire and Life Safety equipment and its components.
b. Warranty, repair and/or upgrade of the existing mechanical, plumbing and electrical systems, air distribution and control systems found in disrepair or not compliant to code. Any and all systems and structure defects repairs/replacements as a result of pre-existing condition.
c. Upgrade of the existing site electrical service capacity and transformer.
d. Ground continuity, polarization, and ground bond testing.
e. Conductor labeling except at termination points

f. As-Built documentation of existing conditions.
g. Electrical Load Monitoring
h. Repairs of any electrical code violations at existing facility.
i. Net Generation Output Metering (NGOM)
j. Any upgrades to existing parking lots, sidewalks, etc. unless otherwise included in scope.
k. Drill hole casing, water mitigation, or Rock drilling.
l. Hazardous material abatement and/or removal of any kind.
m. Plan Check Fees (to be paid directly by the City).
n. Inspector of Record fees
o. 3rd Party Testing or Special Inspection Fees including compaction testing.
p. Storm Water Pollution Prevention Plan (SWPPP).
q. Americans with Disabilities Act (ADA) improvements including curb cutting, truncated dome installation, repainting, restriping, or installation of new signs.
r. Tree Removal
s. Tree Mitigation Costs.
t. Light pole removal
u. String level monitoring.
v. Relocation and modification of underground utilities.
w. Premium time (except for utility tie-in).
x. Field painting – lot striping, conduit painting, etc. above and beyond any items altered during construction or otherwise specified in the scope of work.
y. Asphalt (fog, coating, and striping)
z. Photometric lighting plan or study.
aa. Traffic control, including permits and fees.
bb. Privacy screen for temporary fencing.
cc. Temporary power for parking lot lighting
dd. Generator or temporary power for building loads during shutdowns.
ee. Spare conduits.
ff. Protective bollards
gg. Removal of utility mark out paint
hh. Hot-Dipped Galvanization of strut
ii. Stainless steel hardware
jj. Metallic cable ties
kk. Operation and Maintenance services.
ll. Other Fees (plan check, utility permits, parking, etc.).

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mm. Any additional costs associated with COVID-19 (this includes, but not limited to, safety training, sanitizing equipment, limitation on number of workers in a space, etc.).

nn. Any items not specified in this scope.

Contractor will notify the City of any excluded work or repairs which are necessary to the function of the Work as soon as Contractor becomes aware of such, and before proceeding with related work.

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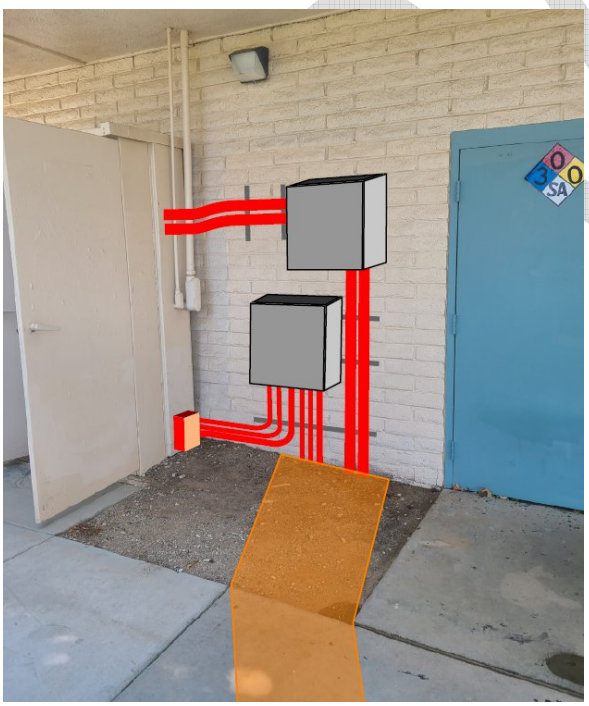
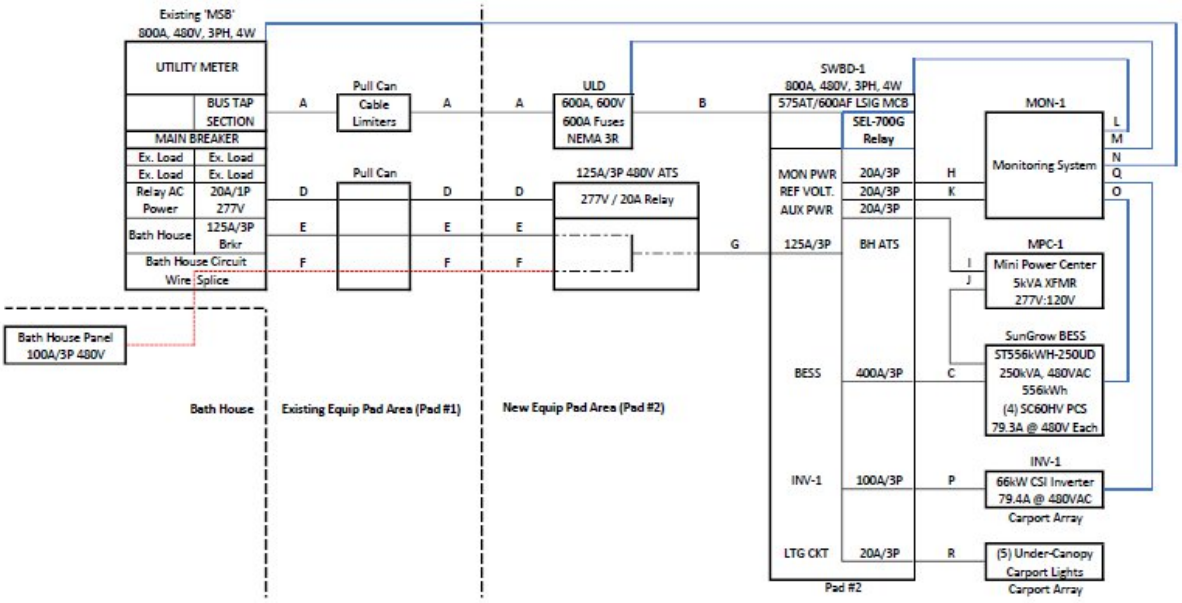
1.13 Site Plans & Single Line Diagram

McAdam Park PV Layout



Single Line Diagram

McAdams Park (80kWDC Carport PV + 125kW-500kWh BESS w/ Back-Up)



McAdams Park (PV + BESS w/ Back-Up) - Wire & Conduit Schedule											
Tag	Distance	From	To	Conduit Size	Parallel	Conduit Type	AL/CU	Conductors	OCPD	Current	Voltage
A	50'	BUS TAP	ULD	3"	2	EMT / PVC	AL	(3) 500KCMIL THWN-2, (1) #2/0 AWG NEU, (1) #2/0 AWG EGC	600	460	480
B	20'	ULD	SWBD-1	3"	2	EMT / PVC	AL	(3) 500KCMIL THWN-2, (1) #2/0 AWG NEU, (1) #2/0 AWG EGC	600	460	480
C	25'	SWBD-1	BESS	2"	2	PVC	AL	(3) 250KCMIL THWN-2, (1) #1 AWG NEU, (1) #1 AWG EGC	400	320	480
D	50'	RELAY BKR	RELAY	1"	1	EMT / PVC	CU	(3) #10 AWG THWN-2, (1) #10 AWG NEU, (1) #10 AWG EGC	20	10	277
E	50'	BH BKR	ATS	1-1/2"	1	EMT / PVC	CU	(3) #1/0 AWG THWN-2, (1) #6 AWG NEU, (1) #6 AWG EGC	125	100	480
F	50'	SPLICE	ATS	2"	1	EMT / PVC	CU	(3) 250KCMIL THWN-2, (1) #4 AWG NEU, (1) #4 AWG EGC	125	100	480
G	25'	SWBD-1	ATS	1-1/2"	1	EMT / PVC	CU	(3) #1/0 AWG THWN-2, (1) #6 AWG NEU, (1) #6 AWG EGC	125	100	480
H	15'	SWBD-1	MON-1	1"	1	EMT / PVC	CU	(3) #10 AWG THWN-2, (1) #10 AWG NEU, (1) #10 AWG EGC	20	10	277
I	15'	SWBD-1	MPC-1	1"	1	EMT / PVC	CU	(3) #10 AWG THWN-2, (1) #10 AWG NEU, (1) #10 AWG EGC	20	10	277
J	20'	MPC-1	BESS	1"	1	EMT / PVC	CU	(1) #10 AWG THWN-2, (1) #10 AWG NEU, (1) #10 AWG EGC	10	5	120
K	15'	MON-1	SWBD-1	1"	1	EMT / PVC	CU	(9) #14 AWG THWN-2, (1) #12 AWG EGC			
L	15'	MON-1	SWBD-1	1"	1	EMT / PVC	DATA	RS485			
M	15'	MON-1	ULD	1"	1	EMT / PVC	DATA	RS485			
N	50'	MON-1	MSB	1"	1	EMT / PVC	DATA	RS485			
O	25'	MON-1	BESS	1"	1	EMT / PVC	DATA	RS485			
P	380'	SWBD-1	INV-1	1-1/2"	1	PVC	AL	(3) #1/0 AWG THWN-2, (1) #6 AWG NEU, (1) #6 AWG EGC	100	79.4	480
Q	385'	MON-1	INV-1	1"	1	EMT / PVC	DATA	RS485			
R	380'	Lighting Circuit		1"	1	EMT / PVC	CU	(2) #10 AWG THWN-2, (1) #10 AWG NEU, (1) #10 AWG EGC	20	10	277

McAdams Park (PV + BESS w/ Back-Up)		
Tag	Qty	Description
BUS TAP	1	600A, 480V, 3PH, 4W Bus Tap Lugs w/ (6) 500kCMIL Cable Limiters in Pull Can
ULD	1	600A, 600V, 600A Fuses, 3PH, 4W, NEMA 3R, Visible Blade Disconnect w/ Viewing Window
SWBD-1	1	800A, 480V, 3PH, 4W, 65kAIC, NEMA 3R Switchboard, 575AT/600AF/3P LSIG Bi-Directional MCB, SEL-700G Relay, (1) 400A/3P Back-Feed Rated Breaker, (1) 100A/3P Back-Feed Rated Breaker, (1) 125A/3P Back-Feed Rated Breaker, (4) 20A/3P Breakers, Aluminum Bussing
INV-1	1	Canadian Solar CSI-66KTL-GS 2017-08 66kW String Inverter, 79.4A @ 480V, 90kW Max DC Power
Relay Bkr	1	20A/1P, 277V Add-to-Existing Breaker in GE Gear, 65kAIC
LTG	5	4' Linear LED Vapor-Tight Under-Canopy Light Fixtures w/ Integrated Occ Sensor & Photocell
MPC-1	1	Mini Power Center, 5kVA XFMR (277V:120V), 20A/1P/120V Breaker, NEMA 3R
ATS	1	125A, 480V, 3PH, 4W, NEMA 3R, Automatic Transfer Switch with 20A/277V Relay
MOD	204	Canadian Solar CS3W-415PB-AG 415W PV Modules
BESS	1	Sungrow ST556kWH-250UD BESS w/ SC60HV PCS, 250kVA, 556kWh

2.0 PROPOSED PROJECT INSTALLATION TIMELINE & COORDINATION

This project will require extensive scheduling and coordination to ensure the efficient implementation of the Work shown herein.

The City shall provide safe access to the buildings and provide the necessary security for staff safety during the rigging and equipment handling process. During the retrofit services, areas of the building designated by Contractor may need to be vacated to ensure the safety of the occupants. It will be the City's responsibility to temporarily relocate the occupants to other locations or buildings and/or, if needed, provide temporary facilities for the duration of the given phase of each project.

In order to minimize the disruption of City's operation, coordination and scheduling items shall include but are not limited to multiple trips to the job site, multiple equipment riggings, temporary relocation of the tenants, etc. Contractor will work with the City to develop a detailed project schedule. Once the project schedule is confirmed, Contractor will provide the City with a Schedule of Values and a progress payment schedule, which corresponds to the project schedule. The installation of mechanical systems will start upon executing this Agreement and ordering and obtaining necessary equipment, parts and materials needed for installation, as listed in the scope of work. It is anticipated the construction phase of this project would be performed in 2022-2023.

City and its representatives shall coordinate all the project activities with Contractor's Project Manager only.

3.0 WORK MILESTONES

Estimated Work Milestone Schedule	
Milestone	Milestone Date
Notice to Proceed	TBD
Major Equipment Ordering	Notice to Proceed + 2 weeks
Construction Mobilization	Notice to Proceed + 30 weeks
Substantial Completion	Notice to Proceed + 56 weeks
Final Completion	Notice to Proceed + 62 weeks

Contractor shall be given a day-for-day slip in the Work Milestone Schedule for a delay in the Funding Date beyond the date shown above.

4.0 FIXED PRICE AMOUNT

The fixed price for this Scope of Work is $1,667,749

Contractor shall be entitled to, an increase in the Contract Price where the cost to Contractor for any labor, raw-material, or component (including without limitation, solar panels, tracking equipment, inverters, lighting and mechanical system components or any other equipment or materials necessary to complete the work required by this Work Order) increases after the Execution Date of the Master Agreement. Such increase may be determined by the relative index for such labor, equipment, or material component including but limited to Consumer Price Index, The Steel Index, Commodity Indexes, etc. Contractor shall be entitled to an equitable adjustment in time and money for any costs that it incurs directly or indirectly that arise out of or relate to changes in taxes, tariffs, or similar charges due to such changes including, without limitation, escalation, delay damages, costs to re-procure, costs to change suppliers, costs of manufactured equipment or system components, or other costs of any kind resulting from the changes.

The Fixed Price Amount includes City Controlled Allowance of $100,000.

"City Controlled Allowance" is for the use of the Contractor, as approved by the City, to pay for contingency items and costs escalations. The Contractor shall obtain written approval from City prior to using the City Controlled Allowance. If on Final Completion of the Project, funds are remaining in the City Controlled Allowance, such funds shall remain unspent and allocated back to the City.

5.0 PROGRESS PAYMENT SCHEDULE

The City shall pay to Contractor the progress payments set forth below when Contractor has completed the Work associated with such payment. Contractor must submit documentation at the time of invoicing for related progress payments.

Progress Payments Schedule	
Payment Milestone	% of Total Task Order Price
Notice to Proceed	10%
Equipment Deposit	35%
Construction Mobilization	10%
Progress Payments	30%

Substantial Completion	10%
Final Completion/Retention	5%

6.0 PERFORMANCE AND PAYMENT BONDS

Upon the written request of the City prior to commencement of work, Contractor shall provide evidence of the following bonds to City:

a. Performance Bond. A bond issued by a corporate surety authorized to issue surety insurance in California, and reasonably acceptable to City, in an amount equal to one-hundred percent (100%) of this Scope of Work Price payable under the Agreement securing the faithful performance of this Scope of Work; and

b. Payment Bond. A bond issued by a corporate surety authorized to issue surety insurance in California, and reasonably acceptable to City, in an amount equal to one-hundred percent (100%) of this Scope of Work Price payable under the Agreement securing the payment of all claims for the performance of labor or services on, or the furnishing of materials for, the performance of this Scope of Work.

The Performance and Payment Bonds shall guarantee timely completion of the Work in accordance with this Scope of Work and shall cover the installation period. The warranty period shall extend one (1) year following Final Completion.

The surety, having provided the Performance and Payment Bonds under this Scope of Work, shall assume no liability to Contractor, City or any third parties, should Contractor fail, for any reason, to deliver acceptable warranties beyond the one (1) year warranty period following Final Completion.

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EXHIBIT E
INSURANCE

Contractor Insurance Requirements

1. Required Coverages. Contractor shall carry and maintain with carriers or self-insurance, as a minimum, the following insurance coverage:

   i. Workers Compensation Insurance and Employers Liability. In accordance with the laws of the state of where work may be done with limits for employers liability in the minimum amount of one million dollars ($1,000,000) for each occurrence and one million dollars ($1,000,000) for each occurrence of bodily injury on a per employee basis;

   ii. Commercial General Liability. One million dollars ($1,000,000) per occurrence/two million dollars ($2,000,000) in the aggregate for bodily injury, personal injury and property damage, products and completed operations:

   iii. Commercial Automobile Liability, Any Auto. One million dollars ($1,000,000) per accident including owned, non-owned, and hired automobiles.

   iv. Excess coverage of four million dollars ($4,000,000) per occurrence and aggregate, or any other equivalent, available insurance coverage of the Contractor.

2. Policy Endorsements. Insurance coverage required to be maintained by Contractor under this Agreement shall:

   i. provide a severability of interests or cross liability clause for Commercial General Liability Insurance;

   ii. except in the case of worker's compensation insurance and other statutory insurances where it would be inappropriate, name City and others as may be reasonably required by City, as additional insured's; and to the extent permissible in accordance with the policy, include a waiver of subrogation by the insurers in favor of City and each of its respective assignees, Affiliates, agents, officers, directors, employees, insurers or policy issuers and a waiver of any right of the insurers to any set-off or counterclaim, whether by endorsement or otherwise, in respect of any type of liability of any of the Persons insured under any such policies.

3. Certificates. Contractor shall throughout the Agreement Term provide certificate(s) and/or memoranda of insurance evidencing the coverage specified in this Attachment E to City upon City's reasonable request.

City Insurance Requirements

1. Required Coverage. City shall carry and maintain with carriers or self insurance, as a minimum, the following insurance coverage:

    i. Workers Compensation Insurance and Employers Liability. In accordance with the laws of the state of where work may be done with limits for employers liability in the minimum amount of one million dollars ($1,000,000) for each occurrence and one million dollars ($1,000,000) for each occurrence of bodily injury on a per employee basis;

    ii. Commercial General Liability. One million dollars ($1,000,000) per occurrence/two million dollars ($2,000,000) in the aggregate for bodily injury, personal injury and property damage, products and completed operations:

    iii. Commercial Automobile Liability, Any Auto. One million dollars ($1,000,000) per accident including owned, non-owned, and hired automobiles.

    iv. Excess coverage of four million dollars ($4,000,000) per occurrence and aggregate, or any other equivalent, available insurance coverage of the Contractor.

2. Policy Endorsements. Insurance coverage required to be maintained by City under this Agreement shall provide a severability of interests or cross liability clause for Commercial General Liability Insurance;

3. Certificates. City shall throughout the Agreement Term provide certificate(s) and/or memoranda of insurance evidencing the coverage specified in this Attachment E to Contractor upon Contractor's reasonable request.

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EXHIBIT F
CERTIFICATE OF SUBSTANTIAL/FINAL COMPLETION AND ACCEPTANCE

The undersigned, City of _____ ("the City"), having its office at _____, having entered into the Facility Solutions Agreement ("Agreement") dated _____, with SitelogIQ, ("Contractor"), does hereby certify as follows:

1. I am authorized to issue this [Substantial][Final] Completion Certificate on behalf of the City.

2. As of the date hereof, all the requirements for achievement of [Substantial][Final] Completion pursuant to the Agreement have been met.

ACCEPTANCE

Contractor: SitelogIQ

By: _____
Name:
Title:

City:
City of _____
By:_____
Name:
Title:

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EXHIBIT G
NOTICE TO PROCEED

SitelogIQ, Inc.
1651 Response Rd, Suite 300
Sacramento, CA 95815
Kecia Davison, President, West Energy

Re: Notice to Proceed

Dear Kecia Davison:

This Notice to Proceed is being issued by City of _____ ("City") to SitelogIQ, Inc. ("Contractor") pursuant to the 4217 Facility Solutions Agreement, entered into on _____

This Notice to Proceed authorizes the Work described by Exhibit C of the Agreement.

By signing and dating this Notice to Proceed, the parties hereto agree to these terms and represent and warrant they have the authority to execute this Notice to Proceed on behalf of their respective organizations.

ACKNOWLEDGED & AGREED TO:

City of _____	SitelogIQ
Signature:_____	Signature:_____
Name: _____	Name: Kecia Davison
Title: _____	Title: President, West Energy
Date: _____	Date: _____

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COVER PAGE (SOLAR AND BATTERY ENERGY STORAGE SYSTEM [BESS] O&M CONTRACT)

Customer Name	City of Palmdale
Customer Address	38300 Sierra Highway, Palmdale, CA 93550
Customer County	Los Angeles County
Customer Type [within text] (District, College, City, County, other customer-specified term)	Owner
Customer Contact	Ronda Perez
Customer Title	Interim City Manager
Version Date / Executed Date (when final)	3/31/2022
Number of Sites	1
Aggregate PV System Size (kW)	84.7
Aggregate BESS System Size (kW)	125kW / 500kWh
First Year O&M Fees ($/Year)	$3,849
Term of Agreement (Months)	120 Months
Performance Guarantee (%)	90%
First Year True-Up Fee ($/kWh)	$0.17
Escalation Rate (%/Year) Applied to O&M and True-Up Fees	3%
Site Inspection Frequency (Annual, Biennial) Annual Required for stated Performance Guarantee	Annual

☒ Fill out Table Above

☒ Add Site and System Information to Exhibit D

☐ Remove Highlighting from All Sections

☒ Right-click on Table of Contents and update table

☒ Ensure O&M agreement matches with latest Drawings, Docs, and O&M estimate

☐ Redline based on Negotiations

☐ Convert to PDF for Final

☐ Delete this Checklist once final

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OPERATIONS & MAINTENANCE AGREEMENT

by and between

City of Palmdale

and

SitelogIQ, Inc.

1651 Response Rd., Suite 300

Sacramento, California 95815

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AGREEMENT NO A-7918
CONTRACT FOR OPERATION AND MAINTENANCE AGREEMENT BETWEEN THE CITY OF PALMDALE AND SITELOGIQ, INC.

This Operation and Maintenance Agreement ("Agreement") is entered into as of _____, between the City of Palmdale, organized and existing under the laws of the State of California ("Owner") and SitelogIQ, Inc., a Delaware corporation doing business as SitelogIQ, Inc ("Operator").

RECITALS

WHEREAS, Owner currently owns, or intends to construct, install, and commission photovoltaic solar electric and battery storage system facilities (individually called System, together called "Systems").

WHEREAS, the Systems were constructed at various client sites (individually called Site, together called Sites).

WHEREAS, the Systems and Sites are as provided in Exhibit D.

WHEREAS, Operator, in its capacity as operator hereunder, has agreed to operate and maintain the Systems under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

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AGREEMENT

1. DEFINITIONS

Unless otherwise required by the context in which any term appears: (a) capitalized terms used in this Agreement shall have the respective meanings set forth in Exhibit A; (b) the singular shall include the plural and vice versa; (c) the word "including" shall mean "including, without limitation", (d) references to "Sections" and "Exhibits" shall be to sections and exhibits hereof; (e) the words "herein", "hereof" and "hereunder" shall refer to this Agreement as a whole and not to any particular section or subsection hereof; and (f) references to this Agreement shall include a reference to all Exhibits hereto, as the same may be amended, modified, supplemented or replaced from time to time.

2. SERVICES

2.1. System Services

(a) Throughout the Term of this Agreement, Operator shall provide System Services as set forth in Exhibit B for the Systems.

(b) Operator shall perform Annual Energy Production Evaluations for solar PV system.

(c) System Services shall be performed in accordance with Industry Standards and Applicable Law for photovoltaic solar projects and battery energy storage system projects in California.

(d) All periodic maintenance and inspection services shall be performed at regular intervals as described in Exhibit B

(e) All maintenance and inspection services shall be performed by qualified technical personnel in accordance with the operation and maintenance manuals.

(f) Operator personnel and agents will check-in at offices during business hours prior to beginning Work.

(g) Repair of damaged/vandalized Systems shall be performed by Operator, as directed by Owner, at the rates specified in Exhibit F.

(h) Any other Owner requested services not defined in this Agreement shall be billed at the rates specified in Exhibit F on a time and materials basis.

(i) Facilitate third-party battery energy storage system Operation & Maintenance agreement from the third-party, upon BESS procurement. Costs will vary, per rates specified in Exhibit F.

2.2. Annual Reports and Meeting

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Throughout the Term, Operator shall furnish to Owner the Annual maintenance/inspection report ("Annual Report") covering all Systems for the twelve-month period ending on December 31 of each calendar year. The first reporting period of the Term shall begin upon the Final Completion of the System Installation, or the Date of this Agreement, whichever is later, and extend through December 31. The Annual Report shall be submitted within two (2) months from the period ending. The Annual Report shall include the following:

a. Summary of operations;
b. Weather and energy production data;
c. Calculation of Cumulative Annual Energy Production;
d. Reports of any environmental disturbances (e.g. Fires);
e. Performance Guarantee True-Up, if any;
f. Safety/accident reports;
g. Summary of Additional Services, if any;
h. Maintenance and inspection logs; and
i. Proposal of actions required to be taken by Operator, if any.

2.3. Warranty on Repair or Replacement Work

(a) Subject to the limitations set forth in this Section 2.3, commencing on the date system was repaired or replaced, and for a period of one (1) year, Operator warrants that such work will be free from defects in materials and workmanship under normal operating conditions and shall conform to the final System design. If the work has a defect that causes it to fail to conform to any of the foregoing Warranties, Operator will, at its option, either repair or replace the portion of the work that is defective at no cost to the Owner.

(b) This Warranty shall not cover any defects to the extent such defect is caused by any of the following:

(i) Poor workmanship by the original Installer, if Installer was not Operator or Operator's Subcontractors.

(ii) Alterations or repairs made to the System by anyone except for Operator or Operator's Subcontractors without Operator's prior written approval;

(iii) Failure of the System to perform caused by legislative, administrative, or executive regulation, order or requisition of the government, local utility or public utilities commission, or any state, provincial or municipal government or official;

(iv) Use of the System by anyone except for Operator or Operator's Subcontractors beyond the scope contemplated in its operating manuals or technical specifications;

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(v) Damage to the System not caused directly or indirectly by Operator or its Subcontractors under any agreement between Operator and Owner;

(vi) Damage or property loss to the System caused by third parties including, but not limited to, vandalism and theft.

(vii) Manufacture defects or Return merchandise authorization (RMA) of equipment.

(viii) Force Majeure Events; and

(ix) A change in usage of the Site, which may affect building or site permits and related requirements, without the written approval of Operator, or a change in Ownership of building or property and the new Owner has not signed an assumption agreement of the terms and conditions herein.

Corrections, repairs, or replacement covering the equipment, materials, and labor as a result of the defects above shall be billed at the rates specified in Exhibit F, on a time and materials basis

(c) The Operator Warranty assumes that all Manufacturer Warranties have been assigned to the Owner. Operator's obligations under the Operator Warranty do not apply to defects in materials or equipment provided by Manufacturer Warranty. Operator makes no representation or warranty, and Owner shall seek no recourse from Operator, regarding the warranties of the manufacturers, including, without limitation, the power output of the PV modules.

(d) To the extent that Equipment Warranties cover replacement and/or repair of any System equipment during the Term, it shall be Operator's responsibility under this Agreement to use commercially reasonable efforts to submit, process and pursue warranty coverage; provided, however, that, because warranty claims may need to be submitted in the name of Owner, Owner shall provide such full and complete cooperation as Operator may reasonably require in connection with such submission, processing and pursuit of warranty coverage.

(e) Operator agrees to act as agent on behalf of Owner for purposes of Section 2.3(d). If, in the event the equipment manufacturer denies responsibility for warranty service and Operator is instructed by Owner to pursue action against the equipment manufacturer, whether through litigation or otherwise, Owner shall reimburse Operator for any of the costs, expenses, or repairs incurred by Operator in this context, even if such attempt to recover from the equipment manufacturer fails, provided that such failure is not the result of errors or omissions by Operator. Such costs shall be

reimbursed by Owner to Operator within thirty (30) days of receipt of invoice.

(f) This Warranty shall expire one (1) year after the Repair has taken place.

(g) Except as expressly provided herein or in the Agreement, Operator expressly disclaims any and all warranties of any kind, express, implied or statutory, including without limitation any implied warranties of merchantability and/or fitness for a particular purpose.

2.4. Insurance

Without limiting any of the obligations or liabilities of either of the Parties, each of the Parties shall at all times throughout the Term of this Agreement and any renewal thereof, carry and maintain, or cause to be carried and maintained, at its own expense, such insurances coverage in Exhibit C.

2.5. General Obligations of Owner

Owner shall ensure that Operator and its authorized agents, employees or Subcontractors shall have reasonable access to the Site in order to provide scheduled or unscheduled maintenance activities, maintenance of the grounds, emergency services, or to conduct other System Services, in all cases, to the extent that such activities and/or services are within the scope of this Agreement and are provided in accordance with the terms of this Agreement. Except in the case of an emergency, Operator shall give 48 hours prior written notice to the appropriate client site administrator, whose name and contact information shall be provided to Operator, before any entry onto the Site by Operator's employees, agents or contractors.

2.6. Permits

(a) Subject to Section 2.6(b), Owner shall be responsible for procuring, obtaining, maintaining and complying with all Owner Acquired Permits applicable as of the date hereof. If any new Owner Acquired Permits become required for the operation of the System due to a change in the Applicable Law after the date of this Agreement, Owner shall obtain such permits in a timely manner and at its sole cost and expense, except where such additional Owner Acquired Permits arise as a result of any omission, neglect or default of Operator, in which case Operator shall reimburse Owner for any costs or losses arising as a result of or in connection with procuring, obtaining, maintaining and complying with such Owner Acquired Permits.

(b) To the extent that a Party is required to obtain any Applicable Permits, the other Party agrees to cooperate with and assist that Party in obtaining the same and the Party which is required to obtain such Applicable Permits shall reimburse the other Party for its reasonable costs in providing such assistance. Notwithstanding anything in this Agreement to the contrary, Operator shall be required to comply with Applicable Law as in effect on

the date of this Agreement at no additional charge to Owner. Following the date of this Agreement, any costs incurred by Operator in performing its obligations hereunder resulting from changes in Applicable Permit conditions or requirements, or changes in Applicable Law, shall be borne by Owner except to the extent it does not involve an increase in the scope of System Services.

2.7. Telephone & Data Communication

Owner shall directly pay any utility or other third party service provider invoices as become due as may be required for Operator's remote access to telephone and/or data communications service available at the Site to the extent necessary for the performance by Operator of System Services under this Agreement. Owner will be responsible for all monthly service charges related to telephone and data communications services.

2.8. Storage

To the extent Operator has established space on the Site and to the extent that any such use is permitted under Applicable Law, Operator may use such space for storing parts and supplies necessary for the performance of System Services. At Operator's option and upon the written approval of Owner, additional storage sheds may be installed at the Site at Operator's expense. Operator must seek and obtain building permits and other local permits and approvals required in connection therewith (which shall be designated as Operator Acquired Permits) and Owner shall reasonably cooperate in obtaining such permits and approvals. Operator shall maintain any space utilized in accordance with this Agreement as if it were part of System Services and shall be required (at its own cost), if requested by Owner, to remove any storage sheds installed at the Site at the end of the Term.

2.9. Duty to Cooperate

Owner shall cooperate with Operator in taking all actions reasonably requested by Operator (i) to ensure that parties with whom Owner has agreements or relationships that are essential to System Services are available and able to perform as contemplated in this Agreement. Owner shall be directly responsible for all utility costs (water, communication, electricity) of the System except to the extent that such costs arise as a result of the omission, neglect or default of Operator.

3. TERM

3.1. Term

(a) The term of this Agreement ("Term") includes the period during which System Services are to be provided for the Systems and shall commence the latter of when the first System has achieved Final Completion or the date of this Agreement; and expire upon the Term as defined in the Cover Page.

(b) The Term shall be subject to the provisions of Section 3.2 (Termination).

(c) Auto-Renewal. Upon expiration of the original Term This Agreement will automatically renew on an annual basis ("Autorenewal Term"),and continue to renew annually until either Party elects to terminate per Section 3.2(d).

(d) Extension. Either Party may request, and Parties shall agree to negotiate an extension in good faith and in a timely fashion prior to the expiration of the Term, though neither Party shall be obligated to enter into an extension and may terminate per Section 3.2.

(e)

3.2. Termination

(a) Owner may terminate this Agreement in the event of any of the following:

(i) Operator becomes Insolvent; or

(ii) Failure by Operator to perform any of its material obligations under this Agreement, which failure is not remedied within thirty (30) calendar days of written notice of such failure from Owner to Operator; provided that if such failure can be remedied, and (1) such failure cannot reasonably be remedied within such thirty (30) calendar day period, and (2) Operator commences cure of such failure within such thirty (30) calendar day period and thereafter diligently seeks to remedy such failure, then Owner shall not be entitled to terminate this Agreement until such time as Operator ceases all reasonable endeavors to cure such failure unless such failure continues for a period of a ninety (90) calendar days from the original written notice from Owner; or

(iii) A Force Majeure Event occurs which prevents Operator from providing a material part of System Services for a continuous period of at least one hundred eighty (180) calendar days and Owner reasonably concludes such prevention is not reasonably likely to be remedied within a further period of one hundred eighty (180) calendar days. Subject to Section 6.5, Owner shall compensate Operator for all System Services completed prior to the termination date.

(b) Operator may terminate this Agreement in the event of any of the following:

(i) Owner fails to pay to Operator any amounts due under this Agreement (other than any amounts which are the subject of a good faith dispute) within fifteen (15) calendar days of written notice of such failure from Operator to Owner, provided that

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failure to pay shall not be on account of the negligence or willful action or inaction of Operator; or

(ii) Material breach by Owner of any of its obligations under this Agreement, which materially impairs Operator's ability to perform its obligations under this Agreement, and which breach is not remedied within thirty (30) calendar days of written notice of such failure from Operator to Owner; provided that (1) if such failure can be remedied, and (A) such failure cannot reasonably be remedied within such thirty (30) calendar day period, and (B) Owner commences cure of such failure within such thirty (30) calendar day period, and thereafter diligently seeks to remedy such failure, then Operator shall not be entitled to terminate this Agreement until such time as Owner ceases reasonable efforts to cure such failure unless such failure continues for a period of ninety (90) calendar days from the original written notice from Operator; and (2) failure of Owner to perform its obligations is not on account of the negligence or willful action or inaction of Owner; or

(iii) Owner becomes Insolvent.

(c) Parties may terminate this Agreement, either partially or in whole, by mutual written consent. Termination by mutual consent may be initiated by either Party at any time by written means. Upon such termination, Owner shall compensate Operator for all System Services completed prior to the termination date.

(d) End of Term. No later than one hundred eighty (180) calendar days prior to the end of the original Term, or end of the Autorenewal Term, either Party may request to terminate this agreement upon written notice written notice.

(e) A notice of termination given pursuant to the foregoing provisions of this Section 3.2 ("Termination Notice") shall specify in reasonable detail the circumstances giving rise to the Termination Notice. Except to the extent otherwise provided herein, this Agreement shall terminate on the date specified in the Termination Notice, which date shall not be earlier than the date upon which the applicable Party is entitled to effect such termination as provided above.

(f) Termination of this Agreement shall not affect any rights or obligations as between the Parties which may have accrued prior to such termination or which expressly or by implication are intended to survive termination whether resulting from the event giving rise to termination or otherwise, including, without limitation, Sections 6.7 and 6.8.

4. SERVICE FEES

4.1. Compensation

As compensation for provision of System Services by Operator, Owner shall pay Operator an O&M Fee as provided on the Cover Page, and escalating at the Escalation Rate for each year ("Service Fees"). Service Fees are due within thirty (30) calendar days of Invoice Date. First annual invoice will be submitted to the Owner upon execution of the Agreement. All subsequent invoices will be submitted annually.

4.2. Late Payments

Overdue payment obligations of Owner hereunder shall bear interest from the date due until the date paid at a rate per annum equal to the rate published by the Wall Street Journal as the "prime rate" on the date on which such interest begins to accrue plus two percent (2%).

4.3. Disputed Payments

In the event that Owner disputes any portion of an invoice submitted by Operator, Owner shall pay the undisputed portion thereof when due. All disputed payments shall be resolved in accordance Section 6.5.

5. OPERATOR'S GUARANTEE

(a) Operator shall conduct and provide to Owner an evaluation each calendar year during the effective Term of the Agreement to determine the Cumulative Annual Energy Production from all the Systems combined.

(b) The Cumulative Annual Energy Production shall be measured for each complete calendar year, January 1 to December 31 ("Annual Production Period"). No evaluation will be performed for the first partial period (Final Completion for all Systems to the first December 31 of the Term) and the final partial period evaluation will be prorated (Jan 1 of the Term to Term expiration).

(c) The Cumulative Annual Energy Production shall be compared to the Expected Annual Energy Production calculated upon Final completion for all the Systems combined to evaluate the performance of the Systems.

(d) Operator hereby guarantees to Owner a minimum energy output for the aggregate of the Systems for each Annual Production Period. The minimum energy output shall be calculate at the Performance Guarantee percentage multiplied by the Expected Annual Energy Production ("Energy Production Guarantee"), subject to the adjustments in Section 5(g), 5(h), 5(i), and 5(j).

(e) The evaluation shall be conducted in accordance with the procedures provided in Exhibit E.

(f) If the Systems fail to meet the Energy Production Guarantee, then within ninety (90) calendar days after the failure is identified, the Operator shall pay the Owner the difference between the Cumulative Annual Energy Production and the Energy Production Guarantee for such period multiplied by the True-Up Fee ("True-Up Refund"). The True-Up Fee shall escalate annually at the Escalation Rate.

(g) If the Cumulative Annual Energy Production is more than one hundred five percent (105%) of the Expected Annual Energy Production, then the Owner shall give a kWh credit to the Operator for every kWh between the measured Cumulative Annual Energy Production and one hundred five percent (105%) of the Expected Annual Energy Production for such Annual Production Period. Operator shall be entitled to apply this credit to any future Annual Production Period at the Operator's sole discretion.

(h) The Expected Annual Energy Production for the combined Systems shall be reduced accordingly for the period of time any System is not in operation in connection with (a) temporary removal of the System, a movement to an alternate location, or a temporary shutdown of the System or any portion thereof; (b) the occurrence of an event of Force Majeure has temporarily impaired or disabled the operation of any System or any portion thereof; (c) Owner interferes with the System, refuses repair, or recommended services; (d) vandalism or theft, (e) Utility caused outages, or (f) any manufacturer defects that cause outages. Operator shall provide and justify data verifying the loss of generation using the System Model defined in Exhibit E.

(i) Operator's Expected Annual Energy Production shall proportionately terminate and be of no further force or effect if any System, or any portion thereof, is subject to a permanent shutdown or an event of Force Majeure occurs, the effect of which to permanently impair or interfere with the operation of the System, or any portion thereof.

(j) The Parties agree that Owner shall avoid activities that result in overshadowing or shading of the Systems in a manner that would prevent Operator from satisfying its Energy Production Guarantee. In the event the Systems, or any portion thereof, is overshadowed or shaded in a manner that prevents Operator from satisfying its Energy Production Guarantee for any reason beyond the control of Operator, Owner agrees that Operator's Expected Annual Energy Production shall be reduced accordingly. Operator shall provide and justify data verifying the loss of generation using the System Model of the System due to overshadowing or shading.

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6. MISCELLANEOUS

6.1. No Partnership

This Agreement is not intended, and shall not be construed, to create any association, joint venture, agency relationship or partnership between or among the Parties or to impose any such obligation or liability upon any Party. No Party shall have any right, power or authority to enter into any contract or undertaking for, or act as or be an agent or representative of, or otherwise bind, the other Party or Parties.

6.2. Party Representatives

(a) Owner Representative. Owner designates, and Operator agrees to accept, Jimmy Dean. as " Owner Representative" for all matters relating to Owner's performance under this Agreement. The actions taken by Owner Representative regarding such performance shall be Owner the acts of Owner and shall be fully binding on Owner. Owner may, upon written notice to Operator, change the designated Owner Representative.

(b) Operator Representative. Operator designates, and Owner agrees to accept, Kecia Davison, as "Operator Representative" for all matters relating to Operator's performance under this Agreement. The actions taken by Operator Representative shall be deemed the acts of Operator. Operator may, upon written notice to Owner, change the designated Operator Representative.

6.3. Notices and Demands.

Any notice, request, demand or other communication required or permitted under this Agreement, shall be deemed to be properly given by the sender and received by the addressee if made in writing and (a) if personally delivered; (b) three (3) days after deposit in the mail if mailed by certified or registered air mail, post prepaid, with a return receipt requested; or (c) if sent by facsimile with confirmation. Mailed notices and facsimile notices shall be addressed as follows to:

Owner:
Name: City of Palmdale
Attention: Ronda Perez
Address: 38300 Sierra Highway, Palmdale, CA 93550

Phone:
Email:

Operator:
SitelogIQ Inc.
Attention: Solar Operations, West Energy

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1651 Response Rd., Suite 300
Sacramento, CA 95815
Phone: (916) 914-1929
Email: westsolar@sitelogiq.com

6.4. Force Majeure Event

(a) Neither Party shall be considered to be in default of its obligations under this Agreement when and to the extent that performance of such obligations is prevented by any Force Majeure Event which arises after the date of this Agreement.

(b) If either Party shall rely on the occurrence of a Force Majeure Event as a basis for being excused from the performance of its obligations under this Agreement, then the Party relying on the event or condition shall (i) provide prompt notice to the other Party of the occurrence of the Force Majeure Event, giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) exercise all commercially reasonable efforts to continue to perform its obligations hereunder; (iii) expeditiously take any action within its reasonable control to correct or cure the Force Majeure Event excusing performance; (iv) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party to the extent such action will not adversely affect its own interests; and (v) provide periodic notices to the other Party with respect to its actions and plans for actions in accordance with (ii), (iii) and (iv) above and promptly notify to the other Party of the cessation of the event or condition giving rise to it being excused from performance.

(c) In the event that Operator is prevented from providing all or part of System Services as a result of a Force Majeure Event for a period of thirty (30) consecutive days and it is reasonably expected that Operator will not be able to resume full performance of System Services within an additional thirty (30) days, Owner shall be entitled to require Operator to reduce the scope of System Services commencing as of the date of such notice by Owner until such time as Operator can demonstrate, to the reasonable satisfaction of Owner, that Operator is able to resume full performance of System Services. As from the date on which Owner reduces System Services until the date on which Operator resumes full performance of System Services, the obligation of Owner to pay the fee pursuant to Section 4 shall be reduced proportionately to take account of the level of System Services that Operator is actually performing.

(d) Operator shall document any Force Majeure Event and its consequences so that costs which are directly attributable to such Force Majeure Event may be claimed by Owner from any insurance carried by Owner.

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6.5. Dispute Resolution

(a) Good faith negotiations. In the event that any question, dispute, difference or claim arises out of or in connection with this Agreement, including any question regarding its existence, validity, performance or termination (a "Dispute"), which either Party has notified to the other, senior management personnel from both Operator and Owner shall meet and diligently attempt in good faith to resolve the Dispute for a period of thirty (30) days following one Party's written request to the other Party for such a meeting. If, however, either Party refuses or fails to so meet, or the Dispute is not resolved by negotiation, the provisions of Subsections (b), (c) and (d) of this Section shall apply to the extent applicable to the Dispute.

(b) Technical Dispute. Technical Disputes shall be resolved by an independent expert. For the purposes of this Agreement, a "Technical Dispute" shall mean a Dispute regarding whether the System conforms to the Industry Standards related to operation and maintenance. All Technical Disputes shall be resolved on an accelerated basis by a nationally recognized professional expert mutually agreed in writing by Operator and Owner. Parties will share equally in the cost of the independent expert engaged to resolve Technical Disputes.

(c) Non-Binding Mediation. If the Dispute remains unresolved, a Party may require that a non-binding mediation take place with a mediator mutually chosen by Owner and Operator. If Owner and Operator are unable to agree on a mediator, then either may request that the American Arbitration Association (the "AAA") to appoint a mediator. The mediator's fee and expenses shall be paid one-half by Owner, and one-half by Operator. In any such mediation, representatives of the Parties with authority to resolve the dispute shall meet for at least three hours with mediator. The obligation to mediate shall not be binding upon any Party with respect to (i) requests for preliminary injunctions, temporary restraining orders, specific performance, or other procedures in a court of competent jurisdiction to obtain interim relief deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by arbitration of the actual Dispute; (ii) actions to collect payments not subject to bona fide Dispute; or (iii) claims involving third parties who have not agreed to participate in the mediation of the Dispute. The provisions of this Section 6.5 shall survive any termination of this Agreement.

(d) Attorneys' Fees. The prevailing Party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with such an action from the other Party.

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6.6. Indemnification.

The Parties hereto agree to defend, indemnify and hold one another harmless from and against any and all liability, loss, expense, attorneys' fees, or claims for injury and/or damages arising from or in any way connected to the performance of this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the indemnifying party, its officers, agents or employees.

6.7. Consequential Damages.

Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, neither the Owner nor Operator, their respective officers, directors, partners, employees, contractors or subconsultants shall be liable to the other or shall make any claim for any incidental, indirect or consequential damages arising out of or connected in any way to the project or to this Agreement. This mutual waiver of consequential damages shall include, but is not limited to, loss of use, loss of profit, loss of business, loss of income, loss of reputation or any other consequential damages that either party may have incurred from any cause of action including negligence, strict liability, breach of contract and breach of strict or implied Warranty.

6.8. Limit of Liability.

To the maximum extent permitted by law, Owner agrees to limit Operator's liability for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, including attorneys' fees and costs and expert-witness fees and costs, so that the total aggregate liability of Operator to the Owner shall not exceed the equivalent to one (1) year Service Fee as calculated for the first twelve (12) months of the Agreement. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law.

6.9. Governing Law.

The formation, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of any Dispute that is not resolved pursuant to Section 6.5, the Parties hereto agree to submit to the jurisdiction of any court of competent jurisdiction within Los Angeles County County, California and shall comply with all requirements necessary to give such court jurisdiction.

6.10. Tax Matters

Notwithstanding anything to the contrary set forth herein or in any other agreement to which the parties hereto are parties or by which they are bound, the obligations of confidentiality contained herein and therein, as they relate to the transactions described in and contemplated by such agreements, shall not apply to the U.S. Federal tax structure or U.S. Federal tax treatment of the System, and each of the parties hereto (and any employee, representative or agent of any party hereto) may disclose to any and all persons without limitation of any kind, the U.S. Federal tax structure and U.S. Federal tax treatment of such transactions. The preceding sentence is intended

to cause the System or the interests in them pursuant to the agreements between the Parties not to be treated as having been offered under conditions of confidentiality for purposes of section 1.6011-4(b)(3) (or any successor provision) of the Treasury Regulations promulgated under Section 6011 of the Internal Revenue Code of 1986, as amended, and shall be construed in a manner consistent with such purpose. In addition, each of the Parties acknowledges that it has no proprietary or exclusive rights to the tax structure of the transactions described in and contemplated by the agreements between the Parties or any tax matter or tax idea related to such transactions.

6.11. Successors and Assigns

(a) Except as set forth in this Agreement, no Party shall be entitled to assign this Agreement or any of its rights or obligations under this Agreement, nor shall it enter into any transaction as a result of which it may transfer, assign, charge or dispose by any title of any of those rights and obligations, without the prior written consent of the other Party, which may be withheld in its sole and absolute discretion; provided that nothing herein shall prohibit Owner's Membership Interests from being sold to an Affiliate of Owner, or an entity which has, in whole or in part, common Ownership, directly or indirectly, with the Ownership of Owner.

(b) Notwithstanding the foregoing, (i) Owner shall be entitled to assign its right, title and interest in and to this Agreement (and, in particular, any rights arising in relation to any insurance policy and any other right to collect any amount from Operator) to any lenders by way of security for the performance of obligations to such lenders without the consent of Operator; and (ii) Operator shall be entitled to assign its right, obligation, title and interest in and to this Agreement to any of its Affiliates or in connection with a merger or acquisition of Operator. Parties shall provide a written notice at least 30 days prior to assigning the rights, title, and interest in and to this Agreement.

6.12. Announcements and Publications.

Operator shall coordinate with Owner with respect to, and provide advance copies to Owner for review of, the text of any proposed announcements or publications that include any non-public information concerning the Work prior to the dissemination thereof to the public or to any Person other than Subcontractors or advisors of Operator, in each case, who agree to keep such information confidential. If Owner delivers written notice to Operator rejecting any such proposed announcement or publication within two (2) Business Days after receiving such advance copies, the Operator shall not make such public announcement or publication; provided, however, that Operator may disseminate or release such information in response to requirements of Governmental Authority.

6.13. No Waiver

No provision of this Agreement shall be considered waived by either Party except when such waiver is made in writing. The failure of either Party to insist, on one or more occasions, upon

strict performance of any of the provisions of this Agreement or to take advantage of its rights hereunder or the delay or failure in exercising totally or partially any right or remedy under this Agreement, shall not be construed as a waiver of any such provisions or the relinquishment of any such rights or any other rights for the future, but the same shall continue and remain in full force and effect.

6.14. Validity.

The provisions contained in each section, subsection and clause of this Agreement shall be enforceable independently of each of the others and their validity shall not be affected if any of the others are invalid. If any of those provisions is void but would be valid if some part of the provision were deleted, the provision in question shall apply with such modification as may be necessary to make it valid. The Parties shall, if necessary, negotiate in good faith and make any necessary amendments to ensure the enforceable terms of this Agreement reflect the true intent of the Parties as of the date of execution of this Agreement.

6.15. Priority of Documents.

In the event of conflicting provisions in the Agreement, the provisions shall govern in the following priority: first, duly executed amendments to this Agreement (to the extent not superseded by a subsequent amendment), second, this Agreement, and third, Exhibits.

6.16. Time of Essence.

Time is expressly agreed to be of the essence of this Agreement and each, every and all of the terms, conditions and provisions herein.

6.17. Headings.

The headings in this Agreement are for convenience of reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

6.18. Binding Effect.

This Agreement shall be binding on the Parties hereto and on their respective permitted successors, heirs and assigns.

6.19. Counterparts; Signature Pages.

This Agreement may be executed in counterparts which, taken together, shall constitute a single instrument. Facsimile and other electronically transmitted signature pages shall be effective to bind a Party to this Agreement.

6.20. Complete Agreement.

(a) This Agreement together with the Exhibits hereto completely and exclusively states the agreement of the Parties regarding its subject matter

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and its terms govern, all prior proposals, agreements, or other communications between the Parties, oral or written, regarding such subject matter. No verbal, or written agreement nor conversation with any officer or employee of either Party nor any or all prior proposals shall affect or modify any of the terms and conditions of this Agreement. This Agreement shall not be modified except by written amendment signed on behalf of the Owner and Operator by their duly authorized representatives. Any purported oral amendment to the Agreement shall have no effect.

(b) Each Party acknowledges that it has not relied on any representation, warranty, collateral contract or other assurance made by or on behalf of any other party at any time before the signature of this Agreement. Each Party waives all rights and remedies which, but for this clause (ii), might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance.

[Signature page follows]

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

Owner:	Operator:
City of Palmdale Name: Ronda Perez Title: Interim City Manager	SitelogIQ, Inc Name: John Gajan Title: Senior Vice President – West Energy

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EXHIBIT A
TO
OPERATION AND MAINTENANCE AGREEMENT

DEFINED TERMS

As used in the attached Agreement, the following terms shall have the meanings set forth below:

Additional Services means any other services not defined in this Agreement which shall be billed at the rates specified in Exhibit F on a time and materials basis.

Affiliate of a specified Person means any Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, such specified Person. As used in this definition of Affiliate, the term "control" of a specified Person including, with correlative meanings, the terms, "controlled by" and "under common control with," means (a) the Ownership, directly or indirectly, of 50% or more of the equity interest in a Person or (b) the power to direct or cause the direction of the management and policies of a Person, whether through Ownership of voting securities, by contract or otherwise.

Agreement means this Operation and Maintenance Agreement as it may be amended and/or restated from time to time.

Annual Energy Production Evaluation is an analysis which measures and compares the Cumulative Annual Energy Production with the Energy Production Guarantee based on Exhibit E.

Annual Production Period is the period between January 1 and December 31.

Annual Reports has the meaning given in Section 2.2.

Applicable Law shall mean, with respect to any Governmental Authority, any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, injunction, registration, license, permit, authorization, guideline, governmental approval, consent or requirement of such Governmental Authority, as construed from time to time by any Governmental Authority.

Applicable Permits shall mean, collectively, Operator Acquired Permits and the Owner Acquired Permits.

Business Day means a day (other than a Saturday or Sunday) on which banks are generally open in California for normal business.

Cumulative Annual Energy Production means the actual AC electrical output in kilowatt-hours (kWh) for the Annual Production Period as measured and recorded by all the Systems revenue meters and adjusted for meter calibration error, if required.

Energy Production Guarantee is the guaranteed energy production output as defined in Section 5(d).

Escalation Rate is the annual percentage rate increase applied to the O&M and True-Up Fees. Provided on the Cover Page.

Expected Annual Energy Production means the expected AC electrical output in kilowatt-hours (kWh) for the Annual Production Period as calculated by the System Model that represents the final design of the Systems and adjusted for Annual weather data and degradation.

Force Majeure Event shall mean, when used in connection with the performance of a Party's obligations under this Agreement, any act or event (to the extent not caused by such Party or its agents or employees) which is unforeseeable, or being foreseeable, unavoidable and outside the control of the Party which invokes it, and which renders said Party unable to comply totally or partially with its obligations under this Agreement. In particular, any of the following shall be considered a Force Majeure Event:

(a) war (whether or not war is declared), hostilities, revolution, rebellion, insurrection against any Governmental Authority, riot, terrorism, acts of a public enemy or other civil disturbance;

(b) acts of God, including but not limited to, storms, floods, lightning, earthquakes, hailstorms, ice storms, tornados, typhoons, hurricanes, landslides, volcanic eruptions, fires, winds in excess of ninety (90) miles per hour, and objects striking the earth from space (such as meteorites);

(c) acts of sabotage or destruction by a third party (other than any Operator retained by or on behalf of the Party) of facilities and equipment relating to the performance by the affected Party of its obligations under this Agreement;

(d) regional or national strikes, walkouts, lockouts or similar industrial or labor actions or disputes; and

(e) acts of any Governmental Authority that materially restrict or limit a Party's performance under this Agreement, including Operator's access to the Site or its activities at the Site.

(f) plague, epidemic, pandemic, outbreaks of infectious disease or any other public health crisis, including quarantine or other restrictions.

(g) explosion, fire, destruction of machines, equipment, factories and of any kind of installation, prolonged break-down of transport, telecommunication or electric current

Governmental Authority shall mean any national, autonomic, state, regional, province, town, city, or municipal government, whether domestic or foreign, or other administrative, regulatory or judicial body of any of the foregoing.

Industry Standards shall mean those standards of care and diligence normally practiced by small-scale solar engineering, construction and installation firms in performing services of a similar nature in jurisdictions in which System Services will be performed and in accordance with good engineering design practices, Applicable Laws, Applicable Permits, and other standards established for such Work. Industry Standards are not intended to be limited to optimum practice or methods to the exclusion of all others, but rather to be a spectrum of reasonable and prudent

practices and methods that must take the conditions specific to any given facility into consideration.

Insolvent means (a) a Party shall file a voluntary petition in bankruptcy or shall be adjudicated as bankrupt or insolvent, or shall file any petition or answer or consent seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under the present or future applicable federal, state or other statute or law relative to bankruptcy, insolvency or other relief for debtors, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator of such party or of all or any Final part of its properties (the term "acquiesce", as used in this definition, includes the failure to file a petition or motion to vacate or discharge any order, judgment or decree within fifteen (15) days after entry of such order, judgment or decree); (b) a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against a Party seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future Federal bankruptcy act, or any other present or future applicable Federal, state or other statute or law relating to bankruptcy, insolvency or other relief for debtors, and such party shall acquiesce and such decree shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or a trustee, receiver, conservator or liquidator of such party shall be appointed with the consent or acquiescence of such party and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive; (c) a Party shall admit in writing its inability to pay its debts as they mature; (d) a Party shall give notice to any Governmental Authority of insolvency or pending insolvency, or suspension or pending suspension of operations; or (e) a Party shall make an assignment for the benefit of creditors or take any other similar action for the protection or benefit of creditors.

Installer shall mean the contractor responsible for the procurement, installation, startup, and testing of the System under separate contract with the Owner.

Manufacturer Warranty shall mean all warranties provided by the equipment manufacturers and assigned to Owner by the Installer.

O&M Fees shall mean the annual base fee for Operator provided services.

O&M Manual shall mean the set of System operational and maintenance documents provided by the Installer to the Owner and by the Owner to the Operator for the purpose of instruction in the operation and maintenance needs of the System and its components.

Operator has the meaning given in the preamble to this Agreement.

Operator Representative shall mean the representative of Operator appointed pursuant to Section 6.2(b).

Owner has the meaning given in the preamble of this Agreement.

Owner Representative shall mean the representative of Operator appointed pursuant to Section 6.2(a).

Parties means each of Operator and Owner.

Party means either Operator or Owner.

Performance Guarantee shall mean the percentage applied to the Expected Annual Production to determine the Energy production Guarantee. The Value is provided on the Cover Page.

Permits shall mean, collectively, Operator Acquired Permits and the Owner Acquired Permits.

Person means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, other business organization, trust, union, association, or Governmental Authority.

Site has the meaning given in the Recitals of this Agreement.

Subcontractor means any person to whom Operator subcontracts any of its obligations under this Agreement pursuant to a Subcontract, including the Suppliers and any person to whom such obligations are further subcontracted of any tier.

Final Completion shall have the meaning defined as the date that eh PV system was installed and fully operational.

System has the meaning set forth in the Recitals.

System Services means, collectively, the services set forth in Exhibit B.

Technical Dispute has the meaning given in Section 6.6(b).

Term has the value given on the Cover Page and meaning given in Section 3.1(a).

Termination Notice has the meaning given in Section 3.2(c).

True-Up Refund has the meaning given in Section 5(f).

True-Up Fee has the value given in the Cover Page and defined as the approximate value of the electricity being offset by the System.

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EXHIBIT B
TO
OPERATION AND MAINTENANCE AGREEMENT

INSPECTION SERVICES

Annual Inspection Services

Complete inspection, system maintenance, and recommissioning services Annually per the agreement Term as detailed below. Report inspection finding, required repairs, and repair recommendations, including estimated costs for each maintenance visit. As part of our system maintenance, the following services will be completed and reported to the Owner during the report period.

a) Visual Inspection

a. Visually inspect structures, arrays, and enclosures for excessive wear, damage, defects, rust/corrosion, etc.
b. Verify new and/or existing shade concerns for the photovoltaic array.
c. Verify module cleanliness and/or soiling issues; perform washing if requested by the Owner
d. Verify that all signage and placards are firmly attached and legible.
e. Verify condition of all wall & pad mounted switchgear, meters and inverters for corrosion and security of attachment to wall/structure/pad, etc. Note any new access issues.
f. Verify condition of ac and dc disconnect(s).
g. Confirm that the System is online and that the output is at the expected level.
h. Confirm that the monitoring system is in service and functioning properly.

b) Photo Documentation

a. Take digital photos of all major system components
b. Submit digital images along with checklist and other documentation following visit.

c) Array – Structure & Modules

a. Complete inspection of array.
b. Inspect and tighten structure ground bonding straps/fasteners.
c. Verify secure module attachment by random torque testing or visual test.
d. Verify condition of racking hardware connections, splices, etc.
e. Verify condition of inter-module array wiring for aging and corrosion.
f. Inspect visible random sampling of wiring connections.
g. Inspect visible conduit system.

d) Electrical Connection – Inverters & Combiner Box

a. Verify condition of inverters.
b. Note condition of all circuit boards and electrical components.
c. Check Voc & Isc of all strings (if required).
d. Verify that all manufacturer updates and service bulletins have been performed.

e. Coordinate inverter manufacturer service, if necessary.
f. Perform all electrical connection torque tests.
g. Inspect and clean heatsink, if applicable.
h. Inspect and clean inverter exhaust fan a vents.
i. Inspect and tighten connectors and lugs (inverter, transformer, disconnects).
j. Oil and lubricate disconnects.
k. Check all fuses for cleared fuse and replace any cleared fuses.
l. Verify condition of wire transition junction boxes for weatherproofing, corrosion, and security of internal wiring connections.
m. Verify condition of all DC and AC conduits and connections.
n. Verify interior and exterior condition of DC combiner box(es).

e) Data Acquisition System (DAS)

a. Clean all instrumentation and sensors and lubricate moving parts.
b. Inspect and tighten connections.
c. Check input signals.
d. Confirm that pyranometer/sensor is aligned with the plane of the PV array.
e. Log kWh readings from Inverters to meters, and compare data in a 24-hour increment to monitoring system to verify proper calibration of meters and monitoring system.
f. Check calibration of the weather station instruments, as necessary.

Inspection Services Not Included

a. Weed abatement around array and immediate vicinity.
b. Repair of fencing.
c. Repair, replacement, or cleaning due to vandalism, theft, or accidental damage.
d. Repair or replacement of light bulbs or lighting fixtures.
e. Repairs not explicitly defined in this Exhibit B.
f. Any services not included in this Agreement.
g. Repairs not stated in the Agreement (Installer Warranty) are considered Additional Services and shall be billed on a time and materials basis per the rates in Exhibit F.
h. Panel washing (Operator will advise Owner on panel washing frequency as needed maintain performance – Panel washing costs will be quoted as needed)

DRAFT

EXHIBIT C
TO
OPERATION AND MAINTENANCE AGREEMENT

INSURANCE

Operator Insurance Requirements

1. Required Coverages. Operator shall carry and maintain with carriers or self-insurance, as a minimum, the following insurance coverages:

    i. Workers Compensation Insurance and Employers Liability. In accordance with the laws of the state of where work may be done with limits for employers liability in the minimum amount of one million dollars ($1,000,000) for each occurrence and one million dollars ($1,000,000) for each occurrence of disease on a per employee basis;

    ii. Commercial General Liability. One million dollars ($1,000,000) per occurrence/two million dollars ($2,000,000) in the aggregate for bodily injury, personal injury and property damage, products and completed operations:

    iii. Commercial Automobile Liability, Any Auto. One million dollars ($1,000,000) per accident including owned, non-owned, and hired automobiles.

    iv. Excess coverage of four million dollars ($4,000,000) per occurrence and aggregate, or any other equivalent, available insurance coverage of the Operator.

2. Policy Endorsements. Insurance coverages required to be maintained by Operator under this Agreement shall:

    i. provide a severability of interests or cross liability clause for Commercial General Liability Insurance;

    ii. except in the case of worker's compensation insurance and other statutory insurances where it would be inappropriate, name Owner and others as may be reasonably required by Owner, as additional insured's; and to the extent permissible in accordance with the policy, include a waiver of subrogation by the insurers in favor of Owner and each of its respective assignees, Affiliates, agents, officers, directors, employees, insurers or policy issuers and a waiver of any right of the insurers to any set-off or counterclaim, whether by endorsement or otherwise, in respect of any type of liability of any of the Persons insured under any such policies.

3. Certificates. Operator shall throughout the Agreement Term provide certificate(s) and/or memoranda of insurance evidencing the coverage's specified in this Attachment C to Owner upon Owner's reasonable request.

Owner Insurance Requirements

1. Required Coverages. Owner shall carry and maintain with carriers or self insurance, as a minimum, the following insurance coverages:

    i. Workers Compensation Insurance and Employers Liability. In accordance with the laws of the state of where work may be done with limits for employers liability in the minimum amount of one million dollars ($1,000,000) for each occurrence and one million dollars ($1,000,000) for each occurrence of disease on a per employee basis;

    ii. Commercial General Liability. One million dollars ($1,000,000) per occurrence/two million dollars ($2,000,000) in the aggregate for bodily injury, personal injury and property damage, products and completed operations:

    iii. Commercial Automobile Liability, Any Auto. One million dollars ($1,000,000) per accident including owned, non-owned, and hired automobiles.

    iv. Property Risk Insurance. Amount equal to the replacement value of the Systems for loss or damage to the System by fire and lightning, vandalism, theft, malicious mischief, and extended coverage endorsement for all risks of physical loss.

    v. Excess coverage of four million ($4,000,000) per occurrence and aggregate, or any other equivalent, available insurance coverage of the Operator.

2. Policy Endorsements. Insurance coverages required to be maintained by Owner under this Agreement shall provide a severability of interests or cross liability clause for Commercial General Liability Insurance;

3. Certificates. Owner shall throughout the Agreement Term provide certificate(s) and/or memoranda of insurance evidencing the coverage's specified in this Attachment C to Operator upon Operator's reasonable request.

DRAFT

EXHIBIT D
TO
OPERATION AND MAINTENANCE AGREEMENT

McAdam Park - 38115 30th St. E, Palmdale, CA 93550
PV System (84.7 kW-DC-STC) and BES System (125kW / 500kWh)

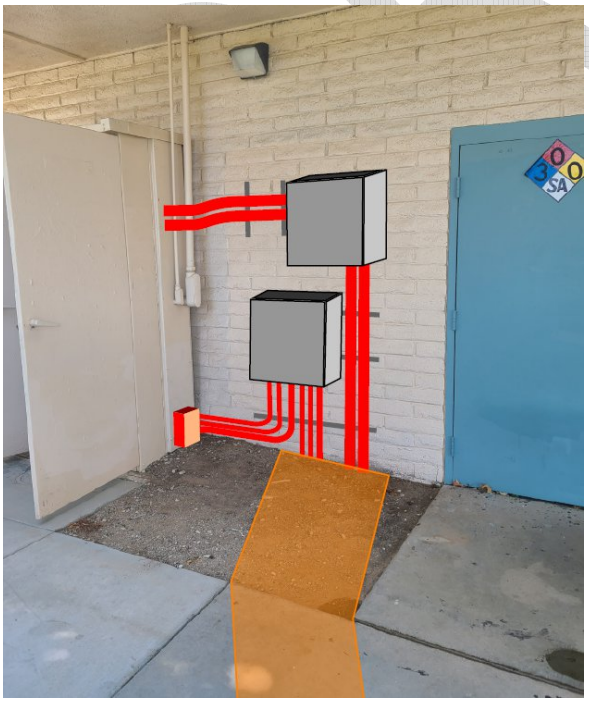

EXHIBIT E
TO
OPERATION AND MAINTENANCE AGREEMENT

Annual Energy Production Evaluation

Cumulative Annual Energy Production Measurement

The Cumulative Annual Energy Production is the actual AC electrical output in kilowatt-hours (kWh) for the Annual Production Period as measured and recorded by all of the Systems revenue meter(s) and adjusted for meter calibration error, if required.

Expected Annual Energy Production Calculation

At the completion of each Annual Production Period, the Operator shall update the software model of the Systems to calculate the Expected Annual Energy Production of the Systems for that period for comparison with the Cumulative Annual Energy Production of the same period. The model shall use the actual meteorological data and/or reference cell data from the performance monitoring system at the Site.

The input values used in the System Model shall include the following parameters based on the final installed System:

- Albedo
- Module orientation
- Shading
- Equipment models and configuration
- Module thermal parameters
- Ohmic losses
- Module quality and mismatch losses
- Soiling losses, adjusted for calendar month and washing frequency
- IAM losses

Hidden parameters and preferences within the model shall remain at default values unless noted and justified. All input parameter values and assumptions shall be provided with the model for review, and shall remain consistent from year to year.

The following factors shall be adjusted in the System Model each year of operation:

- Actual weather data for the Annual Production Period
- Manufacturer Module degradation factors (Manufacturer Module Power Output Warranty)
- Adjustments per Section 5(g), 5(h), 5(i), and 5(j)

The final model calculation shall detail the Expected Annual Energy Production on an hourly basis (8760 hours per year) in addition to a total output value in kilowatt-hours (kWh).

Annual Energy Production Evaluation

The measured Cumulative Annual Energy Production value for the System shall be compared with the calculated Expected Annual Energy Production value and evaluated as described in Section 5, Operator's Guarantee, of this Agreement.

A. <u>Modeled Annual Energy Production Calculation</u>

The temperature-derate model used by Operator to determine the modeled level of production a system. The system losses, DC system size, CEC inverter efficiency, and the panel temperature coefficient is the accumulation of losses, degradation rates, and efficiencies which are evaluated on an annual basis. These losses are initially calculated upon project commissioning and will only be re-calculated if components fail, degrade, or are changed. Cell temperature and POA irradiance are real-time calculations based on measurements from a reference cell.

Our system model is a combination of system specifications, estimated soiling, shade expectations, degradation expectations. This model is calculated by using the single line as-built plans and a production summary report from HelioScope and are re-evaluated for accuracy on an Annual basis. The Modeled Energy equation is:

$$? \; ????? \; ?????(?? \;\; ??) = ? \; \times (1 - ?) \times \frac{?}{1000} \times ? \; \times (1 + ? \; \times (? - 25))$$

Where:

T = Cell Temperature
S = System Model Loss
I = POA Irradiance
P = DC System Size
σ = CEC Inverter Efficiency
γ = Temperature Coefficient of the Panel

This modeled production will be compared to actual measured production to calculate operational performance of the system. Unplanned system outages and soiling above expectations will be evaluated and included in system losses.

DRAFT

EXHIBIT F
TO
OPERATION AND MAINTENANCE AGREEMENT

RATES FOR ADDITIONAL SERVICES

2022 RATE SCHEDULE

Maintenance Services	
Lead Technician	*$150*
Electrician	*$150*
Laborer	*$85*
Professional and Technical Services	
Project Manager/Engineer	*$180*
Project Assistant	*$85*
Supplemental Services	
Module Cleaning	*As Quoted*
Additional BESS Services	*As Quoted*

Other Costs

1. *Cost per truck roll for services above and beyond this agreement to be invoiced at time and materials (T&M) rate listed above and dispatched per Owner's request.*
2. *Daily/Saturday Overtime will be billed at 1.5 times the hourly rates. Sunday/Holiday Overtime will be billed at 2 times the rates.*
3. *Direct Expenses and Module Cleaning (non-equipment) will be billed at cost plus 15%.*
4. *Mileage will be billed at the published IRS mileage rates in effect.*
5. *Travel time to and from Owner sites will be billed at hourly rates shown above.*
6. *Federal published per diem rates (GSA) will apply if applicable.*
7. *Subcontractors will be billed at invoice price plus 15%.*
8. *Rates will escalate at Escalation Rate.*

DRAFT

PUBLISH: April 20, 2022

NOTICE OF PUBLIC HEARING

ADOPT A RESOLUTION TO APPROVE A FACILITY SOLUTIONS MASTER AGREEMENT AND AN OPERATIONS & MAINTENANCE AGREEMENT WITH SITELOGIQ, INC. TO INSTALL SOLAR AND BATTERY STORAGE AT MCADAM PARK.

The City Council of the City of Palmdale, California, shall hold a public hearing on May 4, 2022, for the purpose of taking public comment and adopting a Resolution authorizing the Interim City Manager and City Attorney to negotiate and execute a Facility Solutions Master Agreement and an Operations and Maintenance Agreement with SitelogIQ, Inc, for the acquisition and installation of solar and battery storage at McAdam Park in accordance with Section 4217.12 (a)(1). The City Council may adopt that the Facility Solutions Master Agreement and an Operations and Maintenance Agreement would be in the City's best interest if "the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases." The cost to the City to implement the solar and battery installation to McAdam Park per this contract will incur cumulative savings allowing for the anticipated marginal cost to the City to be net positive over the life of the project.

Dated: April 20, 2022

Chuck Heffernan, P.E.
Director of Public Works

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**
ENGINEERING DIVISION

DISTRICT: **4**

SUBJECT: **PUBLIC HEARING AND ADOPT RESOLUTION NO. CC 2022-036, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE CONFIRMING THE BALLOT RESULTS TO DETERMINE THAT NO MAJORITY PROTEST EXISTS IN THE PROCEEDINGS, AND ORDERING THE ANNEXATION OF CERTAIN TERRITORY INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2022-203**

ISSUE

Public Hearing and Adopt Resolution No. CC 2022-036, a Resolution of the City Council of the City of Palmdale confirming the ballot results to determine that no majority protest exists in the proceedings, and ordering the annexation of certain territory into the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203.

RECOMMENDATION

Staff recommends that the City Council accept public testimony and adopt Resolution No. CC 2022-036 annexing certain territory to City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203 (the “Annexation”). This action will allow the levy and collection of assessments to begin fiscal year 2022/2023.

BACKGROUND

The developer, Pilot Travel Centers LLC has requested the annexation of certain territory to the District and it is also a condition of approval for the project. Parcel 2 on Parcel Map No. 83189 is a proposed travel center building with associated parking facilities located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway.

According to the “Landscaping and Lighting Act of 1972”, Part 2 of Division 15 of the California Streets and Highways Code, the City may establish a streetlight maintenance assessment district or annex territory into an existing district to provide

for the installation, continued maintenance, and servicing of the streetlight improvements. Placement of the streetlight improvements into a district will provide for the continued maintenance of these improvements after the developer installs them and the City accepts them.

On May 4, 2022, the City Council acted to initiate proceedings and declare it's intention to annex certain territory to the District, called for the preparation of an Annexation and Annual Levy report, and set May 4, 2022 as the date for the public hearing. An assessment ballot has been mailed to the property owner of record of the parcel(s) to be assessed, in accordance with Article XIII D of the California Constitution. At the public hearing, if the ballot is returned affirmative, the City Council can approve the Annexation. If the ballot indicates opposition for the Annexation, the City Council cannot adopt the resolution.

DISCUSSION

Approval of the Annexation will provide for the continued maintenance, and servicing of streetlighting improvement in the District after the developer installs them and the City accepts them.

FISCAL IMPACT

The Report indicates the proposed assessments for the City of Palmdale Streetlight Maintenance Assessment District No. 2022-203. The total combined maximum assessment revenue from the District for fiscal year 2022/2023 is $7,776.00 and the City's general benefit contribution is $431.08. The appropriate funding source for the general benefit contribution will be determined during the FY 2022/2023 budget review process.

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-036
2. Annexation and Annual Levy Report for City of Palmdale Streetlight Maintenance Assessment District No. 2022-203

COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-036

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE CONFIRMING THE BALLOT RESULTS TO DETERMINE THAT NO MAJORITY PROTEST EXISTS IN THE PROCEEDINGS, AND ORDERING THE ANNEXATION OF CERTAIN TERRITORY INTO THE CITY OF PALMDALE STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, AS ANNEXATION 2022-203

WHEREAS, on May 4, 2022 by Resolution CC 2022-034, the City Council initiated proceedings to annex territory to the City of Palmdale Streetlight Maintenance Assessment District No. 1 (the “District”), as Annexation 2022-203 to pay for costs for the maintenance and services of all improvements and facilities pursuant to the terms and provisions of the Landscaping and Lighting Act of 1972 (Sections 22500 and following of the Streets and Highways Code of California) (the "1972 Act"), Article XIII D of the Constitution of the State of California (“Article XIIID”) and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 et seq.) (the “Omnibus Act” and, together with the 1972 Act and Article XIIID, the “Assessment Law”); and

WHEREAS, the City Council did order and subsequently receive an Annexation and Annual Levy Report (hereafter referred to as the “Report”) prepared by NBS in accordance with the Assessment Law; and

WHEREAS, the Report has been made a part of the record of these proceedings and is on file in the office of the City Clerk of the City (the "City Clerk"); and

WHEREAS, on May 4, 2022 by Resolution No. CC 2022-035, the City Council (a) set the time and place for the purpose of hearing protests to the proposed annexation of territory to the District and (b) ordered that the record owner of each parcel proposed to be assessed have the right to submit an assessment ballot in favor of or in opposition to the assessment proposed to be levied on such parcel; and

WHEREAS, the owners of certain property have requested that the Territory be annexed to the District in order to provide for the levy of annual assessments to finance the maintenance of the Improvements; and

WHEREAS, all of the owners of the Territory have filed with the City Clerk duly executed forms entitled “A Petition to the City Council of the City of Palmdale, County of Los Angeles, State of California, Petitioning the Council to Initiate Proceedings for the Annexation of Territory to the City of Palmdale Streetlight Maintenance Assessment District No. 1, as Annexation 2022-203 (the “Annexation”), Parcel Map No. 83189, only the portion of assessor’s parcel number 3051-021-022 identified as Parcel 2, located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway, Pursuant to the Landscaping and Lighting Act of 1972, Being Part 2 of Division 15 of the

California Streets and Highways Code and as provided by Article XIIID of the California Constitution" (the "Petition, Consent and Waiver"); and

WHEREAS, by such Petition, Consent and Waiver, all of the owners of the Territory have expressly waived any and all of the procedural requirements as prescribed in the Act to the annexation of the Territory to the District and have expressly consented to the annexation of the Territory to the District; and

WHEREAS, by such Petition, Consent and Waiver, all of the owners of the Territory have also expressly waived any and all of the procedural requirements as prescribed in the Act and/or Article XIII D applicable to the authorization to levy the proposed annual assessment against the Territory set forth in the Report and incorporated herein by this reference and have declared support for, consent to and approval of the authorization to levy such proposed annual assessment set forth in the Report incorporated herein by this reference; and

WHEREAS, notices of such hearing, accompanied by assessment ballot materials, were mailed to each such record owner in the time, form and manner required by the Assessment Law, a full hearing has been given, and at this time all assessment ballots submitted and not withdrawn pursuant to the Assessment Law have been tabulated by the tabulation official appointed by the City (the "Tabulation Official"), all in the manner provided by the Assessment Law; and

WHEREAS, the Tabulation Official has prepared and submitted to this legislative body a Certificate of Tabulation Official and Statement of Assessment Ballots Submitted (the "Certificate of the Tabulation Official"), a copy of which is attached as Exhibit "A" hereto and incorporated herein by this reference, which reflects the results of the tabulation of the assessment ballots submitted and not withdrawn; and

WHEREAS, this City Council is now satisfied with the assessments and all matters contained in the Report as submitted.

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 City Council hereby finds and determines that the procedures for the consideration of the Annexation have been undertaken in accordance with the Assessment Law.

SECTION 3. The Report, as now submitted, is hereby approved and such Report shall stand as the report as required by the Assessment Law for all future proceedings for this Annexation.

SECTION 4. Assessment ballots were mailed, as required by the Assessment Law, to the record owners of all properties proposed to be assessed within the Annexation. The assessment ballots that were completed and received by the City Clerk, prior to the close of the Public Hearing, have been tabulated in accordance with the procedures established under the Assessment Law and the results of such tabulation have been submitted to this City Council.

SECTION 5. This City Council hereby finds that the assessment ballots submitted, and not withdrawn, in opposition to the levy of assessments do not exceed the assessment ballots submitted, and not withdrawn, in favor of such levy as weighted by assessment amount in accordance with the Assessment Law. Therefore, no majority protest to the Annexation has been found to exist.

SECTION 6. The City Council hereby orders the Annexation and assessments to be levied as set forth in the Report.

SECTION 7. Based upon the Report and the testimony and other evidence presented at the Public Hearing, the City Council hereby makes the following determinations regarding the assessments to be levied for Fiscal Year 2022/23.

a. The proportionate special benefit derived by each assessable parcel from the maintenance and servicing of the improvements has been determined in relationship to the entirety of the cost of such maintenance and service expenses.

b. The assessments do not exceed the reasonable cost of the proportional special benefits conferred on each parcel.

c. Only special benefits have been assessed, and the general benefits have been separated from the special benefits.

d. All publicly owned parcels within the Annexation that derive special benefits from the maintenance and servicing of the improvements have been assessed for such special benefits.

SECTION 8. The assessments for the Annexation contained in the Report for Fiscal Year 2022/23 are hereby confirmed and levied upon the respective lots or parcels within the Annexation as set forth in said Report. Subsequent annual assessments, in amounts not to exceed an established maximum annual assessment may be confirmed and levied without further assessment ballot proceedings pursuant to the Assessment Law. Each fiscal year, beginning Fiscal Year 2023/24, the maximum amount of each assessment

may be increased by the formula contained in the Report without further compliance with the assessment ballot procedures required under the Assessment Law.

SECTION 9. The public interest and convenience requires and this legislative body does hereby order the maintenance work to be made and performed as set forth in the Report.

SECTION 10. The diagram and assessments shall be filed in the Office of the City Clerk. Said diagram and assessments, and the certified copy thereof, shall be open for public inspection.

SECTION 11. The City Clerk is hereby ordered and directed to immediately file by no later than the third Monday in August 2022 a certified copy of the diagram and assessment with the Los Angeles County Auditor.

SECTION 12. After the filing of the diagram and assessment, the Los Angeles County Auditor shall enter onto the Los Angeles County assessment roll opposite each lot or parcel of land, the amount assessed thereon as shown in the assessment.

SECTION 13. The assessments shall be collected at the same time and in the same manner as Los Angeles County secured taxes are collected and all laws providing for the collection and enforcement of Los Angeles County taxes shall apply to the collection of the assessments.

SECTION 14. The assessments as above confirmed and levied for these proceedings will provide revenue to finance the maintenance of authorized improvements in the fiscal year commencing July 1, 2022 and ending June 30, 2023.

SECTION 15. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

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 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

Exhibit A

Certificate of Tabulation Official
and
Statement of Assessment Ballots Submitted

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
ss. CITY OF PALMDALE)

The undersigned, the duly authorized tabulation official appointed by the City Council of the City of Palmdale, DOES HEREBY CERTIFY that pursuant to the provisions of Article XIIID of the Constitution of the State of California and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following), I did tabulate the assessment ballots timely submitted, and not withdrawn, in the assessment ballot proceedings pertaining to the City of Palmdale Streetlight Maintenance Assessment District No. 1 as Annexation 2022-203.

I FURTHER CERTIFY that this Statement of Assessment Ballots Received shows the assessment ballots submitted, and not withdrawn, in favor of the proposed assessment and the assessment ballots submitted, and not withdrawn, in opposition to the proposed assessment, each total weighted according to the financial obligation of the affected properties for which the assessment ballots were submitted.

Total assessment ballots distributed	
Total assessment ballots received	
Total assessment ballots invalidated	
Assessment ballots received in favor of the proposed assessment:	
Weighted value of assessment ballots received in favor of the proposed assessment	
Percent of assessment ballots received in favor of the proposed assessment	
Assessment ballots received in opposition to the proposed assessment:	
Weighted value of assessment ballots received in opposition to the proposed assessment	
Percent of assessment ballots received in opposition to the proposed assessment	

This certification is executed this ___ day of _____, 2022 in Palmdale, California.

By: _____

Title: _____

CITY OF PALMDALE

Annexation and Annual Levy Report For:

Streetlight Maintenance Assessment District No. 1 Annexation 2022-203

Pilot Travel Center

March 2022

Fiscal Year 2022/23

Prepared by:

NBS
helping communities fund tomorrow
nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

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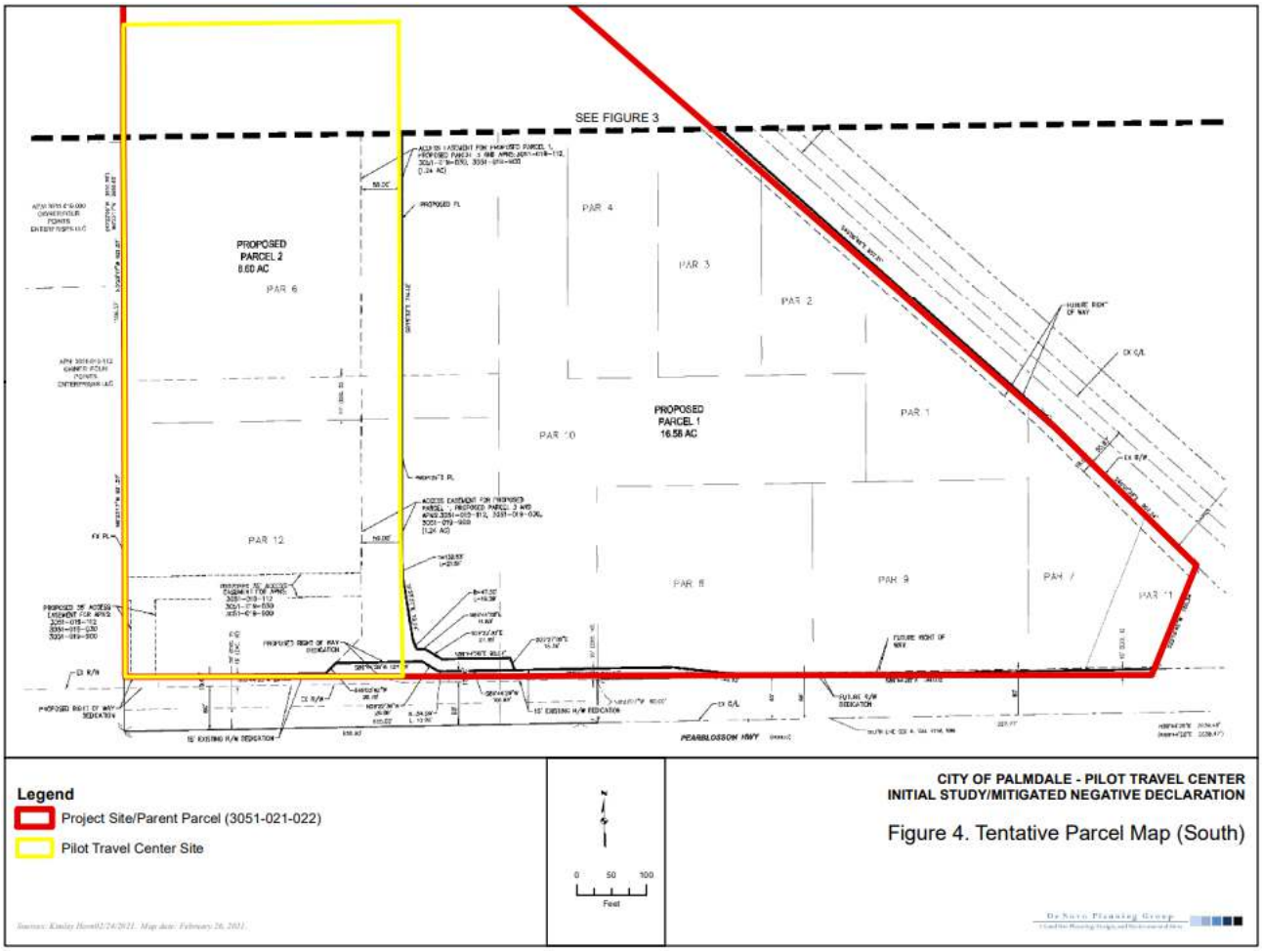
1. INTRODUCTION

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, the Pilot Travel Center is required to fund the maintenance and servicing associated with the streetlight improvements fronting the parcel along Pearblossom Highway. Per the tentative parcel map extracted from the City of Palmdale Pilot Travel Center Initial Study dated March 1, 2021 ("Initial Study"), the Annexation will consist of only Parcel 2, which is the portion of assessor's parcel number 3051-021-022 located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway as illustrated below.



The Pilot Travel Center consists of a travel center building, 123 parking spaces, gas islands and truck diesel fueling lanes on 8.60 net acres of property. The Streetlight Maintenance Assessment District No. 1, Annexation 2022-203 (the "Annexation") is proposed to fund the maintenance and servicing of streetlights that benefit the parcel 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*")[i] 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*")[ii] 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*")[iii], 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")*[iv] 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 improvements to be maintained and serviced within the Annexation are to be part of the local and peripheral streetlight and traffic signal system of the City of Palmdale that confers special benefit to the Annexation parcel. The specific location of both local and periphery streetlight and traffic signal improvements within the City can be found on the Streetlight Inventory Maps maintained by the City and on file in the office of the City Engineer where they are available for inspection. The City also maintains a lamp location list that is tabulated listing every street in the Annexation by alphabetical order. Included in the items listed for each lamp are the exact location by street address number and lamp size.

Also included within the City streetlight system are traffic signals and highway safety lights (lights mounted on traffic signal poles). Traffic signal improvements may include both local and periphery traffic signals. Local traffic signals are signals or portions thereof installed within the annexation. Peripheral traffic signals are portions of traffic signals installed outside of the annexation.

The local streetlight improvements to be maintained and serviced within the Annexation include six (6) streetlights and one (1) traffic signal within the right of way of the local public streets located within the boundaries of the Annexation. These lights are all within close proximity to the Annexation parcel identified as receiving local lighting benefit, and as such, provide special benefit to the parcel.

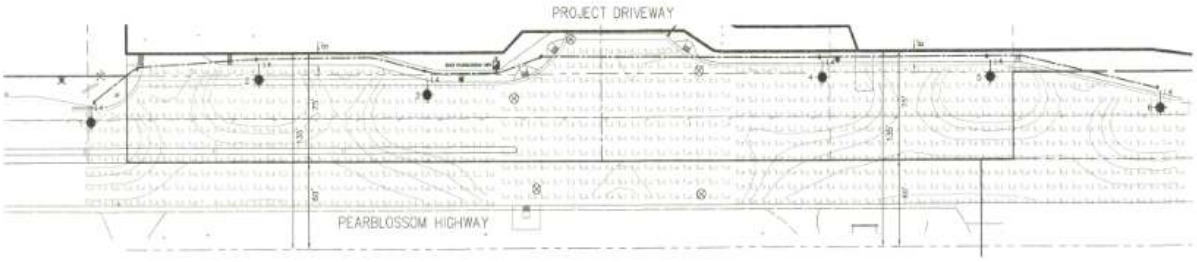
The City seeks to fund the following services and maintenance activities:

- Streetlight Maintenance

The services and maintenance activities listed above are collectively referred to as the "Improvements." The Improvements include, but are not limited to, the removal, repair, relocation, replacement or acquisition of light standards, poles, bulbs, fixtures and appurtenances, electrical energy, supplies, engineering and incidental costs relating to the maintenance and servicing of the street lighting and traffic signal improvements benefiting the parcels within the Annexation. The Assessment Diagram and Legal Description for the Annexation can be found in Section 8 of this report.

2.1 Streetlight Maintenance

As part of the conditions of approval of the project, the property owner requested the formation of a streetlight maintenance assessment district to fund the Improvements along Pearblossom Highway fronting the Annexation for the Pilot Travel Center located on the northwest corner of Ft. Tejon Road (Highway 138) and Pearblossom Highway. The lights to be maintained by the Annexation include a total of six (6) streetlights, lamp type 100W, 14,457 Lumen and one (1) traffic signal to be installed at the shared roadway and Pearblossom Highway. Below is a diagram pulled from the City of Palmdale Pilot Palmdale Street Lighting Electrical Plan illustrating the proposed area in which the Improvements can be found.



LEGEND

6 ↓14	PROPOSED 14,457 LUMEN (100 WATT) LED LAMPS ON CONCRETE POLES
⊗	PROPOSED LED SAFETY LIGHT – LIGHTS ON SIGNAL STANDARD
◪	PROPOSED SERVICE PEDESTAL
▭	PROPOSED PULL BOX
—·—·—	PROPOSED CONDUIT
— — —	PROPERTY LINE
—·—·—	CENTER LINE
—··—··—	EXISTING ROW
———	PROPOSED ROW

3. BENEFITS

The Improvements will confer special benefits upon the parcel 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 parcel 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 the parcel 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 the parcel. This section describes the assignment of special benefits to the parcel.

4.1 Parcel Size

It is believed parcels of the same use will experience different degrees of special benefit in relation to differences in their acreage. For example, a parcel with a large acreage will experience greater special benefit than a parcel with a small acreage. Accordingly, as acreage increases, parcels are considered to receive proportionately greater special benefit. Therefore, these parcel characteristics are deemed appropriate factors for determining proportional special benefit.

The Annexation consists of only the one parcel, classified by the County as a Commercial Land Use. Consequently it is expected the parcel will experience special benefits from the Improvements. Therefore, the Parcel Size Factor per acre is 1.00. The net acreage of the Annexation parcel is 8.60, therefore the Parcel Size Factor for the parcel is 8.60.

4.2 Land Use Type

In addition to parcel size, a parcel's land use type will also affect the special benefits received. Following the assignment of the Parcel Size Factor, a Land Use Benefit Point was assigned. This benefit point corresponds to the special benefits described in the Benefits section of this report.

The 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.

> **Commercial Property** consists of parcels used for commercial purposes and intended to generate revenues, used exclusively for non-residential purposes.

4.2.1 APPORTIONING SAFETY AND CRIME PREVENTION BENEFIT

For the most part, Safety and Crime Prevention benefits are universal benefits for the parcel 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, the 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 the parcel within the Annexation. The improved accessibility and traffic circulation benefits to the Annexation parcel maximizes the overall usefulness of the parcel. Therefore, the 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 the parcel within the Annexation:

Land Use Type	Safety and Crime Prevention	Access and Traffic Circulation	Total Land Use Benefit Points
Commercial	1	1	2

4.3 Total Special Benefit Points

The calculation of Total Special Benefit Points for the parcel takes into account each component analyzed and described above, parcel characteristics and land use. The formula for determining the parcel's Total Benefit Points is as follows:

Parcel Size Factor	X	Land Use Benefit Points	=	Total Special Benefit Points

The Total Special Benefit Points are computed for the parcel in the Annexation and summed. The Total Annexation Special Benefit Points are 17.20. 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 the parcel in the Annexation:

Parcel Size Factor		Land Use Benefit Points		Total Special Benefit Points
8.60	X	2.00	=	17.20

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 5.54%.

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.

Per the Initial Study, primary access to the Pilot Travel Center site would be provided from Pearblossom Highway and connect to a shared access roadway at the northeast corner of the Pilot Travel Center site. Pearblossom Highway is proposed to be widened to its ultimate half-width right-of-way (ROW) from the Pilot Travel Center site's western property line to the proposed travel center's easterly property line, which includes the shared roadway. At the intersection of the shared roadway and Pearblossom Highway, a traffic signal would be installed.

5.3.1 GENERAL BENEFIT: PASS THROUGH TRAFFIC LOCAL/COLLECTOR STREETS

For purposes of determining general benefits, all streets within the Annexation other than Pearblossom Highway are considered local/collector streets by the City. The local/collector streets within the Annexation are intended to serve individual neighborhoods and not to be pass through streets, but cul-de-sacs or loop roads to reduce through traffic. In addition, according to the City's Adopted General Plan Circulation Element[v], "local street design should provide efficient connection to the arterial highway system while discouraging excessive speeds and volumes".

From a visual inspection of the layout of the Annexation, one must conclude that the purpose of the collector streets is exclusively intended for the benefit of the Annexation. 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 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 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 collector streets.

Pass Through Traffic Local/Collector Streets General Benefit	1.00%

5.3.2 GENERAL BENEFIT: PASS THROUGH TRAFFIC ARTERIAL ROAD

As a result of the Improvements, there will be a level of general benefit conferred to pass through vehicle traffic related to properties outside of the Annexation whose occupants do not intend to access property within the Annexation. Pearblossom Highway is classified by the City of Palmdale as a major arterial road, ultimately proposed to be widened as a result of this development. As such, the benefit derived by pass through vehicle traffic needs to be quantified. In order to do this, we must first estimate the average daily vehicle trips through the Annexation.

The City's Traffic Transportation Division provided daily trip counts for Pearblossom Highway East and West. Based upon the average of those daily trip counts, the total estimated daily trip traffic through the Annexation is 17,755 vehicle trips.

Next, we must estimate the number of daily vehicle trips generated by ADT (average daily trip) land uses within the Annexation. To accomplish this, data from the ITE Trip Generation Manual was used to estimate the average daily vehicle trips for each ADT land use type within the Annexation identified in the Initial Study. The land uses included in the Initial Study are 960, 950, 940. 944, 853, and 851. The estimated number of daily vehicle trips generated by properties within the Annexation is approximately 1,240.10, as summarized below.

ITE Land Use Type	Estimated Daily Vehicle Trips [(1)]
960 – Super Convenience Market/Gas Station	230.91
950 – Truck Stop	455.53
944 – Gasoline/Service Station	275.78
853 – Convenience Market with Gasoline Pumps	34.50
851 – Convenience Market	243.38
Total	**1,240.10**

(1) Extracted from the Trip Generation, 9th Edition: An Informational Report of the Institute of Transportation Engineers. (2012) Washington, DC: Institute of Transportation Engineers.

Therefore, the estimated number of pass through vehicle trips related to properties outside of the Annexation is 16,515.

Average Vehicle Trips Through Annexation		Estimated Annexation-Generated Vehicle Trips		Estimated Pass Through Vehicle Trips
17,755	-	1,240	=	16,515

However, simply estimating the number of pass through vehicle trips does not necessarily indicate the level of benefit accruing to vehicles passing through the Annexation. Estimating the total amount of time these pass through vehicles spend driving through the Annexation, as compared to the time drivers spend within the Annexation, is a better indicator of the temporary benefits accruing to vehicles passing through the Annexation.

To estimate the total time these pass through vehicles spend within the Annexation, and receive benefit from the Improvements, we must take into account the total road length of Pearblossom Highway containing the Improvements, as well as the average traffic speed (using local speed limits):

Street	Length (in Miles) Within Annexation	Average Speed Within Annexation (MPH)	Travel Time (in Hours) Through Annexation per Vehicle
Pearblossom Highway	0.152	55	0.0028

Applying the total travel time through the Annexation per vehicle of 0.0028 hours to each of the pass through vehicle trips results in an aggregate daily pass through time of 46 hours, in which vehicles passing through the Annexation spend in proximity to the Improvements:

Travel Time (in Hours) Through Annexation per Vehicle		Estimated Pass Through Vehicle Trips		Total Pass Through Time (in Hours)
0.0028	x	16,515	=	46

Further, the amount of time that Annexation vehicles spend in proximity to the Improvements should also be considered to determine the overall benefit of the Improvements. Vehicles located within the Annexation are located in close proximity to the Improvements for a period of time and experience benefit from these Improvements while in the Annexation. It is estimated the average vehicle will spend one (1) hour in the Annexation. As such, the previously identified daily pass through time of vehicles receiving limited benefit from the Improvements should be compared to the total time the Annexation vehicles spend in proximity to Annexation Improvements:

Time Class	Hours	Percentage
Total Pass Through Time	46	3.54%
Total Annexation Vehicle Time [1]	1,240	96.46%
Totals	**1,286**	**100.00%**

(1) Equals the average daily trip count of vehicles within the Annexation (1,240) multiplied by 1 (hour).

Of the total benefits provided by the Improvements, the percentage of time allocated to vehicles passing through the Annexation is 3.54%.

Additionally, an estimated 1% of all US trips are made by bicycle[vi]. Although the Annexation fronts Pearblossom Highway and there is no dedicated bike lane along the highway, there is a sidewalk and the ability to pass through the Annexation by bicycle. There is also a residential community immediately adjacent to the Annexation on the west end. Therefore, it would be reasonable to assume there would be some level of general benefit received from bicycle traffic passing through the Annexation. According to the National Household Travel Surveys, 49% of bike trips are for recreation, exercise, and sports[vii]. As a result, approximately 1.00% general benefit is attributable to bicycles passing through the Annexation. Therefore, the total percentage of general benefit accruing to vehicles and bicycles passing through the Annexation is 4.54%.

Pass Through Traffic Arterial Streets General Benefit	4.54%

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:

General Benefitr	Percentage
Pass through Traffic Local/Collector Streets	1.00%
Pass through Traffic Arterial Roads	4.54%
Totals	**5.54%**

6. BUDGET

The following table summarizes the estimated annual costs to fund the Improvements for Fiscal Year 2022/23:

Description	Amount
Maintenance	
Direct Labor/Maintenance Costs	$1,496.00
Utility Costs	5,280.00
Administration	
Overhead/Engineer/Consultant Costs	1,000.00
Total Cost of Improvements	**$7,776.00**

6.1 Maximum Balance to Be Assessed

The total maximum amount to be assessed upon the specially benefitting parcel 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	$7,776.00
Less Maintenance General Benefit Portion (5.54%)	(431.08)
Total Cost of Improvements to Be Assessed	**$7,344.92**

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 4.

The calculation of the Maximum Assessment Rate per Special Benefit Point is shown below:

Description	Amount
Balance to Be Assessed	$7,344.92
Total Annexation Special Benefit Points	17.20
Maximum Assessment Rate per Special Benefit Point(1)	**$427.03**

(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 for the Parcel
$427.03	X	17.20	=	$7,344.92

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 2022-203 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 the parcel that will have a special benefit conferred upon it by the Improvements described in Section 2 of this Report (the "Specially Benefited Parcels").
    a. For particulars as to the identification of the parcel, 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 Parcel. In making such assessment:
    a. The proportionate special benefit derived from the Improvements by the 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 3/30/22

John G. Egan
Assessment Engineer
R.C.E. 14853

8. ASSESSMENT DIAGRAM

The following pages contains the legal description and assessment diagram for the Annexation.

LEGAL DESCRIPTION
PROPOSED PARCEL 2
PM 83189

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 11 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 MARCH 19, 1856, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHEAST QUARTER; THENCE ALONG THE WESTERLY LINE OF SAID SOUTHEAST QUARTER, NORTH 00° 23' 17" WEST 75.00 FEET TO THE **TRUE POINT OF BEGINNING;**

THENCE CONTINUING ALONG SAID WESTERLY LINE, NORTH 00°23'17" WEST 921.57 FEET;

THENCE LEAVING SAID WESTERLY LINE, NORTH 89°36'00" EAST 404.61 FEET;

THENCE SOUTH 00°15'32" EAST 773.64 FEET TO THE BEGINNING OF A TANGENT 132.50 FOOT RADIUS CURVE, CONCAVE EASTERLY;

THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09°17'55" AN ARC DISTANCE OF 21.50 FEET;

THENCE SOUTH 09°33'27" EAST 79.24 TO THE BEGINNING OF A TANGENT 47.50 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY;

THENCE SOUTHEASTERLY ALONG SAID CURVE THOUGH A CENTRAL ANGLE OF 15°03'43", AN ARC DISTANCE OF 12.49 FEET;

THENCE SOUTH 68°25'52" EAST 54.89 FEET TO A POINT ON A LINE LYING 92.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, NORTH 89°44'28" EAST 86.81 FEET;

THENCE LEAVING SAID PARALLEL LINE, SOUTH 22°27'09" EAST 18.36 FEET TO A POINT ON A LINE LYING 75.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°44'28" WEST 101.42 FEET TO THE BEGINNING OF A TANGENT 57.00 FOOT RADIUS CURVE, CONCAVE NORTHERLY;

THENCE LEAVING SAID PARALLEL LINE AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10°35'14" AN ARC DISTANCE OF 10.53 FEET;

THENCE NORTH 59°22'30" WEST 26.06 FEET TO A POINT ON A LINE LYING 92.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°44'28" WEST 124.76 FEET;

THENCE LEAVING SAID PARALLEL LINE, SOUTH 45°47'48" WEST 20.68 FEET TO A POINT ON A LINE LYING 75.00 FEET NORTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 4;

THENCE ALONG SAID PARALLEL LINE, SOUTH 89°44'28" WEST 291.46 FEET TO THE **TRUE POINT OF BEGINNING.**

CONTAINING 8.597 ACRES, MORE OF LESS.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION.

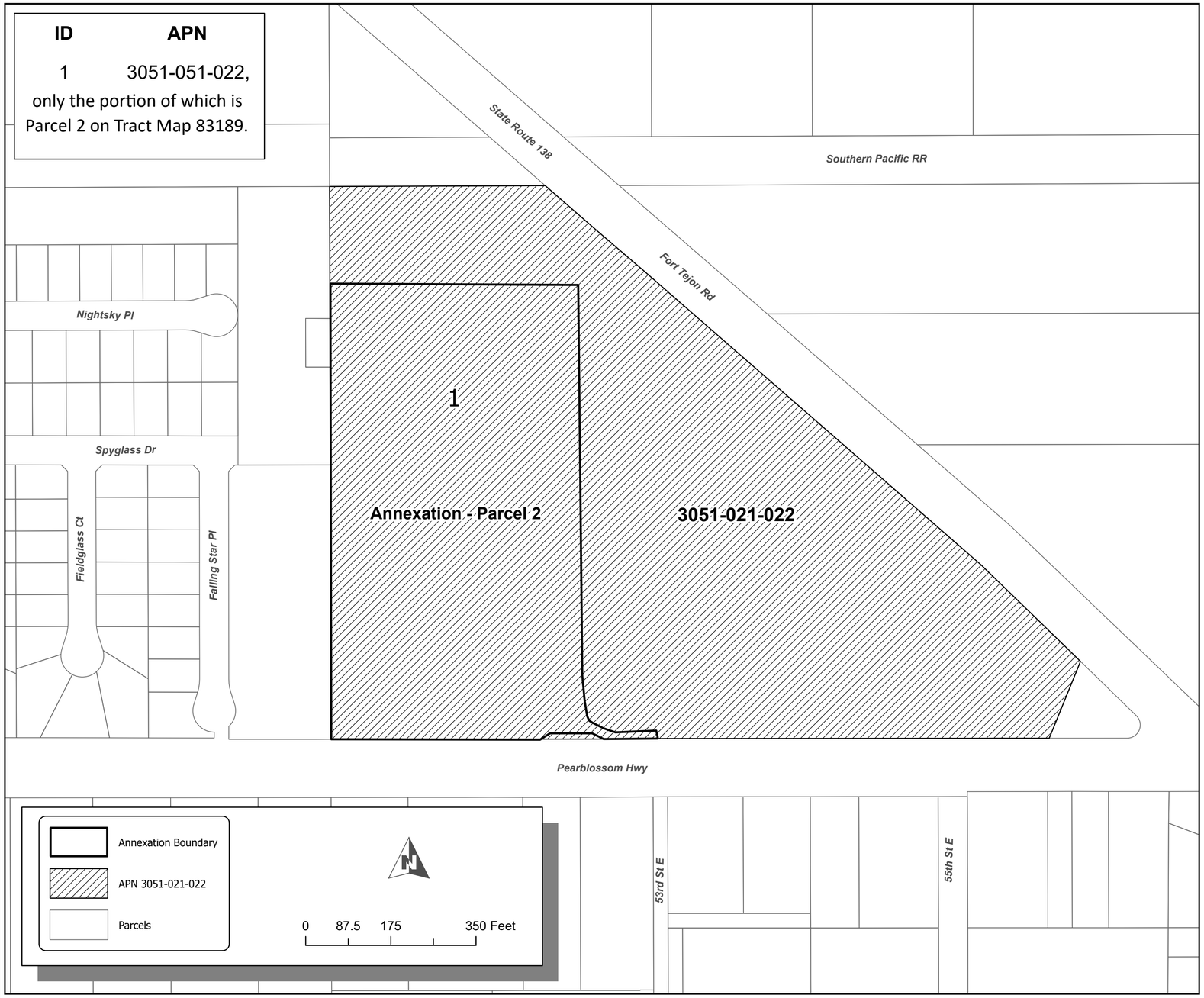
07/08/2021

JOHN P. GERVAIS, PLS 8674

PROFESSIONAL LAND SURVEYOR
JOHN P. GERVAIS
No.8674
STATE OF CALIFORNIA

ASSESSMENT DIAGRAM
STREETLIGHT MAINTENANCE ASSESSMENT DISTRICT NO. 1, ANNEXATION 2022-203

CITY OF PALMDALE
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF PALMDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS ____ DAY OF _____, 2022.

_____
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 _____, 2022.

_____
SUPERINTENDENT OF STREETS
CITY OF PALMDALE
COUNTY OF LOS ANGELES

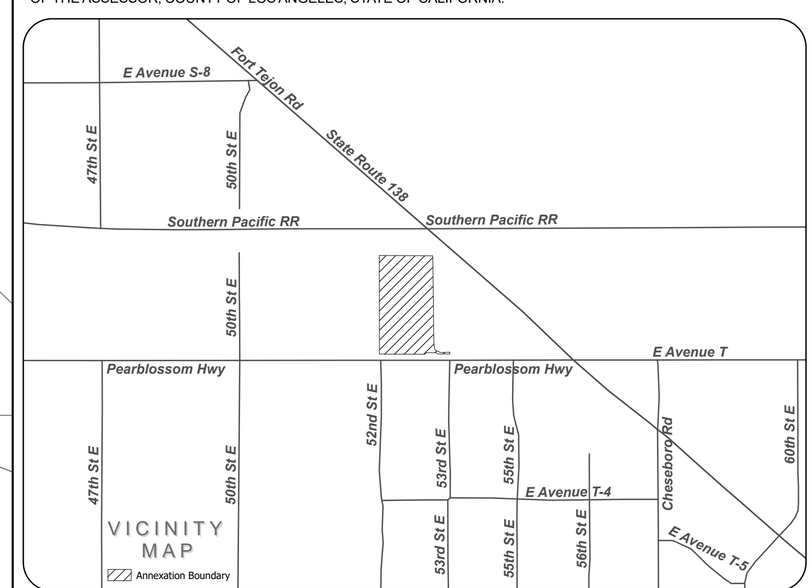
AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF PALMDALE ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE ____ DAY OF _____, 2022; THE ASSESSMENT DIAGRAM AND ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS 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

City of Palmdale
Streetlight Maintenance Assessment District No. 1, Annexation 2022-203
Fiscal Year 2022/23 Proposed Maximum Assessment

ID	Assessor's Parcel Number	Fiscal Year 2022/23 Proposed Maximum Assessment
1	3051-021-022, only the portion identified as Parcel 2 on Tract Map 83189	$7,344.92

10. REFERENCES

[i] *Golden Hill Neighborhood Assn. v. City of San Diego* CA4/1, D062203 (Cal. Ct. App. 2013)

[ii] *Beutz v. County of Riverside*, 109 Cal. Rptr. 3d 851 (Cal. Ct. App. 2010)

[iii] *Bonander v. Town of Tiburon,* 147 Cal. App. 4th 1116 (Cal. Ct. App. 2007)

[iv] *Manteca Unified School District v. Reclamation District No. 17 et al*, C077906 (Cal. Ct. App. 2017)

[v] City of Palmdale. General Plan Circulation Element, January 25, 1993.

[vi] U.S Department of Transportation. Federal Highway Administration. (2001). Designing Sidewalks and Trails for Access, Part II of II: Best Practices Design Guide. Retrieved from http://www.fhwa. dot. gov/ environment/bicycle_pedestrian/publications/sidewalk2/

[vii] Pucher, J., Buehler R., Meron, F., and Bauman, A. American Journals of Public Health, Supplement 1, Vol 101, No S1 (2011). Walking and Cycling in the United States, 2001-2009: Evidence from the National Household Travel Surveys. Retrieved from http://www.ncbi.nlm.nih.gov/pubmed/21551387

City Council Staff Report

DATE: **May 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **NEIGHBORHOOD SERVICES**
HOUSING DIVISION

DISTRICT: **ALL**

SUBJECT: **PUBLIC HEARING TO HEAR PUBLIC COMMENTS ON THE DRAFT 2022-2023 ACTION PLAN AND PROPOSED EXPENDITURE OF ESTIMATED $1,850,000 IN CONSOLIDATED PLAN FUNDS; REVIEW, APPROVE, AND SUBMIT THE 2022-2023 ACTION PLAN; AND EXECUTE DOCUMENTS RELATED TO THE SUBMISSION OF THE ACTION PLAN, AND AGREEMENTS FOR SUB-RECIPIENTS AND THE FAIR HOUSING PROVIDER.**

ISSUE

Public Hearing to hear public comments on the Draft 2022-2023 Action Plan and proposed expenditure of Consolidated Plan funds; Review and approve the 2022-2023 Action Plan; and Authorize the City Manager or their designee to make necessary changes and submit the 2022-2023 Action Plan, execute documents related to the submission of the Action Plan and agreements for Sub-Recipients and the Fair Housing Provider.

RECOMMENDATION

Staff recommends that the City Council:

1. Open a public hearing to receive public comments on the Draft 2022-2023 Action Plan and the proposed expenditure of Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds in compliance with the requirements of the U.S. Department of Housing and Urban Development (HUD) and the City's Citizen Participation Plan;
2. Direct staff to incorporate the public comments into the Draft 2022-2023 Action Plan;
3. Review and approve the 2022-2023 Action Plan; and
4. Authorize the City Manager or their designee to make necessary changes and submit the 2022-2023 Action Plan, execute documents related to the submission of the Action Plan and agreements for Sub-Recipients and the Fair Housing Provider.

BACKGROUND

The City of Palmdale is an entitlement city for the purpose of determining its eligibility to receive an annual allocation of Community Development Block Grant (CDBG) program funds and a participating jurisdiction for HOME Investment Partnerships (HOME) funds through the U.S. Department of Housing and Urban Development (HUD).

As a prerequisite for receiving its annual CDBG and HOME allocation, the City is required to submit a Consolidated Plan every five years, and an Annual Action Plan each year to HUD for approval. The purpose of the Five-Year Consolidated Plan and Annual Action Plan are to 1) assess the housing and community development needs of low- and moderate- income residents of Palmdale; 2) develop and describe a strategy to meet those needs; 3) describe the City's programs and projects, and the funding sources to meet those needs for the 2022-2023 Program Year; and 4) describe the geographic distribution of resources and activities. The Draft 2022-2023 Annual Action Plan was prepared by LDM Associates, with staff assistance.

DISCUSSION

Examination of 2011-2015 American Community Survey (ACS) 5-Year Estimates and the 2011-2015 Comprehensive Housing Affordability Strategy (CHAS) data supplied by HUD in the required eConPlanning Suite planning framework, in addition to local data, as well as consultation with citizens and stakeholders revealed six goals to be addressed through the investment of an anticipated $11 million of CDBG and HOME funds over the five-year period of the Consolidated Plan. In consideration of community input and available data from HUD, the following goals were identified:

- Affordable Housing
    - Increase the supply of affordable housing (99 housing units)
    - Preserve the supply of affordable housing (5 housing units)
    - Provide rental assistance to low-income households at-risk of homelessness (80 households)
- Fair Housing Services
    - Ensure equal access to housing opportunities (1,500 people)
- Public Services including homelessness
    - Prevent and eliminate homelessness and provide public services for residents including those with special needs (25,000 people)
- Public Facilities and Infrastructure Improvements (200,000 people)
- Economic Opportunity
    - Expand economic opportunity for low-income residents and small business owners (40 businesses assisted / 20 jobs created/retained)
- Planning and Administration

The CDBG revenue available for programming is summarized below:

Revenue: $1,400,000
Prior Year(s) Funding Available: $50,000
The proposed CDBG eligible activities are:

Applicants	Project Descriptions	Funding Requests
South Antelope Valley Emergency Services (SAVES)	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 bridge housing. This is an eligible activity under 570.201(e) and meets the national objective under 570.208(a)(2)(1)(B) low/mod limited clientele.	$210,000
Public Services	**Subtotal**	**$210,000**
ADA Public Facilities Improvements	The ADA Improvements project will include the design and installation ADA improvements and upgrades to the Domenic Massari Park Soccer Field and to Palmdale Playhouse. This is an eligible activity under 570.201(c) of regulation and meets the low/mod benefit national objective under 570.208(a)(2).	$386,430
Capital Improvements	**Subtotal**	**$386,430**
Section 108 Debt Service	Annual debt service and trustee fees for Section 108 Loan Guarantee. This is an eligible activity under 570.705(c).	$573,570
Housing Rights Center	Fair Housing Services. This is an eligible activity under 570.206(c).	$38,620
Program Administration	Implementation of the CDBG Program (< 20% of total program award) This is an eligible activity under 570.206.	$241,380
Administrative /Other	**Subtotal**	**$853,570**
Total Estimated CDBG 2022-2023 Allocation		**$1,450,000**

The funding reflected in the Annual Action Plan are estimated amounts. Should the final allocation amount be different from the estimate, proposed activity budgets will be adjusted in the following manners:

- Fair Housing Services and Section 108 Debt Service will remain at the estimated budgets.

- The other activities will be adjusted proportionately to reflect either an increase or decrease for the allocation.

The HOME revenue available for programming is summarized below:

2022-2023 Allocation $400,000
The proposed HOME eligible activities are:

Applicants	**Project Descriptions**	**Funding Requests**
Tenant Based Rental Assistance	Implementation of tenant-based rental assistance to prevent eviction. This is an eligible activity under 24 CFR Part 92.	$175,000
TBD: Affordable Rental Housing	A project has not yet been determined. (This includes the CHDO set aside of $60,000) This is an eligible activity under 24 CFR Part 92. (The City will conduct a public hearing to amend the Action Plan once a suitable project is identified)	$185,000
Program Administration	Implementation of the HOME Program (< 10% of total program award). This is an eligible activity under 92.207.	$40,000
Total Estimated HOME 2022-2023 Allocation		**$400,000**

The funding reflected in the Annual Action Plan are estimated amounts. Should the final allocation amount be different from the estimate, proposed activity budgets will be adjusted in the following manners:

- Tenant-Based Rental Assistance will remain at the estimated budget.
- The other activities will be adjusted proportionately to reflect either an increase or decrease for the allocation.

In compliance with the City's approved Citizen Participation Plan and Implementing Regulation 24 CFR 91.105, a Public Notice was published in the Antelope Valley Press on April 1, 2022, to inform residents that the Draft 2022-2023 Action Plan was available for review and comments. Citizens were advised that copies of the aforementioned documents were available for review on the City's website from April 1, 2022, to May 4, 2022, and the documents would be available in hardcopy format at the Neighborhood Services Department office, the Palmdale Public Library, and the Administration Building.

The public notice invited citizens to provide written comments to the Housing staff at the Department of Neighborhood Services, 38250 Sierra Highway, Palmdale, CA 93550 or via email to housingdivision@cityofpalmdale.org before 5:00 p.m. on May 4, 2022, and also during the public hearing on May 4, 2022 beginning at 7:00 p.m. at the City Council meeting in Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, CA

93550. The public notice also invited citizens submit comments 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.

FISCAL IMPACT

For Fiscal Year 2022-2023 the City will receive an estimated allocation of $1,400,000 in Community Development Block Grant (CDBG) funds, and $400,000 in HOME Investment Partnerships (HOME) funds. Together with $50,000 of prior year CDBG resources, a total of $1,850,000 is available for the 2022-2023 Action Plan.

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:	Sophia Reyes, Housing Manager
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Acting City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Draft 2022-2023 Action Plan

Annual Action Plan
FY 2022-23

Draft
Public Review
May 4, 2022

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Version History

No.	Summary of Changes			
1	Published Draft for Public Comment:	April 1, 2022	Sent to HUD for Approval:	TBD
	Conducted Public Hearing:	May 4, 2022	Approved by HUD:	TBD
	Original 2022-2023 Annual Action Plan.			

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The City of Palmdale has prepared the 2022-23 Annual Action Plan as required to receive federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds. The Action Plan provides the United States Department of Housing and Urban Development (HUD) with a summary of the proposed activities to be carried out with CDBG and HOME resources.

The CDBG and HOME programs generally provide for a wide range of eligible activities for the benefit of low- and moderate-income Palmdale residents.

Community Development Block Grant (CDBG)

The Housing and Community Development Act of 1974 created the CDBG Program with three primary objectives against which HUD evaluates the Consolidated Plan and the City's performance under the Plan. Those primary objectives are decent housing, suitable living environments, and expanded economic opportunities for low- and moderate-income persons. The CDBG regulations require that each activity meet one of the following national objectives:

- Benefit low- and moderate-income persons;
- Aid in the prevention or elimination of slums and blight; or
- Meet other community development needs having a particular urgency (usually the result of a natural disaster).

HOME Investment Partnerships (HOME)

The Cranston-Gonzalez National Affordable Housing Act of 1990 created the HOME program to expand the supply of affordable housing for low- and moderate-income households. Often used in partnership with local nonprofit housing development organizations, the HOME program can support a wide range of affordable housing activities, including building, buying, and/or rehabilitating rental and ownership housing or providing direct rental assistance to low- and moderate-income people.

For the 2022 program year, the City will receive an estimated $1,400,000 of CDBG funds and an estimated $400,000 of HOME funds from HUD. Together with prior year resources of $50,000 available, an estimated $1,850,000 is available for the CDBG and HOME activities listed below.

2022 CDBG Activities

Fair Housing Services	$38,620
South Antelope Valley Emergency Services (SAVES)	$210,000
Section 108 Debt Service	$573,570
ADA Public Facilities & Street Improvements	$386,430
CDBG Program Administration	$241,380
Total	**$1,450,000**

2022 HOME Activities

Tenant-Based Rental Assistance	$175,000
Affordable Housing Development (including CHDO set-aside)	$60,000
HOME Program Administration	$40,000
Development TBD	$125,000
Total	**$400,000**

2. Summarize the objectives and outcomes identified in the Plan

The 2022-2023 Annual Action Plan addresses the priority needs and goals established in the FY 2020-24 Consolidated Plan. The eight priority needs listed below are established as part of this Plan:

- Increase the supply of affordable housing
- Provide rental assistance to low-income households
- Ensure equal access to housing opportunities
- Prevent and eliminate homelessness
- Provide public services for residents, including those with special needs
- Improve public facilities and infrastructure
- Preserve the supply of affordable housing
- Expand economic opportunity for low-income residents

3. Evaluation of past performance

The investment of HUD resources during the 2021 Program Year resulted in measurable accomplishments that contributed to positive outcomes for Palmdale residents. Together with other federal, state and local investments, HUD resources allowed the City of Palmdale and its partners to provide:

- Fair housing services to Palmdale residents
- Homelessness prevention and assistance
- Tenant-based rental assistance to extremely-low income seniors
- Public Facility Improvements
- Support affordable housing developments

4. Summary of Citizen Participation Process and consultation process

To be completed after the public hearing scheduled for May 4, 2022.

5. Summary of public comments

To be completed after the public hearing scheduled for May 4, 2022.

6. Summary of comments or views not accepted and the reasons for not accepting them

To be completed after the public hearing scheduled for May 4, 2022.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG and HOME Administrator	City of Palmdale	Neighborhood Services

Table 1 - Responsible Agencies

Narrative

The City of Palmdale Department of Neighborhood Services is the lead agency responsible for the administration of the CDBG and HOME programs. The Department of Neighborhood Services contracted with LDM Associates, Inc. to prepare the 2022-2023 Annual Action Plan.

In the development of the Consolidated Plan, the City developed and implemented a comprehensive citizen participation and consultation process and conducted a needs assessment and market analysis to identify levels of relative need regarding affordable housing, homelessness, special needs, and community development. This information was gathered through consultation with public officials and local agencies, public outreach and community meetings, review of demographic and economic data, and housing market analysis.

In the implementation of the 2022-2023 Annual Action Plan and each of the five Annual Action Plans, the Department of Neighborhood Services shall be responsible for all grants planning, management and monitoring duties necessary to comply with HUD regulations and City policy.

Consolidated Plan Public Contact Information

Department of Neighborhood Services / Housing Division
Attn: Sophia Reyes, Housing Manager
38250 Sierra Highway
Palmdale, CA 93550
(661) 267-5164

AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

The City of Palmdale consulted with representatives from multiple agencies, groups, and organizations involved in the development of affordable housing, creation of job opportunities for low- and moderate-income residents, and/or provision of services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, and homeless persons. To facilitate this consultation, the City solicited feedback through the following methods:

- Stakeholder surveys
- Individual stakeholder consultations
- Community meetings
- Public hearings
- Receipt of written comments

To gather the greatest breadth and depth of information, the City consulted with a wide variety of agencies, groups and organizations concerning the housing, community and economic development needs of the community as part of the Consolidated Plan process. Each of the agencies, groups or organizations consulted is represented below. The input received from these consultation partners helped establish and inform the objectives and goals described in the Strategic Plan.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

The City recognizes the importance of careful coordination and alignment among various service providers to maximize the effectiveness of the CDBG and HOME programs. As a result, during the development of this Consolidated Plan, the City consulted closely with organizations that provide assisted housing, health services and other community-focused programs. Outreach efforts included surveys including specific questions associated with coordination, invitations to community meetings and follow-up in-person interviews where appropriate.

The City further recognizes the importance of continued coordination and alignment during the upcoming five-year planning period with these organizations and agencies. The City will strengthen relationships and alignment among these organizations in the implementation of the NOFA process for CDBG and HOME funds and through technical assistance provided to subrecipients of CDBG and HOME funds each year.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

Los Angeles County's homeless system of care is comprised of a network of public, private, faith-based, for-profit, and non-profit service providers who utilize several federal, state and local resources to provide services for homeless people. The region's municipalities, including the City of Palmdale, also provide resources for services that assist the homeless and those at risk of becoming homeless. The County's non-profit community plays a key role in the current Continuum of Care (CoC) system. Hundreds of agencies throughout the County provide programs ranging from feeding the homeless on the street to creating permanent supportive housing opportunities. These services are available to homeless families with children, and single men and women.

The Los Angeles Homeless Services Authority (LAHSA) is the lead agency for the CoC in Los Angeles County. LAHSA guides the development of homeless strategies and the implementation of programs to end homelessness throughout the region. The City provided a detailed questionnaire to LAHSA to identify the CoC's perceived needs in the county and its objectives to address the needs of different homeless persons populations, specifically chronically homeless families and individuals, families with children, veterans, unaccompanied youth, and persons at risk of homelessness. Following the delivery and response to this questionnaire, the City followed up with the CoC to clarify existing needs and objectives and understand opportunities for collaboration and coordination during the 5-year planning process.

Coordination to address homelessness — including chronically homeless individuals and families, families with children, veterans, and unaccompanied youth — is guided by the CoC. All service providers within the CoC can refer people with varying needs to the appropriate service provider(s) in their area.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies and procedures for the administration of HMIS

The City of Palmdale does not receive Emergency Solutions Grant (ESG) funds, but will continue to support the efforts of LAHSA and the County of Los Angeles in their development of performance standards for the County's ESG program that provide a measure to evaluate each subrecipients' effectiveness, such as how well the service provider succeeds at 1) targeting those who need the assistance most; 2) reducing the number of people living on the streets or emergency shelters; 3) shortening the time people spend homeless; and 4) reducing each program participant's housing barriers or housing stability risks.

2. Describe Agencies, groups, organizations, and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities

1	Agency/Group/Organization	Los Angeles County Child Protective Services
	Agency/Group/Organization Type	Child Welfare Agency Services-Children Other government - Local
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
2	Agency/Group/Organization	Los Angeles County Health Department
	Agency/Group/Organization Type	Services-Health Health Agency Mental Health Agency/Facility
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis Lead-Based Paint Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
3	Agency/Group/Organization	AMCAL Multi-Housing, Inc.
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
4	Agency/Group/Organization	Meta Housing Corporation
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
5	Agency/Group/Organization	National Community Renaissance Dev Corp
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
6	Agency/Group/Organization	The Michaels Organization
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
7	Agency/Group/Organization	America's Job Center
	Agency/Group/Organization Type	Services-Employment
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

8	Agency/Group/Organization	Advancing Communities Together Inc.
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
9	Agency/Group/Organization	AHF Healthcare Center – Antelope Valley
	Agency/Group/Organization Type	Services – HIV/AIDS
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
10	Agency/Group/Organization	Federal Emergency Management Agency (FEMA)
	Agency/Group/Organization Type	Emergency Management Agency Floodplain Management Agency
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
11	Agency/Group/Organization	City of Palmdale Information Technology
	Agency/Group/Organization Type	Local Government
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

12	Agency/Group/Organization	Los Angeles County Development Authority
	Agency/Group/Organization Type	Housing Services - Housing PHA
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	In-Person Meeting Conference Calls This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
13	Agency/Group/Organization	Housing Authority of the City of Palmdale
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	In-Person Meeting Conference Calls This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
14	Agency/Group/Organization	Hispanic Chamber
	Agency/Group/Organization Type	Business Leader
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
15	Agency/Group/Organization	California Department of Technology
	Agency/Group/Organization Type	Broadband Advocates
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
16	Agency/Group/Organization	HighSpeedInternet.com
	Agency/Group/Organization Type	Broadband ISP

	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
17	Agency/Group/Organization	Children's Bureau
	Agency/Group/Organization Type	Services-Children Foster Care Agency/Facility
	What section of the Plan was addressed by Consultation?	Public Services
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
18	Agency/Group/Organization	Kaiser Permanente
	Agency/Group/Organization Type	Health Agency Services-Health
	What section of the Plan was addressed by Consultation?	Market Analysis Lead-Based Paint Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
19	Agency/Group/Organization	Antelope Valley Domestic Violence Council dba Valley Oasis
	Agency/Group/Organization Type	Services-Victims of Domestic Violence Services-Homelessness
	What section of the Plan was addressed by Consultation?	Anti-Poverty Strategy Non-Homeless Special Needs Housing Need Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
20	Agency/Group/Organization	Pennylane
	Agency/Group/Organization Type	Services-Unaccompanied Youth
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis

	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
21	Agency/Group/Organization	Vets4Veterans
	Agency/Group/Organization Type	Services-Homeless Veterans
	What section of the Plan was addressed by Consultation?	Needs Assessment Homelessness Needs - Veterans Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
22	Agency/Group/Organization	Desert Haven Enterprises
	Agency/Group/Organization Type	Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
23	Agency/Group/Organization	Palmdale Chamber
	Agency/Group/Organization Type	Business Leader
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

24	Agency/Group/Organization	Palmdale School District
	Agency/Group/Organization Type	Services-Children Services-Education Other government - Local
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
25	Agency/Group/Organization	Antelope Valley Union High School District
	Agency/Group/Organization Type	Services-Children Services-Education Other government - Local
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
26	Agency/Group/Organization	L.A. County Board of Supervisors District 5
	Agency/Group/Organization Type	Other Government-County
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
27	Agency/Group/Organization	Legacy Commons (City of Palmdale)
	Agency/Group/Organization Type	Services-Elderly
	What section of the Plan was addressed by Consultation?	Non-housing Community Development Strategy Non-Homeless Special Needs Public Services
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

28	Agency/Group/Organization	City of Palmdale Economic Development
	Agency/Group/Organization Type	Services-Employment
	What section of the Plan was addressed by Consultation?	Market Analysis Economic Development
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Conference Calls In-Person Meetings This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
29	Agency/Group/Organization	Mental Health America, Antelope Valley
	Agency/Group/Organization Type	Mental Health Agency/Facility Services-Homeless Veterans
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis Homelessness Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
30	Agency/Group/Organization	Housing Rights Center
	Agency/Group/Organization Type	Services-Fair Housing
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meetings This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
31	Agency/Group/Organization	Antelope Valley Community Clinic
	Agency/Group/Organization Type	Services-Health
	What section of the Plan was addressed by Consultation?	Needs Assessment
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

32	Agency/Group/Organization	Palmdale Regional Medical Center
	Agency/Group/Organization Type	Health Agency
	What section of the Plan was addressed by Consultation?	Market Analysis Lead-Based Paint Strategy
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
33	Agency/Group/Organization	South Antelope Valley Emergency Services (SAVES)
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meetings This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
34	Agency/Group/Organization	Los Angeles County Regional Broadband Consortium
	Agency/Group/Organization Type	Broadband Advocates
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

35	Agency/Group/Organization	Los Angeles Homeless Services Authority (LAHSA)
	Agency/Group/Organization Type	Continuum of Care - Information and Referral
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Conference Calls This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
36	Agency/Group/Organization	North LA County Regional Center
	Agency/Group/Organization Type	Services-Disabilities
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis Non-Homeless Special Needs
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
37	Agency/Group/Organization	Victory Outreach
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

38	Agency/Group/Organization	Homeless Solutions Access Center
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
39	Agency/Group/Organization	Neighborhood Legal Services of Los Angeles County
	Agency/Group/Organization Type	Services-Fair Housing
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meetings This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
40	Agency/Group/Organization	Salvation Army-Palmdale
	Agency/Group/Organization Type	Services-Homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Homeless Needs - Chronically homeless Homelessness Needs - Veterans
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

41	Agency/Group/Organization	Westside Union School District
	Agency/Group/Organization Type	Services-Children Services-Education Other government - Local
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
42	Agency/Group/Organization	City of Palmdale (Development Services)
	Agency/Group/Organization Type	Planning Organization Local Government
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
43	Agency/Group/Organization	City of Palmdale (Neighborhood Services)
	Agency/Group/Organization Type	Local Government
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
44	Agency/Group/Organization	City of Palmdale (Public Works)
	Agency/Group/Organization Type	Local Government
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

45	Agency/Group/Organization	City of Palmdale (Recreation and Culture)
	Agency/Group/Organization Type	Local Government
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey In-Person Meeting This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
46	Agency/Group/Organization	The Trust for Public Land
	Agency/Group/Organization Type	Public Land Agency
	What section of the Plan was addressed by Consultation?	Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
47	Agency/Group/Organization	Southern California Association of Governments
	Agency/Group/Organization Type	Planning Organization
	What section of the Plan was addressed by Consultation?	Housing Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
48	Agency/Group/Organization	State Assembly 36th District
	Agency/Group/Organization Type	State Government
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.

49	Agency/Group/Organization	State Senate 21st Senate District
	Agency/Group/Organization Type	State Government
	What section of the Plan was addressed by Consultation?	Needs Assessment Market Analysis
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Survey This consultation provided the stakeholder an opportunity to actively participate in the planning effort. The City requested input concerning the topics highlighted above from this stakeholder.
50	Agency/Group/Organization	U.S. Department of Housing and Urban Development
	Agency/Group/Organization Type	Federal Government
	What section of the Plan was addressed by Consultation?	All
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Consulted with HUD concerning Consolidated Plan, CDBG, and HOME requirements.
51	Agency/Group/Organization	City of Palmdale City Council
	Agency/Group/Organization Type	Local Government Civic Leaders
	What section of the Plan was addressed by Consultation?	All
	How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	In-Person Meeting Public Hearings for the Consolidated Plan

Table 2 - Agencies, groups, organizations who participated

Identify any Agency Types not consulted and provide rationale for not consulting

The City maintains a list of agencies, organizations and other stakeholders that have expressed an interest in City's CDBG and HOME programs and invited representatives from each entity to participate at multiple points in the planning process. All agencies were strongly encouraged to attend meetings and participate in surveys. Any agency or organization that was not consulted and would like to be included in the City's list of stakeholders, the agency or organization may contact the Department of Neighborhood Services at (661) 267-5126.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Los Angeles Homeless Services Authority (LAHSA)	The Public Services including Homelessness goal of the Strategic Plan is consistent with the County of Los Angeles strategies to address homelessness.
2021-2029 Housing Element	City of Palmdale Economic and Community Development Department - Planning Division	The housing goals included in the Strategic Plan are consistent with the City of Palmdale Housing Element.

Table 3 - Other local / regional / federal planning efforts

Describe cooperation and coordination with other public entities, including the State and any adjacent units of general local government, in the implementation of the Consolidated Plan (91.215(l))

In the development of the Consolidated Plan, the City afforded the following other public entities with the opportunity to provide input on the Consolidated Plan and welcomes their input concerning the future implementation of projects to address the ten Strategic Plan goals:

- City of Lancaster
- City of Santa Clarita
- Los Angeles County Development Authority
- State of California Department of Housing and Community Development

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation

In accordance with the City of Palmdale's Citizen Participation Plan, the City invites residents to actively contribute to the development of the Annual Action Plan. The City conducted a public hearing on September 7, 2021 during the development of the Action Plan to gather comment and feedback on potential activities. The City also published the Action Plan for public review for a 30-day comment period and will facilitate a second comment period on May 4, 2022 to approve the Action Plan.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Hearing	Non-targeted/ broad community	A public meeting/hearing was held before the City Council on September 7, 2021, to receive public comments on the housing, community and economic development needs of the City in anticipation of the 2022 Annual Action Plan	Consider mental health and suicide prevention services	None.	
2	30-day comment period	Non-targeted/broad community	The City of Palmdale published a notice of public hearing and comment period in the Antelope Valley Press and at offices at City Hall on April 1, 2022 – inviting the public to review and provide comment on the draft Action Plan and/ or attend a public hearing on May 4, 2022			
3	Public Hearing	Non-targeted/broad community	A public meeting/hearing will be held before the City Council on May 4, 2022, to receive public comments on the 2022 Annual Action Plan and for City Council approval of the 2022-2023 Annual Action Plan.			

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

The Strategic Plan goals included in this Consolidated Plan are based on resources that are reasonably anticipated to be available to the City from federal, state, local and private sources from July 1, 2022, through June 30, 2023. The actual resources available to support activities during the implementation of this Consolidated Plan may vary significantly due to factors outside of the City's control. For example, HUD formula grant allocations are subject to change each year based on a number of factors such as the amount of the national appropriation, changes in ACS population data applied to the CPD grant formulas, statutory changes to the CPD grant formulas, the addition or removal of entitlements receiving a particular CPD grant and the availability of reallocated funds. Additionally, state, local, and private resources will vary significantly depending on economic conditions.

The funding reflected in the Annual Action Plan are estimated amounts. Should the final allocation amount be different from the estimate, proposed activity budgets will be adjusted in the following manners:

2022 CDBG Activities:

Fair Housing Services and Section 108 Debt Service will remain at the estimated budgets. The other activities will be adjusted proportionately to reflect either an increase or decrease for the allocation.

2022 HOME Activities:

Tenant-Based Rental Assistance will remain at the estimated budget. The other activities will be adjusted proportionately to reflect either an increase or decrease for the allocation.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 3				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	Public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	$1,400,000	$0	$50,000	$1,450,000	$2,800,000	Based on level funding in subsequent years.
HOME	Public - federal	Admin and Planning Housing Public Services	$400,000	$0	$0	$400,000	$800,000	Based on level funding in subsequent years.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

To address housing and community development needs in Palmdale, the City will leverage its CDBG and HOME entitlement grants with a variety of funding resources in order to maximize the effectiveness of available funds. The City and its development partners will continue to seek new opportunities to leverage federal funds, such as the Low-Income Housing Tax Credit program and other State of California resources made available as a result of recent State laws that took effect in 2019 and 2020.

Federal Resources

- Continuum of Care (CoC) Program
- HUD Veterans Affairs supportive Housing (HUD-VASH)
- Supportive Housing for the Elderly (Section 202)
- Supportive Housing for Persons with Disabilities (Section 811)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Youthbuild
- Federal Low-Income Housing Tax Credit Program
- Emergency Food and Shelter Program (EFSP)

State Resources

- State Low-Income Housing Tax Credit Program
- Building Equity and Growth in Neighborhoods Program (BEGIN)
- CalHome Program
- Multifamily Housing Program (MHP)
- Housing Related Parks Grant
- CalHFA Single and Multi-Family Program
- Mental Health Service Act (MHSA) Funding

Local Resources

- Los Angeles County CoC
- Los Angeles County Development Authority (LACDA)
- Southern California Home Financing Authority (SCHFA)

Private Resources

- Federal Home Loan Bank Affordable Housing Program (AHP)
- Community Reinvestment Act Programs
- United Way Funding
- Private Contributions

HOME Matching Requirements

HUD requires HOME recipients (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. The match reductions are granted due to fiscal distress, severe fiscal distress, and Presidential disaster declarations. For those PJs with both fiscal distress and Presidential disaster match reductions, the PJ may take the higher match reduction for the current fiscal year.

When a local jurisdiction meets one of the distress criteria, it is determined to be in fiscal distress and receives a 50 percent reduction of match. If a local jurisdiction satisfies both of the distress criteria, it is determined to be in severe fiscal distress and receives a 100 percent reduction of match. The City of Palmdale has received a 100 percent match reduction from HUD, and therefore, is required to match 0 percent of HOME Funds using non-federal funds.

The City of Palmdale leverages HOME funds with other local and private non-federal resources even though it has received a 100 percent match reduction from the 25 percent matching requirement. Any funds that are used in a HOME activity in excess of the required match will be documented by the City and reported to HUD as part of the Consolidated Annual Performance and Evaluation Report (CAPER) each year.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

In 2011, the elimination of local Redevelopment Agencies by the State of California resulted in the loss of a crucial resource for the development and preservation of affordable housing. This negatively impacted affordable housing and residential investment. While there are mechanisms whereby certain affordable housing assets tied to the former Redevelopment Agencies may be utilized today, the available resources for affordable housing are scarce.

Land or property necessary to address the needs identified in the Consolidated Plan would need to be acquired using HUD grant funds or other resources.

Discussion

Assuming continued level funding of the CDBG and HOME programs, the City expects to spend several million dollars of CDBG and HOME funds on projects that provide affordable housing to low-income residents between July 1, 2020, and June 30, 2025. It is anticipated that approximately $2.0 million of this will be spent on affordable housing development and preservation. Based on prior project experience, we anticipate that these funds will leverage other public and private funding, including but not limited to:

- Low-Income Housing Tax Credits
- Project-based Section 8 certificates
- Project financing at favorable interest rates from local lenders
- Private contributions to local CHDOs
- Private market real estate investments

- Market rate housing that subsidizes affordable units on the same development site

Assuming continued level funding of the CDBG program, the City expects to spend approximately $3.3 million of CDBG funds on public facilities and infrastructure improvement activities that promote a suitable living environment between July 2020 and June 2025. Anticipated projects include:

- Public Facilities Improvements (including ADA)
- Infrastructure Improvements (affordable housing)
- Section 108 Debt Service for prior Public Facilities

AP-20 Annual Goals and Objectives

Goals Summary Information

2020-2024 Strategic Plan Goals

Goal Name	Time Period	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Goal 1 Affordable Housing	2020 - 2024	Affordable Housing	Citywide	• Provide rental assistance to low-income households • Increase the supply of affordable housing • Preserve the supply of affordable housing	HOME: $360,000	30 Households Assisted with Rental Assistance MF New Construction Activities: TBD
Description: Provide short- and medium-term rental assistance to individuals and families experiencing economic distress and at-risk of homelessness. In partnership with housing developers, leverage HOME and CDBG funds in support of the development or creation of rental housing opportunities that are affordable to households earning less than 30, 50, or 60 percent of Area Median Income, including units for individuals, families, persons with special needs, and persons experiencing homelessness or at-risk of homelessness. Subject to funding availability, design and implement programs for the preservation of the physical and functional integrity of existing housing units occupied by low- and moderate-income households. Include, where appropriate, incentives for energy efficiency and conservation measures to increase sustainability and reduce monthly household utility costs to promote greater affordability.						
Goal 2 Fair Housing Services	2020 - 2024	Affordable Housing	Citywide	• Ensure equal access to housing opportunities	CDBG: $36,620	300 Persons Assisted
Description: Fulfill the HUD regulatory mandate to affirmatively further fair housing choice through the provision of fair housing education, counseling, anti-discrimination and landlord-tenant mediation services.						

2020-2024 Strategic Plan Goals

Goal Name	Time Period	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Goal 3 Public Services including Homelessness	2020 - 2024	Homelessness Non-Housing Community Dev.	Citywide	• Prevent and eliminate homelessness • Provide public services for residents, including those with special needs	CDBG: $210,000	6,000 Persons Assisted
Description: Provide public services designed to support a continuum of services in the Antelope Valley to prevent and eliminate homelessness including but not limited to emergency services, food and necessities of life, homelessness prevention programs, case management, and temporary housing assistance. Provide public services for youth and seniors including but not limited to those concerned with nutrition, education, health, transportation, and recreation, including programs that incorporate the creation of public art as a focus of the activity to foster a more suitable living environment. Provide public services to persons with special needs including but not limited to those concerned with disabilities, domestic violence, substance abuse and HIV/AIDS.						
Goal 4 Public Facilities and Improvements	2020 - 2024	Non-Housing Community Dev.	Citywide	• Improve public facilities and infrastructure	CDBG: $386,430	9,571 Persons Assisted
Description: Improve 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. This strategy includes the installation of infrastructure in support of affordable housing. Public improvements undertaken with CDBG funds may incorporate public art into projects that otherwise meet a National Objective of the CDBG program.						

2020-2024 Strategic Plan Goals

Goal Name	Time Period	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Goal 5 Economic Opportunity	2020 - 2024	Non-Housing Community Dev.	Citywide	• Expand economic opportunity for low-income residents and small business owners	CDBG: TBD	TBD
Description: Expand economic opportunity for low-income residents and business owners through technical assistance, small business loans/grants, and other forms of assistance to facilitate recovery from the economic disruption of early 2020. This includes activities focused on job creation/retention and employment training, in addition to financial and technical assistance to businesses including microenterprises.						
Goal 6 Planning and Administration	2020 - 2024	All	Citywide	All	CDBG: $241,380 HOME: $40,000	Other: 1
Description: Provide for the timely and compliant administration of the CDBG and HOME programs in accordance with HUD policy and federal regulations. Provide for housing, transportation, environmental and other studies or plans necessary to ensure sustainable long-term growth that includes decent housing and a suitable living environment for low- and moderate-income residents. CDBG funds will also be used to make annual repayment on Section 108 loan.						

Table 6 – Goals Summary

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)

In accordance with Goal 1 above, the City anticipates serving 30 extremely-low- or low-income households with tenant-based rental assistance. HOME-assisted units shall meet the requirements of 24 CFR 92.254.

AP-35 Projects – 91.220(d)

Introduction

To address the high priority needs identified in the Strategic Plan to the Consolidated Plan, the City of Palmdale will invest CDBG and HOME funds in projects that will provide short- and medium-term tenant-based rental assistance, increase the supply of affordable housing, provide fair housing services, provide public services for homeless residents and residents at-risk of homelessness, improve public facilities and infrastructure, and expand economic opportunity for low-income residents and small business owners. Together, these projects will address the housing, community and economic development needs of Palmdale residents-particularly those residents residing in the low- and moderate-income areas.

The funding reflected in the Annual Action Plan are estimated amounts. Should the final allocation amount be different from the estimate, proposed activity budgets will be adjusted in the following manners:

2022 CDBG Activities:

Fair Housing Services and Section 108 Debt Service will remain at the estimated budgets. The other activities will be adjusted proportionately to reflect either an increase or decrease for the allocation.

2022 HOME Activities:

Tenant-Based Rental Assistance will remain at the estimated budget. The other activities will be adjusted proportionately to reflect either an increase or decrease for the allocation.

Projects

#	Project Name
1	Tenant-Based Rental Assistance
2	Affordable Rental Housing
3	Affordable Rental Housing (CHDO)
4	Fair Housing Services
5	South Antelope Valley Emergency Services (SAVES)
6	Section 108 Loan Debt Services & Trustee Fees
7	Public Facilities and Improvements
8	Economic Opportunity Programs
9	Planning and Administration

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Based on the Strategic Plan, the City is allocating 100 percent of its CDBG funds (excluding CDBG Section 108 Debt Service & Trustee Fees funds and CDBG administration) and HOME funds (excluding HOME administration) for program year 2022 to projects and activities that benefit low- and moderate-income people. Due to the nature of the projects and activities to be undertaken, investments in all projects concerning Public Facilities and Infrastructure Improvements, benefit low- and moderate-income limited clientele or housing preservation, affordability and development are available citywide.

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 is investing CDBG and HOME funds through the 2022-2023 Annual Action Plan in projects that will be used to provide rental assistance, increase the supply of affordable housing, ensure equal access to housing opportunities, provide for public facilities and infrastructure improvements, promote economic opportunity for low-income residents and small business owners, and provide public services to low- and moderate-income residents to prevent and eliminate homelessness.

AP-38 Project Summary

Project Summary Information

1	Project Name	Tenant-Based Rental Assistance
	Target Area	Citywide
	Goals Supported	Affordable Housing
	Needs Addressed	Provide rental assistance to low-income households
	Funding	HOME: $175,000
	Description	Provide short- and medium-term Tenant-Based Rental Assistance to low-income households.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 30 low-income seniors will benefit from the proposed activity.
	Location Description	Citywide
	Planned Activities	Tenant-Based Rental Assistance

2	Project Name	Affordable Rental Housing
	Target Area	Citywide
	Goals Supported	Affordable Housing
	Needs Addressed	Increase the supply of affordable housing
	Funding	HOME: $185,000 (includes $60,000 in Community Housing Development Organization (CHDO) funds)
	Description	TBD: The City will conduct a public hearing to amend the Action Plan once a suitable project is identified
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	TBD
	Location Description	Citywide
	Planned Activities	TBD: The City will conduct a public hearing to amend the Action Plan once a suitable project is identified

3	Project Name	Affordable Rental Housing (CHDO)
	Target Area	Citywide
	Goals Supported	Affordable Housing
	Needs Addressed	Increase the supply of affordable housing
	Funding	HOME: $60,000 (CHDO set-aside)
	Description	TBD: The City will conduct a public hearing to amend the Action Plan once a suitable project is identified
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	TBD
	Location Description	Citywide
	Planned Activities	TBD: The City will conduct a public hearing to amend the Action Plan once a suitable project is identified

4	Project Name	Fair Housing Services
	Target Area	Citywide
	Goals Supported	Fair Housing Services
	Needs Addressed	Ensure equal access to housing opportunities
	Funding	CDBG: $38,620
	Description	Fulfill the HUD regulatory mandate to affirmatively further fair housing choice through the provision of fair housing education, counseling, anti-discrimination, and landlord-tenant mediation services.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 300 people will benefit from the proposed activity.
	Location Description	Citywide
	Planned Activities	Housing Rights Center: Fair Housing Services

5	Project Name	South Antelope Valley Emergency Services (SAVES)
	Target Area	Citywide
	Goals Supported	Public services including homelessness
	Needs Addressed	Prevent and eliminate homelessness Provide public services for residents, including those with special needs
	Funding	CDBG: $210,000
	Description	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 bridge housing.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 6,000 people will benefit from the proposed activities.
	Location Description	Citywide
	Planned Activities	South Antelope Valley Emergency Services

6	Project Name	Section 108 Loan Debt Service
	Target Area	Citywide
	Goals Supported	Public Facilities and Improvements
	Needs Addressed	Not Applicable
	Funding	CDBG: $573,570
	Description	Annual debt service for Section 108 Loan Guarantee.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	Not Applicable
	Location Description	Not Applicable
	Planned Activities	Section 108 Debt Service $573,570

7	Project Name	Public Facilities and Improvements
	Target Area	Low- and Moderate-Income Areas
	Goals Supported	Public Facilities and Improvements
	Needs Addressed	Improve public facilities and Infrastructure
	Funding	CDBG: $386,430
	Description	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 as well as conduct ADA improvements to existing city public facilities and spaces.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 9,571 people will benefit from the proposed activities.
	Location Description	Activities will be conducted in areas that qualify as low- or moderate-income areas
	Planned Activities	Conduct ADA improvements and upgrades to the Domenic Massari Park Soccer Field Conduct ADA improvements and upgrades to the Palmdale Playhouse An additional project TBD

8	Project Name	Economic Opportunity Programs
	Target Area	Citywide
	Goals Supported	Economic Opportunity
	Needs Addressed	Expand economic opportunity for low-income residents and small business owners
	Funding	CDBG: TBD
	Description	TBD
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	TBD
	Location Description	The programs will be offered citywide
	Planned Activities	Economic Opportunity Programs TBD

9	Project Name	Planning and Administration
	Target Area	Citywide
	Goals Supported	All
	Needs Addressed	All
	Funding	CDBG: $280,000 HOME: $40,000
	Description	This project provides for the administration of the CDBG and HOME programs. Funds may also be used to support comprehensive general plan housing element updates currently underway to comply with State law and to plan effectively for fair, affordable housing.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Not Applicable
	Location Description	Not Applicable
	Planned Activities	CDBG Program Administration and Plans $280,000 HOME Program Administration $40,000

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Assistance will be directed to eligible low- and moderate- income areas where applicable. These areas are comprised of low- and moderate-income Census Tract Block Groups as defined by HUD. Residents of these areas have median incomes at or below 80 percent of the area median income (AMI) based on household size for the County of Los Angeles. A total of 117,480 residents live in these Census Tract Block Groups, of which 87,805 or 75 percent are members of low- and moderate-income households according to HUD low- and moderate-income summary data available at the Census Tract Block Group level. Based on available data and mapping in the Consolidated Plan, these areas are primarily Hispanic.

Geographic Distribution

Target Area	Percentage of Funds
Citywide	100%

Table 8 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

For the 2022 program year, the City will invest 100% of CDBG funds (excluding administration and Section 108 debt service) are targeted to low- and moderate-income residents.

Discussion

Based on the Strategic Plan, the City is allocating 100 percent of its CDBG funds (excluding Section 108 Debt Service, administration, and the spot blight activity) and HOME funds (excluding Administration) for program year 2022 to projects and activities that benefit low- and moderate-income people.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

The City placed a high priority on affordable housing in the Consolidated Plan. The top three goals in the Consolidated Plan's Strategic Plan include Affordable Housing, Fair Housing Services, and Public Services including Homelessness. These goals establish a framework to invest CDBG and HOME funds to address the affordable housing needs of the City.

Increase the Supply of Affordable Housing

Based on evaluation of 2011-2015 ACS and CHAS data, there is a high need for housing units affordable for low-income households. Of the 25,195 households earning 0-80 percent of AMI in the City, 17,537 are cost burdened households—meaning households paying more than 30 percent of their income for housing. Of the 17,537 cost burdened households, 9,699 are renters, with 5,675 earning 0-30 percent of AMI, 2,590 earning 30-50 percent of AMI, and 1,434 earning 50-80 percent of AMI.

Of the 17,537 cost-burdened households, 9,639 are severely cost burdened households—meaning that they pay more than 50 percent of their income for housing. Of these, 5,789 are severely cost burdened renters. Of the severely cost burdened renters, 4,770 earn 0-30 percent of AMI, 885 earn 30-50 percent of AMI, and 134 earn 50-80 percent of AMI.

Severely cost burdened renter households earning less than 80 percent of AMI are at-risk of homelessness, particularly those earning less than 50 or less than 30 percent of AMI.

Increasing the supply of housing units affordable for low-income households that are restricted for low-income households for a long term (generally 20-55 years or more) is rated as the highest priority need due to the number of severely cost burdened households in Palmdale.

Additionally, preservation of the physical and functional integrity of existing housing units occupied by low- and moderate-income households is a cost-effective way to invest limited resources to retain existing housing units that are already affordable to low- and moderate-income households in the community. Addressing substandard housing conditions through housing preservation activities provide that all economic segments of the community have the means to ensure that their property meets local standards and that all Palmdale residents have the opportunity to live in decent housing. During the 2021 program year, the City prioritized funding for increasing the supply of affordable housing and providing rental assistance. Therefore, no rehabilitation projects are planned.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	30
Special-Needs	0
Total	30

Table 9 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	30
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	30

Table 10 - One Year Goals for Affordable Housing by Support Type

AP-60 Public Housing – 91.220(h)

Introduction

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.

Actions planned during the next year to address the needs to public housing

During the 2022-2023 program year, LACDA will continue providing housing and public services to existing residents of the City of Palmdale. LACDA takes in feedback of residents collected through resident surveys distributed throughout the City of Palmdale to improve services.

Actions 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. Resident surveys were distributed with translation services available on request. Community meetings in low-income areas were hosted with copies of the Consolidated Plan draft being available in these areas. A public hearing is conducted to accept public comments on the draft plan before its approval and submittal to HUD. Grant funding is administered to increase housing availability and accessibility to residents to encourage greater participation in homeownership. LACDA also maintains quarterly newsletters for Section 8 tenants, public housing residents, and Section 8 property owners.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable. LACDA is considered a High Performing PHA.

Discussion

LACDA is well-positioned to continue providing Section 8 Housing Choice Vouchers in the City of Palmdale and throughout Los Angeles County.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City will invest CDBG funds during the 2022-2023 program year to address high priority needs identified in the 2020-2024 Consolidated Plan including providing public services that address homelessness.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Preventing and ending homelessness is a HUD priority addressed nationally through coordination of regional strategies carried out locally by government agencies and a wide variety of community-based organizations and faith-based groups. Consistent with this approach, the City of Palmdale supports the efforts of The Los Angeles Homeless Service Authority (LAHSA), County Continuum of Care (CoC), and its member organizations that address homelessness throughout Los Angeles County and more specifically in SPA1. In alignment with this strategy, the City will use CDBG funds to support local service providers as well as City run programs to prevent homelessness and to expand the supply of affordable housing in Palmdale for low- and moderate-income residents.

In February 2016, the Los Angeles County Board of Supervisors and the City of Los Angeles approved a new joint Homeless Initiative plan to address homelessness in the Los Angeles region (Homeless Initiative). The strategies were developed after 18 policy summits that brought together more than 100 community organizations, 25 County departments and 30 cities including the City of Palmdale. In March 2017, voters approved Measure H, a 10-year, 0.25% sales tax increase. Through the Homeless Initiative, the City was one of 47 Cities to receive a planning grant in 2017, resulting in the City of Palmdale's Homeless Plan, which identifies the local need and strategies to partner with local service providers to meet those needs. In this program year, the City will work with the CoC and the County to address the needs identified through collaboration and coordination of resources and services.

Addressing the emergency shelter and transitional housing needs of homeless persons

Through the Homeless Initiative, the County and CoC are working to strengthen and increase the availability of housing and services at all levels. The ultimate solution to ending homelessness is transitional to 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 bridge housing system in order to address the immediate needs of Los Angeles County's homeless population. At the same time, the only year-round emergency shelter in the Antelope Valley closed in August 2017. As a result, the CoC is collaborating with a range of non-profit and community organizations to fill the gap, including providing funding for a local winter shelter. Additional funding has been infused in the community through Project Roomkey to provide families with emergency motel vouchers and provide households with rapid rehousing assistance.

Los Angeles County has implemented policy and program changes aimed at ensuring homeless persons in Los Angeles County are rapidly housed and offered an appropriate level of support services to meet their circumstances and keep them stably housed.

This increase in rapid rehousing and permanent supportive housing for the most vulnerable populations is attributed to Los Angeles County homeless service providers re-tooling their programs and shifting their focus to moving people quickly into permanent supportive housing throughout the County. Homelessness can be significantly reduced and the quality of life of our residents, especially those precariously housed or homeless can be improved.

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

Leveraging CoC efforts, this Strategic Plan provides for the use of CDBG public service funds to support the social safety net activities of SAVES and HOME funds to provide short- and medium-term tenant-based rental assistance to keep individuals and families housed or to rapidly re-house individuals and families experiencing homelessness. Additionally, the homeless plan goals and efforts included in the foregoing paragraphs also will help homeless persons, especially chronically homeless individuals and families, families with children, veterans, and unaccompanied youth make the transition to permanent housing and independent living. The City's goals are consistent with HUD's goal to shorten the period that individuals and families experience homelessness and to facilitate access for homeless individuals and families to affordable housing units. The City's goals are aligned with HUD's goal to prevent individuals and families who were recently homeless from becoming homeless again.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: 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); or, 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 they experience extreme difficulty maintaining their housing and has no reasonable alternatives for obtaining subsequent housing. Homelessness often results from a complex set of circumstances that require people to choose between food, shelter and other basic needs. Examples of common 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.

The "Approved Strategies to Combat Homelessness" published by L.A. County on February 9, 2016, (Homeless Initiative) are consistent with State and Federal initiatives for ending homelessness and consists of 47 strategies arranged by six guiding principles including A) Prevent Homelessness, B) Subsidize Housing,

C) Increase Income, D) Provide Case Management and Services, E) Create a Coordinated System, and F) Increase Affordable/Homeless Housing. The Homeless Initiative represents a commitment by all stakeholders throughout the County to prevent and end homelessness.

Through implementation of the collaborative goals of the City of Palmdale's Homeless Plan and implementation of best practices developed through the CoC, the community will be able to serve people discharged from publicly funded institutions or systems of care such as health care facilities or correction programs. Full implementation of the Coordinated Entry System will reduce the number of people discharged from publicly funded institutions into homelessness.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction

A barrier to affordable housing is a public policy or nongovernmental condition that constrains the development or rehabilitation of affordable housing, such as land use controls, property taxes, state prevailing wage requirements, environmental protection, cost of land and availability of monetary resources. Barriers to affordable housing are distinguished from impediments to fair housing choice in the sense that barriers are lawful and impediments to fair housing choice are usually unlawful.

Based on information gathered during community meetings, the Consolidated Plan survey, the 2013-2021 Housing Element and market analysis, the primary barriers to affordable housing in Palmdale are housing affordability and the lack of monetary resources necessary to develop and sustain affordable housing. The two barriers are related in the sense that demand for affordable housing exceeds the supply and insufficient resources are available to increase the supply of affordable housing to meet demand.

Actions it planned 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

In the development of the 2013-2021 Housing Element, the City evaluated significant public policies affecting affordable housing development such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges and growth limitations. Based on this evaluation, the City determined that it has taken all necessary steps to ameliorate the negative effects of public policies that may have been a barrier to affordable housing. Moreover, the City is actively engaged with affordable housing developers concerning the siting of affordable housing and ensuring that the entitlement process runs smoothly from inception to completion.

AP-85 Other Actions – 91.220(k)

Introduction

In the implementation of the 2022-2023 Annual Action Plan, the City will invest CDBG and HOME resources to address obstacles to meet underserved needs, foster and maintain affordable housing, reduce lead-based paint hazards, reduce the number of poverty-level families, develop institutional structure and enhance coordination between public and private housing and social service agencies.

Actions planned to address obstacles to meeting underserved needs

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 is investing CDBG and HOME funds through the 2022-2023 Annual Action Plan in projects that will provide public services to low- and moderate-income people to prevent homelessness, rental assistance to low-income households, and projects that provide the infrastructure necessary to facilitate access to public facilities where services are provided. To address underserved needs, the City is allocating the majority of its CDBG and HOME funds (excluding Section 108 Debt Service and Administration) for program year 2022-2023 to projects that benefit low- and moderate-income people.

Actions planned to foster and maintain affordable housing

In the implementation of the 2022-2023 Annual Action Plan, the City will invest HOME funds to foster affordable housing by partnering with housing developers in an effort to support the development of new rental housing units and provide tenant-based rental assistance to low-income tenants requiring affordable housing.

Actions planned to reduce lead-based paint hazards

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 City of Palmdale will conduct lead-based paint testing and risk assessments for future rehabilitation projects where the property to be assisted was built prior to January 1, 1978, and will incorporate safe work practices or abatement into the scope of work as required to reduce lead-based paint hazards in accordance with 24 CFR Part 35.

Actions planned to reduce the number of poverty-level families

The implementation of CDBG and HOME activities meeting the goals established in the 2020-2024 Consolidated Plan - Strategic Plan and this Annual Action Plan will help to reduce the number of poverty-level families by:

- Supporting activities that increase the supply of housing that is affordable to low- and moderate-income households;
- Supporting activities that ensure equal access to housing opportunities;
- Supporting public service activities that address homelessness and special needs populations;
- Supporting activities that improve public facilities and infrastructure; and
- Supporting economic opportunity programs to help families recover from the economic impacts of the COVID-19 pandemic that began in early 2020.

In addition to these local efforts, mainstream state and federal resources also contribute to reducing the number of individuals and families in poverty. Federal programs such as the Earned Income Tax Credit and Head Start provide pathways out of poverty for families who are ready to pursue employment and educational opportunities. Additionally in California, the primary programs that assist families in poverty are CalWORKS, CalFresh (formerly food stamps) and Medi-Cal. Together, these programs provide individuals and families with employment assistance, subsidy for food, medical care, childcare and cash payments to meet basic needs such as housing, nutrition and transportation. Other services are available to assist persons suffering from substance abuse, domestic violence and mental illness.

Actions planned to develop institutional structure

To address the lack of resources necessary to support local programs in Palmdale for special needs populations and persons experiencing homelessness, the City's Departments continue to facilitate strategic regional partnerships in L.A. County to bring resources into the Antelope Valley. The City's partnership between SAVES and the Los Angeles Regional Foodbank, forged during the previous planning cycle, is an example of the level of determination the City has to provide essential services to its residents. The Department of Neighborhood Services continues to search for alternate funding sources.

Actions planned to enhance coordination between public and private housing and social service agencies

To enhance coordination between public and private housing and social service agencies, the City will continue 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.

Discussion

In the implementation of the 2022-2023 Annual Action Plan, the City will invest CDBG and HOME resources to address obstacles to meeting underserved needs, foster and maintain affordable housing, reduce lead-based paint hazards, reduce the number of poverty-level families, develop institutional structure and enhance coordination between public and private housing and social service agencies.

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction

In the implementation of programs and activities under the 2021 Annual Action Plan, the City of Palmdale will follow all HUD regulations concerning the use of program income, forms of investment, overall low- and moderate-income benefit for the CDBG program and recapture requirements for the HOME program.

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low- and moderate-income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)

1. **A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

   The City does not use forms of investment other than what is included in § 92.205(b).

2. **A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

   The City's HOME-funded homebuyer programs incorporate a recapture provision in accordance with § 92.254 (a)(5)(ii). As a condition of funding, the homebuyer must enter into a HOME Participation Agreement with the City of Palmdale. The City's investment in the property is made as a forgivable loan in exchange for a 15-year affordability period as required under the HOME Program Regulations. The affordability period is enforced by a recorded affordability covenant against the property.

   Recapture of funds is required in the event of any of the following during the period of affordability:

   1. Sale of the property or transfer of any kind to non-income qualified homebuyers (excluding those related to the dissolution of marriage);
   2. When the residence ceases to be used as the primary residence, subleasing or renting of the property;
   3. Refinancing; and
   4. Failure to maintain the property in decent, safe, and sanitary condition.

   The funds subject to recapture include all funds advanced in connection with the City's homebuyer assistance, less forgiveness payments credited proportionally each year on the anniversary of the Note. HOME funds shall be recaptured from net proceeds, which are defined as the sales price minus superior loan repayment (other than HOME assistance) and closing costs. The City will recapture the entire amount of HOME funds invested from net proceeds, less any forgiveness payments credited. In the event that the net proceeds resulting from a sale are not sufficient to provide for the full return of the Borrower's original down payment and Borrower's cost of capital improvements to the Property (subject to City verification and approval), then the Borrower shall be entitled to recover their original down payment amount and City approved capital improvement amounts before the recapture of the HOME Loan. The recaptured funds will be used to carry out HOME eligible activities.

3. **A description of the guidelines for resale or recapture that ensures the affordability of units**

acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

See above.

4. **Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

   The City does not intend to use HOME funds under the 2022-2023 Annual Action Plan to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

Discussion

In the implementation of programs and activities under the 2022-2023 Annual Action Plan, the City of Palmdale will follow all HUD regulations concerning the use of CDBG and HOME funds.

City Council Staff Report

DATE: **May 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **NEIGHBORHOOD SERVICES**
HOUSING DIVISION

DISTRICT: **ALL**

SUBJECT: **PUBLIC HEARING TO HEAR PUBLIC COMMENTS ON THE DRAFT HOME-ARP ALLOCATION PLAN AND THE PROPOSED EXPENDITURE OF HOME INVESTMENT PARTNERSHIPS PROGRAM AMERICAN RESCUE PLAN (HOME-ARP) FUNDS OF $2,093,986; REVIEW, APPROVE, AND SUBMIT THE HOME-ARP ALLOCATION PLAN; AND EXECUTE DOCUMENTS RELATED TO THE SUBMISSION OF THE HOME-ARP ALLOCATION PLAN.**

ISSUE

Public Hearing to hear public comments on the Draft HOME-ARP Allocation Plan and the proposed expenditure of HOME Investment Partnerships Program American Rescue Plan (HOME-ARP) funds; Review and approve the HOME-ARP Allocation Plan; and Authorize the City Manager or their designee to make necessary changes and submit the HOME-ARP Allocation Plan, execute documents related to the submission of the HOME-ARP Allocation Plan.

RECOMMENDATION

Staff recommends that the City Council:

1. Open a public hearing to receive public comments on the Draft HOME-ARP Allocation Plan and the proposed expenditure of HOME-ARP funds in compliance with the requirements of the U.S. Department of Housing and Urban Development (HUD) and the City's Citizen Participation Plan;
2. Direct staff to incorporate the public comments into the HOME-ARP Allocation Plan;
3. Review and approve the HOME-ARP Allocation Plan; and
4. Authorize the City Manager or their designee to make necessary changes and submit the HOME-ARP Allocation Plan, execute documents related to the submission of the HOME-ARP Allocation Plan.

BACKGROUND

The City of Palmdale is a participating jurisdiction for HOME Investment Partnerships (HOME) funds through the U.S. Department of Housing and Urban Development (HUD). As such, the City has been awarded $2,093,986 of HOME-American Rescue Plan Act (HOME-ARP) funding.

As a prerequisite for receiving the HOME-ARP allocation, the City is required to submit a HOME-ARP Allocation Plan that includes 1) a summary of the consultation process and the results of consultation; 2) a summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reason why; 3) a description of HOME-ARP qualifying populations within the jurisdiction; 4) an assessment of unmet needs of each qualifying population; 5) an assessment of gaps in housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system; and 6) a summary of planned use of HOME-ARP funds for eligible activities based on the unmet needs of the qualifying populations. The Draft HOME-ARP Allocation Plan was prepared by LDM Associates.

DISCUSSION

The American Rescue Plan Act (ARP) defines qualifying individuals or families, including Veterans, that are 1) homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act; 2) at risk of homelessness, as defined in section 401 of the McKinney-Vento Homeless Assistance Act; 3) fleeing or attempting to flee domestic violence, dating violence, sexual assault, or stalking (as defined by HUD in 24 CFR 5.2003) or human trafficking (as outlined in the Trafficking Victims Protection Act of 2000 as amended [22 USC 7102]); and 4) part of other populations, where providing supportive services or assistance under section 212(a) of the National Affordable Housing Act 42 USC 12472(a) would prevent a family's homelessness or serve those with the greatest risk of housing instability.

HOME-ARP funds may be used benefit qualifying populations through the following programs:

1. Tenant-based Rental Assistance (TBRA);
2. Development and support of affordable housing;
3. Provision of supportive services;
4. Acquisition and development of non-congregate shelter;
5. Nonprofit capacity building and operating assistance; and
6. Program planning and administration.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the City engaged in consultation with stakeholders and the public, including a virtual consultation session, a survey of stakeholders, and 30-day public comment period. Additional input may be received in the public hearing on May 4, 2022.

Using data available from HUD, the US Census Bureau, and other reliable sources and input for those consulted through the survey and a virtual meeting with stakeholders, the

required needs assessment and gap analysis was completed. The needs assessment and gap analysis identified the following needs and gaps within the City:

- In January 2020, the annual Point in Time (PIT) count revealed that 48 people were residing in emergency housing, either in shelter or transitional housing. Another 237 people were unsheltered on the streets, in tents or makeshift shelters, or in cars, vans, RVs or campers.
- 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) Data from HUD reported 5,575 households with incomes at or below 30% AMI are at risk of homelessness in the City.
- The 2014-2019 HUD CHAS data indicates there are 6,115 renter households with an annual income at or below 30% AMI with a cost burden that are at greatest risk of housing instability.
- The CHAS data reports that there are 2,805 households with incomes more than 30 and but equal to or less than 50% AMI that are at risk of homelessness in the City because of at least one of the housing problems as defined by HUD.
- The greatest need for supportive services is in the areas of Job training and employment services, housing search and housing counseling services, childcare assistance, mental health services, outreach services, and case management services.

To address these needs within the community the City will continue to fund the development and support of affordable housing, tenant-based rental assistance (TBRA), and supportive services through HUD funding available to the City, including annual allocations of CDBG and HOME and focus this new allocation of HOME-ARP funds towards the development of non-congregate shelter units.

In compliance with the City's approved Citizen Participation Plan and Implementing Regulation 24 CFR 91.105, a Public Notice was published in the Antelope Valley Press on April 1, 2022, to inform residents that the HOME-ARP Allocation Plan was available for review and comments. Citizens were advised that copies of the aforementioned documents were available for review on the City's website from April 1, 2022, to May 4, 2022, and the documents would be available in hardcopy format at the Neighborhood Services Department office, the Palmdale Public Library, and the Administration Building.

The public notice invited citizens to provide written comments to the Housing staff at the Department of Neighborhood Services, 38250 Sierra Highway, Palmdale, CA 93550 or via email to housingdivision@cityofpalmdale.org before 5:00 p.m. on May 4, 2022, and also during the public hearing on May 4, 2022 beginning at 7:00 p.m. at the City Council meeting in Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, CA 93550. The public notice also invited citizens submit comments 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.

FISCAL IMPACT

The City has been allocated $2,093,986 of HOME-American Rescue Plan Act (HOME-ARP) funding.

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:	Sophia Reyes, Housing Manager
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Acting City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Draft HOME-ARP Allocation Plan

HOME Investment Partnerships Program

American Rescue Plan

DRAFT

HOME-ARP ALLOCATION PLAN

May 4, 2022

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DRAFT
HOME-ARP ALLOCATION PLAN

HOME Investment Partnerships (HOME) Program
American Rescue Plan

EQUAL HOUSING
OPPORTUNITY

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CITY COUNCIL

STEVEN D. HOFBAUER
Mayor

RICHARD J. LOA
Mayor Pro Tem

LAURA BETTENCOURT
Councilmember

AUSTIN BISHOP
Councilmember

JUAN CARRILLO
Councilmember

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VERSION HISTORY

No.	Summary of Changes			
1	Published Draft for Public Comment:	4/1/22	Sent to HUD for Approval:	TBD
	Conducted Public Hearing:	5/4/22	Approved by HUD:	TBD
	Original HOME-ARP Allocation Plan.			

Public Contact Information

Neighborhood Services Department
Attn: Sophia Reyes, Housing Manager
38250 Sierra Highway
Palmdale, CA 93550
661-267-5126
https://cityofpalmdale.org/270/Housing

Executive Summary

The City of Palmdale has been allocated $2,093,986 of HOME-American Rescue Plan Act (HOME-ARP) funding from the US Department of Housing and Urban Development (HUD). In order to receive the HOME-ARP allocation, the City must develop a HOME-ARP Allocation Plan that will become part of the City's PY2021 HUD Annual Action Plan by substantial amendment.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the City engaged in consultation with stakeholders and the public, including a virtual consultation session, a survey of stakeholders, a 30-day public comment period, and a public hearing.

The needs assessment and gap analysis identified the following needs and gaps within the City:

- In January 2020, the annual Point in Time (PIT) count revealed that 48 people were residing in emergency housing, either in shelter or transitional housing. Another 237 people were unsheltered on the streets, in tents or makeshift shelters, or in cars, vans, RVs or campers.
- 2014-2018 CHAS Data from HUD reported 5,575 households with incomes at or below 30% AMI are at risk of homelessness in the City.
- The 2014-2019 HUD CHAS data indicates there are 6,115 renter households with an annual income at or below 30% AMI with a cost burden that are at greatest risk of housing instability.
- The CHAS data reports that there are 2,805 households with incomes more than 30 and but equal to or less than 50% AMI that are at risk of homelessness in the City because of at least one of the housing problems as defined by HUD.
- The greatest need for supportive services is in the areas of Job training and employment services, housing search and housing counseling services, childcare assistance, mental health services, outreach services, and case management services.

To address these needs within the community the City will continue to fund the development and support of affordable housing, tenant-based rental assistance (TBRA), and supportive services through HUD funding available to the City, including annual allocations of CDBG and HOME and focus this new allocation of HOME-ARP funds towards the development of non-congregate shelter units.

Introduction

The City of Palmdale has been allocated $2,093,986 of HOME-American Rescue Plan Act (HOME-ARP) funding from the US Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation the City of Palmdale must develop a HOME-ARP Allocation Plan that will become a part of the City's PY2021 HUD Annual Action Plan by substantial amendment. The HOME-ARP Allocation Plan must include the following:

1. A summary of the consultation process and the results of consultation;
2. A summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reason why;
3. A description of HOME-ARP qualifying populations within the jurisdiction;
4. An assessment of unmet needs of each qualifying population;
5. An assessment of gaps in housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system;
6. A summary of planned use of HOME-ARP funds for eligible activities based on the unmet needs of the qualifying populations;
7. An estimate of the number of housing units for qualifying populations the City will produce or preserve with its HOME-ARP allocation;
8. A description of any preferences for individuals and families in a particular qualifying population or a segment of a qualifying population;
9. HOME-ARP Refinancing Guidelines; and
10. Certifications and SF-424, SF-424B, and SF-424D Forms.

The following entities are responsible for preparing the Allocation Plan and those responsible for administration of the HOME-ARP grant.

Table 1 – Responsible Agencies

Agency Role	Name	Department/Agency
HOME Administrator	City of Palmdale	Neighborhood Services Department / Housing Division

HOME-ARP Eligible Qualifying Populations and Activities

HUD's CPD Notice 21-10 Requirements for the Use of Funds in the HOME-American Rescue Plan Program establishes the requirements for funds appropriated under section 3205 of the

American Rescue Plan Act of 2021 for the HOME Investment Partnerships Program (HOME) to provide homelessness assistance and supportive services.

The American Rescue Plan Act (ARP) defines qualifying individuals or families, including Veterans, that are:

1. Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act;
2. At risk of homelessness, as defined in section 401 of the McKinney-Vento Homeless Assistance Act;
3. Fleeing or attempting to flee domestic violence, dating violence, sexual assault, or stalking (as defined by HUD in 24 CFR 5.2003) or human trafficking (as outlined in the Trafficking Victims Protection Act of 2000 as amended [22 USC 7102]); and
4. Part of other populations, where providing supportive services or assistance under section 212(a) of the National Affordable Housing Act 42 USC 12472(a) would:
    a. Prevent a family's homelessness;
    b. Serve those with the greatest risk of housing instability.

HOME-ARP funds may be used benefit qualifying populations through:

1. Tenant-based Rental Assistance (TBRA);
2. Development and support of affordable housing;
3. Provision of supportive services;
4. Acquisition and development of non-congregate shelter;
5. Nonprofit capacity building and operating assistance; and
6. Program planning and administration.

Stakeholder Consultation and Public Participation

HUD requires each HOME-ARP Participating Jurisdiction to consult with agencies and service providers whose clientele include the HOME-ARP qualifying populations. Agencies that must, at a minimum, be consulted include the Continuum of Care serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address fair housing, civil rights, and the needs or persons with disabilities.

HUD also requires that each Participating Jurisdiction provide opportunities for the public to comment on the proposed Allocation Plan, including the amount of HOME-ARP funds that will be received and the range of activities that the City may undertake.

To ensure broad input into the HOME-ARP Allocation Plan from stakeholders and the public, the City engaged in consultation with stakeholders and the public, including a virtual consultation session, a survey of stakeholders, a 30-day public comment period, and a public hearing.

Stakeholder Consultation

The City of Palmdale consulted with representatives from multiple agencies, groups, and organizations involved in the development of affordable housing, addressing homelessness, and the provision of services to qualifying populations in preparing this HOME-ARP Allocation Plan.

A virtual session was held March 3. 2022. Representatives from multiple agencies, groups, and organizations were invited via email to attend. Those unable to attend were invited to submit written comments via emails or schedule a phone call to share their thoughts.

The virtual consultation session included an overview of the HOME-ARP notice to inform attendees of the qualifying populations and eligible activities, an opportunity to ask clarifying questions, a request for input into needs and gaps, and priority populations and activities, and an overview of the Allocation Plan timeline and process.

A survey instrument was designed and available online and invited representatives from multiple agencies, groups, and organizations to rank the qualifying populations and eligible activities and services in order of perceived need, and the best approach for carrying out those activities for the community.

The Los Angeles Homeless Services Authority (LAHSA), the lead agency for the Los Angeles Continuum of Care (CoC), held a virtual session to provide their recommendations to jurisdictions being allocated funds. That session was held February 6, 2022, and attended by staff and representatives of the City. LAHSA also provided a written memorandum outlining their HOME-ARP funding recommendations

The City's virtual session was attended by 19 representatives of 14 agencies. The survey was completed by 27 representatives of seven agencies. All HUD-required agency types were represented in either the virtual session or the online survey.

Organizations Consulted by Type and Method

Table 2 – Organizations Consulted by Type and Methods

Organization Consulted	Type of Organization	Method of Consultation
ACLU	Nonprofit, addresses needs of qualifying populations including civil rights	Virtual Session
Advancing Communities Together (ACT)	Nonprofit, addresses needs of qualifying populations	Virtual Session
Antelope Valley Domestic Violence Center dba Valley Oasis	Nonprofit, addresses needs of qualifying populations including domestic violence victims, lead agency on coordinated entry system (CES)	Virtual Session Survey Email
Antelope Valley Partners for Health (AVPH)	Nonprofit, addresses needs of qualifying populations	Virtual Session Survey
AV Vets 4 Veterans	Nonprofit, addresses needs of qualifying populations including veterans	Survey
Dolores Huerta Foundation	Nonprofit, addresses needs of qualifying populations	Virtual Session
Hope of the Valley	Nonprofit, addresses needs of qualifying populations	Virtual Session Survey
Housing Authority of the City of Palmdale	Public, addresses needs of qualifying populations, serves as public housing authority	Virtual Session Survey
Housing Rights Center	Nonprofit, addresses needs of qualifying populations including disabled, provider fair housing services to the City	Virtual Session
Los Angeles Homeless Services Authority (LAHSA)	Nonprofit, addresses needs of qualifying populations including homeless	Agency-Sponsored Virtual Session
Mental Health America of Los Angeles	Nonprofit, addresses needs of qualifying populations including veterans	Virtual Session Survey

South Antelope Valley Emergency Services (SAVES)	Public, addresses needs of qualifying populations including homeless	Virtual Session Survey
Victory Outreach	Nonprofit, addresses needs of qualifying populations	Virtual Session

Summary of Feedback Received from Consulted Organizations

Consultation revealed strong support for the following:

Development and support of affordable housing. Participants in the virtual session discussed the need for additional affordable housing. Specific issues mentioned included the shortage of affordable housing inventory; shortage of affordable housing available to voucher holders; and competition favoring those that can meet extreme income requirements, applicants without children, and those with steady jobs. Of respondents to the survey, 78% believed there was a high need for this activity.

Acquisition and development of non-congregate shelter. Many participants mentioned the need for shelter in general and for specific populations including families, those fleeing domestic violence and other situations, people with service animals, the elderly and single people. Of respondents to the survey, 59% believed there was a high need for this activity.

Provision of supportive services. Many examples of supportive services were mentioned in the virtual session including fair housing, mental health services, credit repair services, housing counseling, substance abuse services, and eviction defense. Survey respondents were asked to rate what they believed is the current need for various services eligible under HOME-ARP. Of respondents to the survey, 48% believed there was a high need for this activity. The activities with the most ratings for "high need" were job training and employment services (81%), housing search/counseling and childcare services (70%), and mental health services, outreach services, and case management (67%). *(see table 3 below)*

Table 3 – Rating of Current Need for Supportive Services

Supportive Services	High Need	Moderate Need	Low Need	No Need
Child Care Assistance	70%	26%	0%	4%
Education Services	63%	30%	7%	0%
Job training and employment services	81%	19%	0%	0%
Food assistance	56%	22%	22%	0%

Housing search and counseling services	70%	30%	0%	0%
Legal services	41%	44%	11%	0%
Mental health services	67%	30%	0%	0%
Outpatient health services	52%	30%	11%	4%
Outreach services	67%	15%	11%	4%
Substance abuse treatment	52%	37%	4%	0%
Transportation assistance	59%	33%	7%	0%
Case management services	67%	22%	7%	0%
Mediation services	19%	41%	33%	4%
Credit repair services	37%	41%	15%	4%
Landlord/tenant liaison services	44%	44%	7%	0%
Services for special populations	48%	48%	4%	0%
Financial assistance costs	74%	26%	0%	0%

Tenant-based rental assistance (TBRA). In conjunction with affordable housing, many attendees mentioned the need to increase availability of the TBRA program and as a companion to the development of affordable housing. Of respondents to the survey, 63 % believed there was a high need for this activity.

Nonprofit capacity building and operating assistance. In the survey, respondents were asked if they believed there was a need for nonprofit capacity building and operating assistance. Of respondents to the survey, 100% responded affirmatively that there was a need in the nonprofit sector for this assistance.

In their memorandum and their agency sponsored virtual session, the Los Angeles Homeless Services Authority (LAHSA) recommendations for the use of HOME-ARP funds within Los Angeles County. They advocated that a "balance of resources to within the homeless services system is critical to ensure effective operations" and recommend a ration of five permanent housing resources for every interim housing bed. That balance informs their recommendations:

1. Acquisition of permanent housing resources if other funds are available to leverage for the purchase of multi-unit buildings, scattered sites properties, or individual units.
2. Master leasing, which is not outlined in the HOME-ARP guidance but is being explored through conversations between LAHSA and HUD.
3. Supportive services that support emergency housing vouchers and services based in problem solving, prevention and diversion to prevent the need for interim housing or accessing the homeless services system.

Public Participation

To provide opportunities for public participation, the City of Palmdale sent an email to all agencies and individuals on its email list notifying them of the opportunity to participate in the virtual consultation session held on March 9, 2022. In addition to attending the virtual consultation session, they were asked to complete an online survey regarding their views of the level of need for the eligible activities and qualifying populations as described by the CPD Notice 21-10. Those unable to attend, or who had further comments after the virtual session were invited to email them directly to City staff.

A combined notice of public comment period and public hearing was published in the Antelope Valley Press on April 1, 2022. The Antelope Valley Press qualifies as a newspaper of general circulation.

Efforts to Broaden Public Participation

To broaden public participation, members of the public who are on the City's email list were also invited via email to attend the virtual consultation session held in the formulation of the Allocation Plan.

Public Comments and Recommendations Received

A summary of comments and recommendation received during the public comment period and at the public hearing will be included prior to the submission of this Allocation Plan to HUD.

Public Comments and Recommendations Not Accepted and Reasons Why

A summary of comments and recommendations received but not accepted and the reasons why will be included prior to the submission of this Allocation Plan to HUD.

Needs Assessment and Gap Analysis

The needs assessment and gap analysis must evaluate the size and demographic composition of HOME-ARP qualifying populations, and unmet needs of HOME-ARP qualifying populations. In addition, the needs assessment and gap analysis must identify any gaps within its current shelter and housing inventory, and service delivery system. This needs assessment and gap analysis focuses on the following:

1. Sheltered and unsheltered homeless populations;
2. Currently housed populations at risk of homelessness;
3. Other families requiring services or housing to prevent homelessness; and
4. Those at greatest risk of housing instability or unstable housing situations.

Housing Inventory Count

The annual Housing Inventory Count (HIC) provides useful context regarding the number and type of beds and units that are available for individuals and families experiencing on any given night. The following tables summarize beds and units available as of January 2021 in the City by bed type.

Emergency housing beds include emergency shelter and transitional housing; emergency shelter generally allows for short-term or nightly stays, while transitional housing generally allows for a stay up to 24 months. Both types of emergency housing may include supportive services designed to facilitate movement to independent living.

The 2021 HIC did not include details about housing available for subpopulations.

Table 4 – Emergency Housing Beds Available January 2021

	Family Units	Family Beds	Adult-Only Beds	Child-Only Beds	Total Year-Round Beds
Emergency Shelter	10	20	7		37
Transitional Housing			11		11
Total Emergency Housing Beds	10	20	18		48

Rapid rehousing provides security and utility deposits and/or monthly rental and utility assistance for rental units that rent for less than the fair market rent. Assistance is generally provided for the shortest period of time necessary for a household to gain stable housing and can range from 3 to 24 months. Permanent supportive housing provides for an unlimited lease term; residents receive services necessary to promote continued housing stability.

Table 5 – Rapid Rehousing and Permanent Supportive Housing Available January 2021

	Family Units	Family Beds	Adult-Only Beds	Child-Only Beds	Total Year-Round Beds
Rapid Rehousing	172	79			251
Permanent Supportive Housing	1		28		29
Total Year-Round Beds	173	79	28		280

Size and Demographic Composition of Qualifying Populations

Due to the coronavirus pandemic, there was no street count conducted in 2021 to identify unsheltered homeless populations. The January 2020 point-in-time (PIT) count of both sheltered and unsheltered homelessness is used for this analysis.

Sheltered Homeless Populations

The 2020 sheltered point-in-time count identified 48 people experiencing sheltered homelessness in the City on January 22, 2020. People are considered sheltered when they are residing in emergency shelter or transitional housing, but not when they are receiving rapid rehousing assistance or residing in permanent supportive housing. Among individuals experiencing sheltered homelessness:

- 48 (100%) were in emergency housing

LAHSA does the official PIT count in Los Angeles County and does not publish demographics or family status.

Unsheltered Homeless Populations

The 2020 unsheltered point-in-time count identified 237 people experiencing unsheltered homelessness on January 22, 2020. Among individuals experiencing unsheltered homelessness:

- 47 (19.83%) were on the street
- 33.6 (14.15%) were in tents
- 68.7 (28.98%) were in makeshift shelters
- 15.5 (6.54%) were in cars
- 8.9 (3.76%) were in vans
- 63.4 (26.73%) were in RVs/campers

At-risk of Homelessness

Households at risk of homelessness are those with incomes at or below 30% AMI that lack sufficient resources or support networks to prevent homelessness, and

- Have moved more than two times due to economic reasons in the past 60 days, or
- Are doubled up with another household due to economic hardship, or
- Will be evicted within 21 days, or
- Live in a hotel or motel without financial assistance from a nonprofit or government entity, or
- Live in an efficiency apartment and are overcrowded, or
- Are exiting a publicly-funded institution or system of care

The CHAS 2014-2018 Data Table 10 indicates that there are approximately 5,575 households with incomes at or below 30% AMI that are at risk of homelessness in the City.

Fleeing or Attempting to Flee Domestic Violence, Dating Violence, Sexual Assault, Stalking or Human Trafficking

The State of California Department of Justice maintains statistics on domestic violence statewide by jurisdiction. In 2018, the Los Angeles County Sherriff's Department responded to a total of 951 calls related to domestic violence. Of these calls:

- 97 of these domestic incidents did not involve a weapon
- 854 calls involved a weapon
    - 12 domestic incidents involved a firearm
    - 21 domestic incidents involved a knife or cutting instruments
    - 125 domestic incidents involved other dangerous weapons
    - 696 domestic incidents involved personal weapons (i.e. feet or hands, etc.)

Therefore, if each one of these calls represented a household with member(s) who required housing assistance, it can be estimated that there were up to 951 households in 2018 who

were in need of some form of housing assistance. The form of housing assistance required may vary depending on the specific circumstances of each case.

Other Populations

Other populations, as defined by HOME-ARP, include those who:

1. Are currently housed and at risk of repeat homelessness;
2. Have incomes at or below 30% AMI and are experiencing severe housing cost burden; and
3. Otherwise meet the definition of at risk of homelessness and have incomes income of more than 30% and at or below 50%

Other Populations: At greatest risk of housing instability – Households with incomes <30% AMI and experiencing housing cost burden

The 2014-2019 HUD CHAS data indicates there are 6,115 renter households with an annual income at or below 30% AMI with a cost burden that are at greatest risk of housing instability.

These renter households include:

- Two-person households, one or both of who are age 62 or older: 150
- Small families with 2-4 non-elderly people: 155
- Large families with 5 or more people: 60
- People living alone or with non-relatives who are age 62 or older: 330
- People living alone or with non-relatives, none of whom are age 62 or older: 45

Other Populations: At greatest risk of housing instability – Households with incomes 30-50% AMI that meet HUD's §91.5 definition of at risk of homelessness

Households in this category are those with incomes at more than 30% and at or below 50% AMI that lack sufficient resources or support networks to prevent homelessness, and

- Have moved more than two times due to economic reasons in the past 60 days, or
- Are doubled up with another household due to economic hardship, or
- Will be evicted within 21 days, or
- Live in a hotel or motel without financial assistance from a nonprofit or government entity, or
- Live in an efficiency apartment and are overcrowded, or

- Are exiting a publicly-funded institution or system of care

HUD Comprehensive Housing Affordability Strategy (CHAS) 2014-2018 Data Table 10 provides information on households that include more than one family, household income level and overcrowding. The CHAS data indicates that there are approximately 2,805 households with incomes between 30 and 50% AMI that are at risk of homelessness in the City because of at least one of the housing problems as defined by HUD. In addition, 22 are living in households with more than one family.

Unmet Housing Needs of Qualifying Populations

The greatest unmet housing need of qualifying populations is the availability of affordable rental housing. As the table below shows, only 12% of the more than 15,000 rental units in the City are available to households with incomes at or below 50% AMI. The level of need for affordable rental units for households with incomes at or below 50% AMI is more than four and a half times the available units, according to HUD CHAS data for 2014-2018.

Table 6 – Housing Needs Inventory and Gap Analysis

		Available Units	Level of Need	HH with at least 1 Housing Problem	GAP *(units-level of need)*
Total Rental Units	15,865				
<=30% AMI		1,655	5,575	4,715	(3,920)
>30% to <=50% AMI		280	3,320	2,805	(3,040)
Total <=50% AMI		1,935	8,895	7,520	(6,960)

Unmet Service Needs of Qualifying Populations

Based on consultation with service providers in the City, the greatest unmet service needs of qualifying populations Included sheltered and unsheltered homeless populations, currently housed populations at risk of homelessness, other families requiring services or assistance to prevent homelessness, and those at greatest risk of housing instability or in unstable housing situations are:

- Job training and employment services
- Housing search and housing counseling services
- Childcare assistance
- Mental health services
- Outreach services
- Case management services

Additional unmet service needs of qualifying populations, including sheltered and unsheltered homeless populations, currently housed populations at risk of homelessness,

other families requiring services or assistance to prevent homelessness, and those at greatest risk of housing instability or in unstable housing situations include the following as described in HUD CPD Notice 2021-10, as may be amended:

- Education services
- Food assistance
- Legal services
- Outpatient health services
- Substance abuse treatment
- Transportation assistance
- Mediation services
- Credit repair services
- Landlord/tenant liaison services
- Services for special populations
- Financial assistance costs

Current Resources Available to Assist Qualifying Populations

Current available resources include:

- Congregate beds and non-congregate shelter units;
- Supportive services;
- Tenant-based rental assistance; and
- Affordable and permanent supportive housing

Current Resources: Congregate Beds and Non-congregate Shelter Units

In January 2021, there were 48 congregate beds and 280 beds in non-congregate shelter units. Congregate beds include emergency, safe haven, and transitional housing beds and units. Non-congregate shelter includes permanent supportive housing and rapid re-housing.

Current Resources: Supportive Services

The lead agency on coordinated entry system (CES), Valley Oasis, considers 39 agencies providing a range of supportive services as referral partners and another 20 agencies as participating partners in the CES system. Although Valley Oasis serves communities other than Palmdale, most of the agencies also service an area larger that Palmdale. The range of services available in the network includes mental health services, domestic violence prevention, children's services, jobs, food assistance, education services, veterans' services, and housing services.

Current Resources: Tenant-based Rental Assistance

The City funds one agency using HOME funds to provide tenant-based rental assistance to 30 senior households with income at or below 30% AMI.

Current Resources: Affordable and Permanent Supportive Rental Housing

There are 21 apartment complexes within the City that have been identified as being affordable rental housing units. The City makes the contact information on these properties available to people and agencies assisting people seeking housing. The properties offer at least 1,838 affordable units. Of those properties, 2 properties are identified as permanent supportive housing (52 units) and 4 properties are project-based Housing Choice Voucher programs.

Shelter, Housing and Service Delivery System Gaps

Shelter Gap

There is an estimated need for 241 additional shelter beds based on the 2020 PIT count. The PIT count found that there were 48 persons in emergency shelter in the City but 241 unsheltered persons in a variety of situations, including on the street, in tents or makeshift shelters, or in cars, vans or RVs/campers.

The 2020 PIT count does not define, how many were individuals, in family units, or children

Tenant-based Rental Assistance Gap

There is an estimated gap of 4,984 tenant-based rental assistance vouchers for households with income less than 50% AMI and paying more than 50% of household income for rent, including utilities.

The number of tenant-based rental assistance vouchers was calculated using HUD CHAS data Table 7 and is equal to the number of renter households with income at or below 50% AMI and paying more than 50% of household income for rent, including utilities.

Table 7– Tenant-based Rental Assistance Gap

Tenant-based Rental Assistance Gap	
Renter Households with Income at or below 50% AMI paying more than 50% of income for rent, including utilities	5,014
TBRA vouchers available	30
TBRA gap	*4,984*

Affordable Supportive Rental Housing Gap

There is an estimated gap of 5,425 rental units affordable to renter households with income at or below 30% AMI and an estimated gap of 2,480 rental units affordable to renter households with income above 30% and up to 50% AMI.

The number of Affordable Rental Units was calculated using HUD CHAS Data Table 7 and is equal to the number of renter households' income category paying more than 50% of household income for rent, including utilities.

Table 8– Affordable Rental Unit Gap

Affordable Rental Unit Gap	
Renter Households with Income at or below 30% AMI paying more than 50% of income for rent, including utilities	5,425
Renter Households with Income 30% to 50% AMI paying more than 50% of income for rent, including utilities	2,480
Total Affordable Rental Unit Need	*7,905*

Permanent Supportive Rental Housing Gap

Permanent supportive rental housing is a subset of the affordable rental housing gap, primarily for households with income at or below 30% AMI. In addition to affordable rent, permanent supportive housing provides an array of services necessary to help people with disabilities and/or experiencing chronic homelessness to retain housing stability. There is an estimated gap of 451 permanent supportive housing units in the City.

The number of Permanent Supportive Rental Housing Units needed was calculated by multiplying the current population of the City, according to the California Census 2020, by the per capita need (.003182) in California as calculated by the Corporation for Supportive Housing.

Table 9– Permanent Supportive Housing Gap

Permanent Supportive Housing Gap	
Population of Palmdale Census 2020	157,358
Per capita estimate of permanent supportive housing need	.003183
Estimated need for Permanent Supportive Housing	501
Permanent Supportive Housing Available	52

Total Permanent Supportive Housing Gap	*451*

Service Delivery System Gaps

To identify gaps in the service delivery system, the City relied on its consultation with stakeholders and experience working with the organizations working in the City. The stakeholders believe that the most critical service gaps are in the areas of job training and employment services, housing search and housing counseling services, childcare, mental health services, outreach services, and case management. The stakeholders also believed there was a need for assistance with general administrative costs and building capacity among the service providers serving the City's qualifying populations.

Characteristics of Housing Associated with Increased Risk of Homelessness for Other Populations

For other populations, severe housing cost burden, or paying more than 50% of household income for rent and utilities is the primary characteristic of housing associated with the risk of homelessness in the City. The HUD CHAS Data Table 7 indicates there are 7,905 household at or below 50% AMI who are spending more than 50% of the household income on rent and utilities.

Priority Needs for Qualifying Populations

Priority needs for qualifying populations are:

- Affordable rental housing
- Tenant-based rental assistance
- Non-congregate shelter
- Supportive services including:
    - job training and employment services
    - housing search and housing counseling services
    - childcare
    - mental health services
    - outreach services
    - case management

HOME-ARP Activities

The City will solicit applications from developers, service providers, and/or nonprofits to administer eligible activities and/or develop shelter and housing. A Notice of Funds Available (NOFA) will be issued. The NOFA will, at a minimum, specify eligible activities, eligible applicants, minimum and maximum funding amounts, application thresholds, and will provide instructions on how to submit a proposal.

Uses of HOME-ARP Funding

Activity	Funding Amount	Percent of Allocation	Statutory Limit
Non-congregate Shelter	$1,779,932	85%	
Affordable Rental Housing			
Tenant-based Rental Assistance			
Supportive Services			
Nonprofit Operating Assistance			5%
Nonprofit Capacity Building			5%
Administration and Planning	$314,054	15%	15%
Total HOME-ARP Allocation	**$2,093,986**		

Rationale for Uses of HOME-ARP Funding

There is need for additional projects, programs and services in all the eligible activity areas and serving the qualifying populations as evidenced by the consultation process and the needs assessment and gap analysis undertaken in the preparation of this allocation plan.

The City currently funds a TBRA program serving 30 senior households with its annual allocation of HOME funds. While the need is great for affordable housing development, the City has already earmarked CDBG and HOME funds for future development projects to assist in addressing this need. There are a wide range of agencies in the City and regionally offering a range of supportive services to qualifying populations.

The City has determined that the highest and best use of this allocation, for the greatest impact in the lives of individuals and families, is to allocate the funds to a facility that has been considered in the City to house a navigation center and non-congregate shelter. The City has been assembling land for the facility and has informally discussed the structure to be built. With a navigation center on the ground floor (housing representatives of many of the

agencies offering supportive services) and two floors of non-congregate shelter (one floor for individuals and families without children and a second for families with children).

This allocation of HOME-ARP funds will be used for the construction of the portion of the facility providing non-congregate shelter. The City will leverage other funds for the navigation portion of the facility.

HOME-ARP Housing Production Goals

The City of Palmdale will produce approximately 25 units of non-congregate shelter with the HOME-ARP funding. The units will accommodate individuals, families without children, and families with children. The City has not determined the design or mix of the units but will leverage qualitative input and quantitative data to meet the needs of a changing population.

Preferences

The City of Palmdale will not provide preferences to any population or subpopulation.

HOME-ARP Refinancing Guidelines

The City of Palmdale does not plan to use HOME-ARP funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds. Therefore, refinancing guidelines pursuant to 24 CFR 92.206(b) are not applicable to this HOME-ARP Allocation Plan.

APPENDIX A
Citizen Participation

Summary of Citizen Participation Comments

April 1 - May 4, 2022 Allocation Plan Public Review and Comment Period

Information to be added after close of public comment period.

Public Hearing before City Council on May 4, 2022

Information to be added after Public Hearing.

APPENDIX B

SF-424 Grant Applications, SF-424D Assurances, and Allocation Plan Certifications

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS – ENVIRONMENTAL RESOURCES DIVISION**

DISTRICT: **ALL**

SUBJECT: **ADOPT ORDINANCE NO. 1587, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING CHAPTER 5.52 (SOLID WASTE HANDLING AND RECYCLING SERVICES) OF TITLE 5 (BUSINESS LICENSES, TAXES, AND REGULATION) OF THE PALMDALE MUNICIPAL CODE IMPLEMENTING ORGANIC WASTE DIVERSION REGULATIONS.**

ISSUE

Adopt Ordinance No. 1587, an Ordinance of the City Council of the City of Palmdale amending Chapter 5.52 (Solid Waste Handling and Recycling Services) of Title 5 (Business Licenses, Taxes, and Regulation) of the Palmdale Municipal Code implementing organic waste diversion regulations.

RECOMMENDATION

Staff recommends that the City Council approve the reading of Ordinance No. 1587, hold a public hearing on said Ordinance No. 1587, close the public hearing and adopt Ordinance No. 1587.

BACKGROUND

The State has committed to reducing greenhouse gas emissions under California's Short-Lived Climate Pollutant Reduction Strategy also known as SB 1383. To reduce the emissions, one of the State's targets is to reduce organic waste disposal by 50 percent by 2020 and 75 percent by 2025. Also, by 2025, 20 percent of what currently is disposed of as edible food must be recovered for consumption by those in need.

Senate Bill (SB) 1383 was adopted in 2016 and regulations were approved November 2020. Regulations took effect January 1, 2022.

To comply with State Law and these goals, the City must enforce several types of programs. These programs include, but are not limited to:

- Providing mandatory organic waste curbside collection services to all residents and businesses;
- Establishing an edible food recovery program that recovers edible food from the waste stream;

- Conducting outreach and education to all affected parties, including generators, haulers, facilities, edible food recovery organizations, and City departments;
- Conducting capacity planning for organic waste and edible food recovery;
- Procuring recycled organic waste products like compost, mulch, renewable natural gas, and recycled content paper and paper products; and
- Inspecting and enforcing compliance as well as maintaining extensive records and documentation.

DISCUSSION

The City was notified by the Department of Resource Recycling and Recovery ("CalRecycle") that the City's current ordinance does not fulfill requirements of SB 1383. Proposed Ordinance No. 1587 addresses CalRecycle's concerns and updates the City's regulations relating to solid waste handling and recycling services to be consistent with State law.

Specifically, Proposed Ordinance No. 1587 amends Chapter 5.52 of the Palmdale Municipal Code regarding solid waste handling and recycling services by adding regulations regarding organic waste recycling.

FISCAL IMPACT

Proposed Ordinance No. 1587 does not have any direct fiscal impact on the General Fund. However, failure to bring the City into compliance with recent changes in the law could have significant financial implications to the City. CalRecycle has the authority to fine cities up to $10,000 per day of noncompliance. If the City cannot bring the ordinance into compliance within time constraints established by CalRecycle, the City will not be eligible for SB 1383 grant funds, which will assist the City with complying with the required changes.

STRATEGIC PLAN

Goal I: Maintain effective public safety and protection for life, property and the environment.

A. Use a variety of methods to communicate timely, useful, and trusted information about City programs, services and policies.

Goal III: Invest in infrastructure to improve community livability.

B. Implement and administer environmentally sustainable programs.

Prepared by:	Chuck Heffernan, Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Ordinance No. 1587

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
ORDINANCE NO. 1587

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALMDALE AMENDING CHAPTER 5.52 (SOLID WASTE HANDLING AND RECYCLING SERVICES) OF TITLE 5 (BUSINESS LICENSES, TAXES, AND REGULATION) OF THE PALMDALE MUNICIPAL CODE IMPLEMENTING ORGANIC WASTE DIVERSION REGULATIONS

WHEREAS, state recycling law, Assembly Bill 939 of 1989, the California Integrated Waste Management Act of 1989 (California Public Resources Code Section 40000, et seq., as amended, supplemented, superseded, and replaced from time to time), requires cities and counties to reduce, reuse, and recycle (including composting) Solid Waste generated in their Jurisdictions to the maximum extent feasible before any incineration or landfill disposal of waste, to conserve water, energy, and other natural resources, and to protect the environment.

WHEREAS, state recycling law, Assembly Bill 341 of 2011 (approved by the Governor of the State of California on October 5, 2011, which amended Sections 41730, 41731, 41734, 41735, 41736, 41800, 42926, 44004, and 50001 of, and added Sections 40004, 41734.5, and 41780.01 and Chapter 12.8 (commencing with Section 42649) to Part 3 of Division 30 of, and added and repealed Section 41780.02 of, the Public Resources Code, as amended, supplemented, superseded and replaced from time to time), places requirements on businesses and Multi-Family property owners that generate a specified threshold amount of Solid Waste to arrange for recycling services and requires Jurisdictions to implement a Mandatory Commercial Recycling program.

WHEREAS, state organics recycling law, Assembly Bill 1826 of 2014 (approved by the Governor of the State of California on September 28, 2014, which added Chapter 12.9 (commencing with Section 42649.8) to Part 3 of Division 30 of the Public Resources Code, relating to Solid Waste, as amended, supplemented, superseded, and replaced from time to time), requires businesses and Multi-Family property owners that generate a specified threshold amount of Solid Waste, Recycling, and Organic Waste per week to arrange for recycling services for that waste, requires jurisdictions to implement a recycling program to divert Organic Waste from businesses subject to the law, and requires Jurisdictions to implement a Mandatory Commercial Organics Recycling program.

WHEREAS, SB 1383, the Short-lived Climate Pollutant Reduction Act of 2016, requires CalRecycle to develop regulations to reduce organics in landfills as a source of methane. The regulations place requirements on multiple entities including Jurisdictions, residential households, Commercial Businesses and business owners, Commercial Edible Food Generators, haulers, Self-Haulers, Food Recovery Organizations, and Food

Recovery Services to support achievement of Statewide Organic Waste disposal reduction targets.

WHEREAS, SB 1383, the Short-lived Climate Pollutant Reduction Act of 2016, and the SB 1383 Regulations require cities to adopt and enforce an ordinance or enforceable mechanisms to mandate that organic waste generators, haulers, and other entities subject to the requirements of this Article, that are subject to the cities authority comply with relevant provisions of the SB 1383 Regulations. This ordinance will also help reduce food insecurity by requiring Commercial Edible Food Generators to arrange to have the maximum amount of their Edible Food, that would otherwise be disposed, be recovered for human consumption.

WHEREAS, on November 17, 2020, in cooperation with CalRecycle the City of Palmdale adopted Ordinance 1554 implementing commercial and multifamily organic waste Recycling regulations; and

WHEREAS, the final regulation text of the SB 1383 Regulations implementing SB 1383 was adopted by CalRecycle on November 3, 2020, and

WHEREAS, on January 25, 2021, CalRecycle has published a revised Model Mandatory Organic Waste Disposal Reduction Ordinance and have recently communicated to the City a need to update City regulations to comply; and

WHEREAS, CalRecycle has informed City that the City's eligibility for CalRecycle grant funding for SB 1383 programming is subject to the City updating the City's regulations; and

WHEREAS, this ordinance is intended to authorize the City Manager to make determinations and undertake or arrange for programs and activities required to implement the relevant provisions of the SB 1383 Regulations; and

WHEREAS, nothing in this Ordinance is intended to nor shall it be interpreted or construed as violating 14 California Code of Regulations Sections 18990.1(b) or 18990.2; and

WHEREAS, participation and receipt of CalRecycle grant funds are necessary to fully comply with the SB1383 Regulations and therefore there is an urgent need to adopt this Ordinance to preserve and protect public health, safety, and welfare.

THE CITY COUNCIL OF THE CITY OF PALMDALE DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council of the City of Palmdale finds and declares that the Recitals set forth above are true and correct and are incorporated herein by this reference.

SECTION 2. Section 5.52.030 (Definitions) of Chapter 5.52 (Solid Waste Handling and Recycle Services) of Title 5 (Business Licenses, Taxes, and Regulation) of the Palmdale Municipal code shall be amended to delete and replace the following definitions:

> "Organic waste" means solid wastes containing material originated from living organisms and their metabolic waste products including, but not limited to, food, green material, landscape and pruning waste, organic textiles and carpets, untreated lumber, untreated wood, paper products, printing and writing paper, manure, biosolids, digestate, and sludges.
>
> "Recyclable Material" means materials source-separated by the generator for the purpose of sorting, processing and being returned to the economic mainstream for use the altered form for manufacture of new, reused or reconstituted products through available processes and markets. A listing of materials considered as Recyclable Material shall be provided by the Collector and may be revised from time to time by agreement of the City and the Collector.
>
> "Solid Waste" means and includes all discarded putrescible and non-putrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, rubbish, Construction and Demolition Debris, and any other discarded solid, semisolid, and liquid waste permitted to be disposed of at a Class III landfill and which are included within the definition of "Nonhazardous Solid Waste" set forth in 27 California Code of Regulations Section 20220(a).
>
> In addition, for purposes of Article IX of this Chapter 5.52, Solid Waste does not include source separated Recyclable Material, source separated Organic Waste, construction and demolition debris, manure and/or salvageable materials if such materials have been source separated by the generator for the purpose of recycling, composting, processing or reuse.

SECTION 3. Section 5.52.030 (Definitions) of Chapter 5.52 (Solid Waste Handling and Recycle Services) of Title 5 (Business Licenses, Taxes, and Regulation) of the Palmdale Municipal code shall be amended to delete the following definition:

> "Commercial waste generator" shall have the same meaning as described in Public Resources Code Section 42649.8, as it may be amended from time to time. As of the effective date of the ordinance codified in this section, "commercial waste generator" is defined as "business subject to subdivision (a) of [Public Resources Code] Section 42649.2." For the avoidance of doubt, this definition is intended to apply to any business (including any multifamily dwelling) which the Department of Resources Recycling and Recovery ("CalRecycle") has determined is subject to collection requirements for organic waste pursuant to Public Resources Code Section 42649.81 (a)(4) or any other authority.

SECTION 4. Section 5.52.120 (Rates) of Chapter 5.52 (Solid Waste Handling and Recycle Services) of Title 5 (Business Licenses, Taxes, and Regulation) of the Palmdale Municipal code shall be amended as follows:

> The City Council may, by resolution, establish or adjust the rates or fees charged by those collectors which are operating in the City pursuant to permits or nonexclusive or exclusive franchise agreements. No collector shall charge any rate or fee which is greater or less than the permissible maximum or minimum rate established by the City Council, unless otherwise authorized in this chapter. Every commercial/industrial business owner and residential householder or owner shall pay the rates established from time to time by the City Council for collection services rendered pursuant to this chapter in the manner set forth in PMC 5.52.130. The City Council shall establish such rate categories as may be appropriate for collection services provided by any commercial/industrial collector.

SECTION 5. Article IX (Commercial/Multifamily Residential Organic Waste Collection) of Chapter 5.52 (Solid Waste Handling and Recycle Services) of Title 5 (Business Licenses, Taxes, and Regulation) of the Palmdale Municipal code is deleted and shall be replaced and renamed as follows:

Article IX Mandatory Organic Waste Disposal Reduction

5.52.410. Definitions

The following definitions shall be utilized for purposes of implementation of this Article IX. Capitalized terms used herein but not defined shall have the meaning ascribed to them in the SB 1383 Regulations. In the event of a conflict between a definition set forth in the SB 1383 Regulations and a definition set forth herein, the definition set forth in the SB 1383 Regulations shall control. In the event of a conflict between the definitions set forth in Section 5.52.030 and the definition set forth herein, the definition set forth herein shall control.

(a) "Blue Container" has the same meaning as in 14 California Code of Regulations Section 18982.2(a)(5) and shall be used for the purpose of storage and collection of Source Separated Recyclable Materials.

(b) "CalRecycle" means the California Department of Resources Recycling and Recovery, which is the Department designated with responsibility for developing, implementing, and enforcing SB 1383 Regulations on Jurisdictions (and others). digestion operations or other facility that recovers source separated Organic Waste accepts such material for processing and provides annual written notice thereof to the City.

(c) "Commercial Business" or "Commercial" means a firm, partnership, proprietorship, joint-stock company, corporation, or association, whether for-profit or nonprofit,

strip mall, industrial facility, or a multifamily residential dwelling with five or more units, or as otherwise defined in California Code of Regulations Section 18982(a)(6). A Multi-Family Residential Dwelling that consists of fewer than five units is not a Commercial Business for purposes of implementing this Article IX.

(d) "Commercial Edible Food Generator" or "Edible Food Generator" means a person or entity that is responsible for the initial creation of Edible Food and includes Tier One and Tier Two Commercial Edible Food Generator as more specifically defined herein.

(e) "Community Composting" means any activity that composts green material, agricultural material, food material, and vegetative food material, alone or in combination, and the total amount of feedstock and Compost on-site at any one time does not exceed 100 cubic yards and 750 square feet, as specified in 14 California Code of Regulations Section 17855(a)(4); or, as otherwise defined by 14 California Code of Regulations Section 18982(a)(8).

(f) "Compliance Review" means a review of records by the City to determine compliance with this Article.

(g) "Compost" has the same meaning as in 14 California Code of Regulations Section 17896.2(a)(4), which stated, as of the effective date of this ordinance, that "Compost" means the product resulting from the controlled biological decomposition of organic Solid Wastes that are Source Separated from the municipal Solid Waste stream, or which are separated at a centralized facility.

(h) "Container contamination" or "contaminated container" means a container, regardless of color, that contains prohibited container contaminants.

(i) "C&D" means construction and demolition debris.

(j) "Designee" means an entity that the City contracts with or otherwise arranges to carry out any of the City's responsibilities of this chapter as authorized in 14 California Code of Regulation Section 18981.2. A designee may be a government entity, a hauler, a private entity, or a combination of those entities.

(k) "Edible food" means food intended for human consumption. For the purposes of this chapter, "edible food" is not solid waste if it is recovered and not discarded. Nothing in this chapter or in 14 California Code of Regulations, Division 7, Chapter 12 requires or authorizes the recovery of edible food that does not meet the food safety requirements of the California Retail Food Code.

(l) “Enforcement action” means an action by the City to address noncompliance with this chapter, including, but not limited to, issuing administrative citations, fines, penalties, or using other remedies.

(m) “Excluded waste” means hazardous substance, hazardous waste, infectious waste, designated waste, volatile, corrosive, medical waste, infectious, regulated radioactive waste, and toxic substances or material that facility operator(s), which receive materials from the City and its generators, reasonably believe(s) would, as a result of or upon acceptance, transfer, processing, or disposal, be a violation of local, State, or Federal law, regulation, or ordinance, including: land use restrictions or conditions, waste that cannot be disposed of in Class III landfills or accepted at the facility by permit conditions, waste that in the City’s, or its designee’s reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose the City, or its designee, to potential liability; but not including de minimis volumes or concentrations of waste of a type and amount normally found in single-family or multifamily solid waste after implementation of programs for the safe collection, processing, recycling, treatment, and disposal of batteries and paint in compliance with Sections 41500 and 41802 of the California Public Resources Code.

(n) “Food distributor” means a company that distributes food to entities, including, but not limited to, supermarkets and grocery stores.

(o) “Food facility” has the same meaning as in Section 113789 of the Health and Safety Code.

(p) “Food recovery” means actions to collect and distribute food for human consumption that otherwise would be disposed.

(q) “Food recovery organization” means an entity that engages in the collection or receipt of edible food from commercial edible food generators and distributes that edible food to the public for food recovery either directly or through other entities, including, but not limited to:

1. A food bank as defined in Section 113783 of the Health and Safety Code;

2. A nonprofit charitable organization as defined in Section 113841 of the Health and Safety code;

3. A nonprofit charitable temporary food facility as defined in Section 113842 of the Health and Safety Code; and

4. A food recovery organization is not a commercial edible food generator for the purposes of this chapter and implementation of 14 California Code of Regulations, Division 7, Chapter 12.

(r) “Food recovery service” means a person or entity that collects and transports edible food from a commercial edible food generator to a food recovery organization or other entities for food recovery. A food recovery service is not a commercial edible food generator for the purposes of this chapter and implementation of 14 California Code of Regulations, Division 7, Chapter 12.

(s) “Food service provider” means an entity primarily engaged in providing food services to institutional, governmental, commercial, or industrial locations of others based on contractual arrangements with these types of organizations.

(t) “Gray/Black Container” has the same meaning as in 14 California Code of Regulations Section 18982.2(a)(28) and shall be used for the purpose of storage and collection of Gray/Black Container Waste.

(u) “Gray/Black Container Waste” means Solid Waste that is collected in a Gray and/or Black Container that is part of a three-container Organic Waste collection service that prohibits the placement of Organic Waste in the Gray/Black Container as specified in 14 California Code of Regulations Sections 18984.1(a) and (b), as defined in 14 California Code of Regulations Section 17402(a)(6.5).

(v) “Green Container” has the same meaning as in 14 California Code of Regulations Section 18982.2(a)(29) and shall be used for the purpose of storage and collection of Source Separated Green Container Organic Waste.

(w) “Grocery store” means a store primarily engaged in the retail sale of canned food; dry goods; fresh fruits and vegetables; fresh meats, fish, and poultry; and any area that is not separately owned within the store where the food is prepared and served, including a bakery, deli, and meat and seafood departments.

(x) “Hauler route” means the designated itinerary or sequence of stops for each segment of the City’s collection service area.

(y) “High diversion organic waste processing facility” means a facility that is in compliance with the reporting requirements of 14 California Code of Regulations Section 18815.5(d) and meets or exceeds an annual average mixed waste organic content recovery rate of 50% between January 1, 2022 and December 31, 2024, and 75% after January 1, 2025, as calculated pursuant to 14 California Code of Regulations Section 18815.5(e) for organic waste received from the “mixed waste organic collection stream” as defined in 14 California Code of Regulations Section 18982(a)(33).

(z) “Inspection” means a site visit where the City or its designee reviews records, containers, and an entity’s collection, handling, recycling, or landfill disposal of organic waste or edible food handling to determine if the entity is complying with requirements set forth in this Article.

(aa) "Large event" means an event, including, but not limited to, a sporting event or a flea market, that charges an admission price, or is operated by a local agency, and serves an average of more than 2,000 individuals per day of operation of the event, at a location that includes, but is not limited to, a public, nonprofit, or privately owned park, parking lot, golf course, street system, or other open space when being used for an event.

(bb) "Large venue" means a permanent venue facility that annually seats or serves an average of more than 2,000 individuals within the grounds of the facility per day of operation of the venue facility. For purposes of this chapter and implementation of 14 California Code of Regulations, Division 7, Chapter 12, a venue facility includes, but is not limited to, a public, nonprofit, or privately owned or operated stadium, amphitheater, arena, hall, amusement park, conference or civic center, zoo, aquarium, airport, racetrack, horse track, performing arts center, fairground, museum, theater, or other public attraction facility. For purposes of this chapter and implementation of 14 California Code of Regulations, Division 7, Chapter 12, a site under common ownership or control that includes more than one large venue that is contiguous with other large venues in the site, is a single large venue.

(cc) "Local education agency" means a school district, charter school, or county office of education that is not subject to the control of city or county regulations related to solid waste.

(dd) "Multi-family Residential Dwelling" or "Multi-Family" means residential premises with 5 or more dwelling units. Multi-family does not include hotels, motels, or other transient occupancy facilities, which are considered Commercial Businesses.

(ee) "MWELO" refers to the Model Water Efficient Landscape Ordinance (MWELO), 23 California Code of Regulations, Division 2, Chapter 2.7.

(ff) "Non-compostable paper" includes, but is not limited to, paper that is coated in a plastic material that will not break down in the composting process.

(gg) "Non-organic recyclables" means non-putrescible and non-hazardous recyclable wastes, including, but not limited to, bottles, cans, metals, plastics and glass.

(hh) "Organic Waste Generator" means a person or entity that is responsible for the initial creation of Organic Waste, including those entities that serve food or beverages on its premises for immediate consumption.

(ii) "Prohibited Container Contaminants" means the following: (i) discarded materials placed in the Blue Container that are not identified as acceptable Source Separated Recyclable Materials for the City's Blue Container; (ii) discarded materials placed in the Green Container that are not identified as acceptable Source Separated Green Container Organic Waste for the City's Green Container;

(iii) discarded materials placed in the Gray/Black Container that are acceptable Source Separated Recyclable Materials and/or Source Separate Green Container Organic Wastes to be placed in Cities Green Container and/or Blue Container; and (iv) any material prohibited to be placed in any container pursuant to any other section of this Municipal Code.

(jj) "Remote monitoring" means the use of the Internet of Things (IoT) and/or wireless electronic devices to visualize the contents of blue containers, green containers, and gray containers for purposes of identifying the quantity of materials in containers (level of fill) and/or presence of prohibited container contaminants.

(kk) "Route review" means a visual Inspection of containers along a hauler route for the purpose of determining container contamination, and may include mechanical inspection methods such as the use of cameras.

(ll) "SB 1383" means Senate Bill 1383 of 2016 approved by the Governor on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code.

(mm) "Single-family" means of, from, or pertaining to any residential premises with fewer than five units.

(nn) "Source separating" or "source separated" means the process of removing or separating Recyclable Materials or Organic Waste from Solid Waste at the place of generation, prior to collection, and placing them into separate containers that are separately designated for such materials for the purpose of recycling, composting, processing or reuse.

(oo) "Source Separated Green Container Organic Waste" (or SSGCOW) means Source Separated Organic Waste that can be placed in a Green Container that is specifically intended for the separate Collection of Organic Waste by the Generator, excluding Recyclable Material, carpets, paper products, printing and writing paper, and textiles. SSGCOW is a subset of Organic Waste.

(pp) "Source separated recyclable materials" means source separated non-organic recyclables and source separated blue container organic waste.

(qq) "Supermarket" means a full-line, self-service retail store with gross annual sales of $2,000,000.00, or more, which sells a line of dry grocery, canned goods, or nonfood items and some perishable items.

(rr) "Tier One Commercial Food Generator" shall have the meaning set forth in 14 California Code of Regulations Sections 189852(a)(73).

(ss) "Tier Two Commercial Food Generator" shall have the meaning set forth in 14 California Code of Regulations Sections 189852(a)(74)

(tt) "Wholesale food vendor" means a business or establishment engaged in the merchant wholesale distribution of food, where food (including fruits and vegetables) is received, shipped, stored, prepared for distribution to a retailer, warehouse, distributor, or other destination.

5.25.420 Requirements for Single-Family Generators. Single-family organic waste generators shall:

A. Subscribe to the City's three-container organic waste collection services. The City shall have the right to review the number, size, and location of a generator's containers to evaluate adequacy of capacity provided for each type of collection service for proper separation of materials and containment of materials; and the generator shall adjust its service level for its collection services as requested by the City.

B. Participate in and comply with the City's three-container system for source separated recyclable materials, source separated organic materials, and solid waste collection services. Generators shall place source separated organic waste, including food waste, in the designated container; source separated recyclable materials in the designated container; and solid waste in the designated container. Generators shall not place materials designated as solid waste into the organic waste container or source separated recyclable materials container.

Notwithstanding the above, the City is not required to replace functional containers, including containers purchased prior to January 1, 2022, that do not comply with the color requirements of this chapter and the regulations, prior to the end of the useful life of those containers, or prior to January 1, 2036, whichever comes first. Labels will be placed by the franchise hauler on the containers indicating the primary materials accepted and the primary materials prohibited in the containers. Until compliant colored containers are provided, (blue container, green container, and gray container), single-family waste generators shall comply with the container label requirements.

C. Nothing in this section prohibits a generator from preventing or reducing waste generation, managing organic waste on site, and/or using a community composting site pursuant to 14 California Code of Regulations, Section 18984.9(c).

5.52.430 Requirements for Commercial Businesses

Commercial businesses, which includes multifamily residential dwellings shall:

A. Subscribe to the City's three-container organic waste collection services. The City shall have the right to review the number, size, and location of a generator's containers

and frequency of collection to evaluate adequacy of capacity provided for each type of collection service for proper separation of materials and containment of materials; and commercial businesses shall adjust their service level for their collection services as requested by the City.

B. Participate in and comply with the City's three-container system for source separated recyclable materials, source separated organic materials, and solid waste collection services. Generators shall place source separated organic waste, including food waste, in the designated container; source separated recyclable materials in the designated container; and solid waste in the designated container. Generators shall not place materials designated as solid waste into the organic waste container or source separated recyclable materials container.

Notwithstanding the above, the City is not required to replace functional containers, including containers purchased prior to January 1, 2022, that do not comply with the color requirements of this chapter and the regulations, prior to the end of the useful life of those containers, or prior to January 1, 2036, whichever comes first. Labels will be placed by the franchise hauler on the containers indicating the primary materials accepted and the primary materials prohibited in the containers. Until compliant colored containers are provided, (blue container, green container, and gray container), commercial waste generators shall comply with the container label requirements.

C. Supply and allow access to adequate number, size and location of collection containers with sufficient labels or colors (conforming with Sections 8.30.030(d)(1) and 8.30.030 (d)(2) below) for employees, contractors, tenants, and customers, consistent with the City's blue container, green container, and gray container collection service or, if self-hauling, per the commercial businesses' instructions to support its compliance with its self-haul program.

D. Excluding multifamily residential dwellings, provide containers for the collection of source separated green container organic waste and source separated recyclable materials in all indoor and outdoor areas where disposal containers are provided for customers, for materials generated by that business. Such containers do not need to be provided in restrooms. If a commercial business does not generate any of the materials that would be collected in one type of container, then the business does not have to provide that particular container in all areas where disposal containers are provided for customers. Pursuant to 14 California Code of Regulations Section 18984.9(b), the containers provided by the business shall have either:

1. A body or lid that conforms with the container colors provided through the collection service provided by the City, with either lids conforming to the color requirements or bodies conforming to the color requirements or both lids and bodies conforming to color requirements. A commercial business is not required to replace functional containers, including containers purchased prior to January 1, 2022, that do

not comply with the requirements of the subsection prior to the end of the useful life of those containers, or prior to January 1, 2036, whichever comes first.

2. Container labels that include language or graphic images, or both, indicating the primary material accepted and the primary materials prohibited in that container, or containers with imprinted text or graphic images that indicate the primary materials accepted and primary materials prohibited in the container. Pursuant 14 California Code of Regulations Section 18984.8, the container labels are required on new containers commencing January 1, 2022.

E. Multifamily residential dwellings are not required to comply with container placement requirements or labeling requirements pursuant to 14 California Code of Regulations Section 18984.9(b).

F. To the extent practical through education, training, inspection, and/or other measures, excluding multifamily residential dwellings, prohibit employees from placing materials in a container not designated for those materials per the City's blue container, green container, and gray container collection service or, if self-hauling, per the commercial businesses' instructions to support its compliance with its self-haul program, in accordance with Section 5.52.320 of this Article.

G. Excluding multifamily residential dwellings, periodically inspect blue containers, green containers, and gray containers for contamination and inform employees if containers are contaminated and of the requirements to keep contaminants out of those containers pursuant to 14 California Code of Regulations, Section 18984.9(b)(3).

H. Annually provide information to employees, contractors, tenants, and customers about organic waste recovery requirements and about proper sorting of source separated green container organic waste and source separated recyclable materials.

I. Provide education information before or within 14 days of occupation of the premises to new tenants that describes requirements to keep source separated organic waste which includes food waste, and source separated recyclable materials separate from solid waste container (when applicable) and the location of containers and the rules governing their use at each property.

J. Provide or arrange access for the City or its agent to their properties during all inspections conducted in accordance with this chapter to confirm compliance with the requirements of this chapter.

K. If implemented, accommodate and cooperate with the City's remote monitoring program for inspection of the contents of containers for prohibited container contaminants, to evaluate a generator's compliance with this chapter.

L. Nothing in this section prohibits a generator from preventing or reducing waste generation, managing organic waste on site, or using a community composting site pursuant to 14 California Code of Regulations Section 18984.9(c).

M. Commercial businesses that are tier one or tier two commercial edible food generators shall comply with food recovery requirements of this chapter.

5.25.440 WAIVERS FOR GENERATORS

A. **De Minimis Waivers**. The City may, at its discretion, waive a commercial business' requirement (including multifamily residential dwellings) to comply with some or all of the organic waste requirements of this chapter if the commercial business:

1. Submits an application specifying the services that they are requesting a waiver from.

2. Provides documentation that either:

a. The commercial business' total solid waste collection service is two cubic yards or more per week and organic waste subject to collection in a blue container or green container comprises less than 20 gallons per week per applicable container of the business' total waste; or

b. The commercial business' total solid waste collection service is less than two cubic yards per week and organic waste subject to collection in a blue container or green container comprises less than 10 gallons per week per applicable container of the business' total waste; and

3. Notifies the City if circumstances change such that commercial business' organic waste exceeds the threshold required for waiver, in which case waiver will be rescinded; and

4. Provides written verification of eligibility for de minimis waiver every five years, if the City has approved de minimis waiver.

B. **Physical Space Waivers**. The City may, at its discretion, waive a commercial business' or property owner's obligations (including multifamily residential dwellings) to comply with some or all of the recyclable materials and/or organic waste collection service requirements if the city has evidence from its own staff, a hauler, licensed architect, or licensed engineer demonstrating that the premises lack adequate space for the collection containers required for compliance with the organic waste collection requirements of this chapter.

A commercial business or property owner may request a physical space waiver through the following process:

1. Submit an application form specifying the type(s) of collection services for which they are requesting a compliance waiver.

2. Provide documentation that the premises lack adequate space for blue containers and/or green containers including documentation from its hauler, licensed architect, or licensed engineer.

3. Provide written verification to the City that it is still eligible for physical space waiver every five years, if the City has approved application for a physical space waiver.

C. **Collection Frequency Waiver**. The City, at its discretion and in accordance with 14 California Code of Regulations Section 18984.11(a)(3), may allow the owner or tenant of any residence, premises, business establishment or industry that subscribes to the City's three-container organic waste collection service to arrange for the collection of their blue container, gray container, or both once every 14 days, rather than once a week.

5.25.450 REQUIREMENTS FOR COMMERCIAL EDIBLE FOOD GENERATORS

A. Tier one commercial edible food generators must comply with the requirements of this section commencing January 1, 2022, and tier two commercial edible food generators must comply commencing January 1, 2024, pursuant to 14 California Code of Regulations Section 18991.3.

B. Large venue or large event operators not providing food services, but allowing for food to be provided by others, shall require food facilities operating at the large venue or large event to comply with the requirements of this section, commencing January 1, 2024.

C. Commercial edible food generators shall comply with the following requirements:

1. Arrange to recover the maximum amount of edible food that would otherwise be disposed.

2. Contract with, or enter into a written agreement with, food recovery organizations or food recovery services for: (a) the collection of edible food for food recovery; or (b) acceptance of the edible food that the commercial edible food generator self-hauls to the food recovery organization for food recovery.

3. Shall not intentionally spoil edible food that is capable of being recovered by a food recovery organization or a food recovery service.

4. Allow the City's designated enforcement entity or designated third party enforcement entity to access the premises and review records pursuant to 14 California Code of Regulations Section 18991.4.

5. Keep records that include the following information, or as otherwise specified in 14 California Code of Regulations Section 18991.4:

a. A list of each food recovery service or organization that collects or receives its edible food pursuant to a contract or written agreement established under 14 California Code of Regulations Section 18991.3(b).

b. A copy of all contracts or written agreements established under 14 California Code of Regulations, Section 18991.3(b).

c. A record of the following information for each of those food recovery services or food recovery organizations:

i. The name, address and contact information of the food recovery service or food recovery organization.

ii. The types of food that will be collected by or self-hauled to the food recovery service or food recovery organization.

iii. The established frequency that food will be collected or self- hauled.

iv. The quantity of food, measured in pounds recovered per month, collected or self-hauled to a food recovery service or food recovery organization for food recovery.

6. Commencing no later than February 1, 2022 for tier one commercial edible food generators and February 1, 2024 for tier two commercial edible food generators, commercial edible food generators shall provide a quarterly food recovery report to the City that includes the information required in 14 California Code of Regulations Section 18991.4 "Record Keeping Requirements for Commercial Edible Food Generators."

D. Nothing in this section shall be construed to limit or conflict with the protections provided by the California Good Samaritan Food Donation Act of 2017, the Federal Good Samaritan Act, or share table and school food donation guidance pursuant to Senate Bill 557 of 2017.

5.25.460 REQUIREMENTS FOR FOOD RECOVERY ORGANIZATIONS AND SERVICES

A. Food recovery services collecting or receiving edible food directly from commercial edible food generators, via a contract or written agreement established under

14 California Code of Regulations Section 18991.3(b), shall maintain the following records, or as otherwise specified by 14 California Code of Regulations Section 18991.5(a)(1):

1. The name, address, and contact information for each commercial edible food generator from which the service collects edible food.

2. The quantity in pounds of edible food collected from each commercial edible food generator per month.

3. The quantity in pounds of edible food transported to each food recovery organization per month.

4. The name, address, and contact information for each food recovery organization that the food recovery service transports edible food to for food recovery.

B. Food recovery organizations collecting or receiving edible food directly from commercial edible food generators, via a contract or written agreement established under 14 California Code of Regulations Section 18991.3(b), shall maintain the following records, or as otherwise specified by 14 California Code of Regulations Section 18991.5(a)(2):

1. The name, address, and contact information for each commercial edible food generator from which the organization receives edible food.

2. The quantity in pounds of edible food received from each commercial edible food generator per month.

3. The name, address, and contact information for each food recovery service that the organization receives edible food from for food recovery.

C. Commencing January 1, 2022, food recovery organizations and food recovery services that have their primary address physically located in the City and contract with or have written agreements with one or more commercial edible food generators pursuant to 14 California Code of Regulations Section 18991.3(b) shall report to the City the total pounds of edible food recovered in the previous calendar year from the tier one and tier two commercial edible food generators they have established a contract or written agreement with pursuant to 14 California Code of Regulations Section 18991.3(b), as applicable.

D. In order to support edible food recovery capacity planning assessments or other studies conducted by the City that provides solid waste collection services or its designated entity, food recovery services and food recovery organizations operating in the City shall provide information and consultation to the City, upon request, regarding existing, or proposed new or expanded, food recovery capacity that could be accessed

by the City and its commercial edible food generators. A food recovery service or food recovery organization contacted by the City shall respond to such request for information within 60 days, unless a shorter timeframe is otherwise specified by the City.

E. Commencing no later than January 1, 2022, food recovery services and organization shall provide a quarterly report to the City which includes the information required in 14 California Code of Regulations, Section 18991.5 “Food Recovery Services and Organizations.”

5.25.470 REQUIREMENTS FOR COLLECTORS AND FACILITY OPERATORS AND COMMUNITY COMPOSTING OPERATIONS

A. **Requirements for Collectors**.

1. The collectors providing residential, commercial, or industrial organic waste collection services to generators within the City’s boundaries shall meet the following requirements and standards as a condition of approval of a contract, agreement, or other authorization with the City to collect organic waste:

a. Through written notice to the City annually on or before January 1st, identify the facilities to which they will transport organic waste including the facilities for source separated recyclable materials and source separated green container organic waste, as applicable.

b. Transport source separated recyclable materials and source separated green container organic waste to a facility, operation, activity, or property that recovers organic waste as defined in 14 California Code of Regulations, Division 7, Chapter 12, Article 2.

c. Obtain approval from the city to haul organic waste, unless it is transporting source separated organic waste to a community composting site or lawfully transporting C&D in a manner that complies with 14 California Code of Regulations.

d. All requirements of 14 California Code of Regulations Section 18989.1 and the Palmdale Municipal Code.

e. The collector shall comply with education, equipment, signage, container labeling, container color, contamination monitoring, reporting, and other requirements contained within its franchise agreement, as may be amended from time to time.

f. Notwithstanding any of the foregoing, nothing in this chapter shall restrict or otherwise prohibit the collector from meeting its compliance requirements by any alternative methods or procedures, provided it complies with SB 1383, the SB 1383 Regulations, and/or any other applicable law, as may be amended from time to time.

B. **Requirements for Facility Operators and Community Composting Operations**.

1. Owners of facilities, operations, and activities that recover organic waste, including, but not limited to, compost facilities, in-vessel digestion facilities, and publicly owned treatment works shall, upon the City's request, provide information regarding available and potential new or expanded capacity at their facilities, operations, and activities, including information about throughput and permitted capacity necessary for planning purposes. Entities contacted by the City shall respond within 60 days.

2. Community composting operators, upon the City's request, shall provide information to the City to support organic waste capacity planning, including, but not limited to, an estimate of the amount of organic waste anticipated to be handled at the community composting operation. Entities contacted by the City shall respond within 60 days.

5.25.480 SELF HAULER REQUIREMENTS

A. Self-Haulers shall source separate all recyclable materials and Organic Waste (materials that City otherwise requires generators to separate for collection in the City's organics and recycling collection program) generated on-site from Solid Waste in a manner consistent with 14 CCR Sections 18984.1 and 18984.2, or shall haul Organic Waste to a High Diversion Organic Waste Processing Facility as specified in 14 CCR Section 18984.3.

B. Self-Haulers shall haul their Source Separated Recyclable Materials to a facility that recovers those materials; and haul their Source Separated Green Container Organic Waste to a Solid Waste facility, operation, activity, or property that processes or recovers Source Separated Organic Waste. Alternatively, Self-Haulers may haul Organic Waste to a High Diversion Organic Waste Processing Facility.

C. Self-Haulers that are Commercial Businesses (including Multi-Family Residential Dwellings) shall keep a record of the amount of Organic Waste delivered to each Solid Waste facility, operation, activity, or property that processes or recovers Organic Waste; this record shall be subject to Inspection by the City. The records shall include the following information:

(1) Delivery receipts and weight tickets from the entity accepting the waste.

(2) The amount of material in cubic yards or tons transported by the generator to each entity.

(3) If the material is transported to an entity that does not have scales on-site, or employs scales incapable of weighing the Self-Hauler's vehicle in a

manner that allows it to determine the weight of materials received, the Self-Hauler is not required to record the weight of material but shall keep a record of the entities that received the Organic Waste.

5.25.490 PROCUREMENT REQUIREMENTS FOR CITY DEPARTMENTS, DIRECT SERVICE PROVIDERS, AND VENDORS

Procurement Requirements for City departments, direct service providers, and vendors shall be as set forth in Section 3.02.165 of this Municipal Code and all other applicable City procurement policies.

5.25.490 COMPLIANCE WITH CALGREEN RECYCLING REQUIREMENTS

Persons applying for a permit from the City for new construction and building additions and alternations shall also comply with the requirements of Chapter 15.30 (CalGreen Recycling Requirements) of Title 15 (Building and Construction) of this Code.

5.25.500 MODEL WATER EFFICIENT LANDSCAPE ORDINANCE REQUIREMENTS

As applicable, all persons and/or entities subject to the MWELO shall comply with Sections 492.6(a)(3)(B), (C), (D), and (G), as amended September 15, 2015. The MWELO compliance items listed herein are not an inclusive list of MWELO requirements; therefore, property owners or their building or landscape designers that meet the threshold for MWELO compliance outlined herein shall consult the full MWELO for all requirements.

If after the adoption of this chapter, the California Department of Water Resources, or its successor agency, amends 23 California Code of Regulations Sections 492.6(a)(3)(B), (C), (D), and (G) in a manner that requires the City to incorporate the requirements of an updated MWELO in a local ordinance, and the amended requirements are more stringent than those required in this section, the revised requirements shall be enforced.

5.25.510 INSPECTIONS AND INVESTIGATIONS BY THE CITY

A. City representatives and/or its designated entity, including designees, are authorized to conduct inspections and investigations, at random or otherwise, of any collection container, collection vehicle loads, or transfer, processing, or disposal facility for materials collected from generators, or source separated materials to confirm compliance with this chapter, subject to applicable laws. This section does not allow the City to enter the interior of a private residential property for inspection. For the purposes of inspecting commercial business containers for compliance for this chapter, the City may conduct container Inspections for prohibited container contaminants using remote

monitoring and commercial businesses shall accommodate and cooperate with the remote monitoring where applicable.

B. Regulated entity shall provide or arrange for access during all inspections (with the exception of residential property interiors) and shall cooperate with the City's employees or its designated entity/designee during such inspections and investigations. Such inspections and investigations may include confirmation of proper placement of materials in containers, edible food recovery activities, records, or any other requirement of this chapter described herein. Failure to provide or arrange for: (1) access to an entity's premises; or (2) access to records for any inspection or investigation is a violation of this Article and may result in penalties described.

C. Any records obtained by a City during its inspections, remote monitoring, and other reviews shall be subject to the requirements and applicable disclosure exemptions of the Public Records Act as set forth in Government Code Section 6250 et seq.

D. City representatives, its designated entity, and/or designee are authorized to conduct any inspections, remote monitoring, or other investigations as reasonably necessary to further the goals of this chapter, subject to applicable laws.

E. The City shall receive written complaints from persons regarding an entity that may be potentially noncompliant with SB 1383 Regulations, including receipt of anonymous complaints.

5.25.520 ENFORCEMENT

A. Violation of any provision of this chapter shall constitute grounds for issuance of a notice of violation and assessment of a fine by a City Enforcement Official or representative. Enforcement actions under this chapter are issuance of an administrative citation and assessment of a fine. The City's procedures on imposition of administrative fines are hereby incorporated in their entirety, as modified from time to time, and shall govern the imposition, enforcement, collection, and review of administrative citations issued to enforce this chapter and any rule or regulation adopted pursuant to this chapter, except as otherwise indicated in this chapter.

B. Other remedies allowed by law may be used, including civil action or prosecution as misdemeanor or infraction. The City may pursue civil actions in the California courts to seek recovery of unpaid administrative citations. The City may choose to delay court action until such time as a sufficiently large number of violations, or cumulative size of violations exist such that court action is a reasonable use of City staff and resources.

C. Enforcement pursuant to this chapter may be undertaken by the Enforcement Official, which may be the City Manager or their designated entity, legal counsel, or combination thereof.

D. **Process for Enforcement**.

1. Enforcement Officials and/or their designee will monitor compliance with this chapter randomly and through compliance reviews, route reviews, investigation of complaints, and an inspection program, which may include remote monitoring.

2. The City may issue an official notification to notify regulated entities of its obligations under this chapter.

3. For incidences of prohibited container contaminants found in containers, the City will issue a notice of violation to any generator found to have prohibited container contaminants in a container. Such notice will be provided via a cart tag or other communication immediately upon identification of the prohibited container contaminants. If the City or its authorized designee observes prohibited container contaminants in a generator's containers on three consecutive occasions within a six-month time period, the City may assess contamination processing fees or contamination penalties on the generator.

4. With the exception of violations of generator contamination of container contents, the City shall issue a notice of violation requiring compliance within 60 days of issuance of the notice.

5. Absent compliance by the respondent within the deadline set forth in the notice of violation, the City shall commence an action to impose penalties, via an administrative citation and fine, pursuant to Chapter 1.20 of this Code.

Notices shall be sent to "owner" at the official address of the owner maintained by the tax collector for the City or if no such address is available, to the owner at the address of the dwelling or commercial property or to the party responsible for paying for the collection services, depending upon available information.

E. **Penalty Amounts for Types of Violations**.

1. For a first violation, the amount of the penalty shall be $100.00 per violation.

2. For a second violation, the amount of the penalty shall be $200.00 per violation.

3. For a third or subsequent violation, the amount of the penalty shall be $500.00 per violation.

F. **Compliance Deadline Extension Considerations**.

The City may extend the compliance deadlines set forth in a notice of violation issued if it finds that there are extenuating circumstances beyond the control of the respondent that make compliance within the deadlines impracticable, including the following:

1. Acts of God such as earthquakes, wildfires, flooding, and other emergencies or natural disasters;

2. Delays in obtaining discretionary permits or other government agency approvals; or

3. Deficiencies in organic waste recycling infrastructure or edible food recovery capacity and the City are under a corrective action plan with CalRecycle pursuant to 14 California Code of Regulations Section 18996.2 due to those deficiencies.

G. **Appeals Process**. Persons receiving an administrative citation containing a penalty for an uncorrected violation may request a hearing to appeal the citation. A hearing will be held only if it is requested within the time prescribed and consistent with the City's procedures for appeals of administrative citations. Evidence may be presented at the hearing. The City will appoint a hearing officer who shall conduct the hearing and issue a final written order.

H. **Education Period for Noncompliance**. Beginning January 1, 2022 and through December 31, 2023, the City will conduct inspections, remote monitoring, route reviews or waste evaluations, and compliance reviews, depending upon the type of regulated entity, to determine compliance, and if the city determines that organic waste generator, hauler, tier one commercial edible food generator, food recovery organization, food recovery service, or other entity is not in compliance, it shall provide educational materials to the entity describing its obligations under this chapter and a notice that compliance is required by January 1, 2022, and that violations may be subject to administrative civil penalties starting on January 1, 2024.

I. **Civil Penalties for Noncompliance**. Beginning January 1, 2022, or an extended date set by CalRecycle if the City determines that an organic waste generator, hauler, tier one or tier two commercial edible food generator, hauler, food recovery organization, food recovery service, or other entity is not in compliance with this chapter, it shall document the noncompliance or violation, issue a notice of violation, and take enforcement action pursuant to this chapter and state law, as needed.

SECTION 6. Chapter 3.08 (Purchasing) of Title 3 (Revenue and Finance) of the Palmdale Municipal code shall be amended to insert Section 3.08.230 (SB1383 Procurement Requirements) as follows:

3.08.230 SB1383 Procurement Requirements

A. Any direct service provider of the City's Community Choice Aggregation program (CCA) or landscaping, maintenance, renovation, and construction shall comply with the City's SB 1383 Procurement requirements.

1. Use compost, mulch and eligible materials, as practicable, produced from recovered organic waste, for all landscaping renovations, construction, or maintenance performed for the City, whenever available, and capable of meeting quality standards and criteria specified. Renewable gas used for fuel for transportation, electricity, or heating applications. Electricity from biomass conversion. SB 1383 eligible compost, mulch, renewable gas, and electricity used to comply with procurement requirements shall comply with 14 California Code of Regulations, Division 7, Chapter 12, Article 12 and must meet or exceed the standards specified in 14 California Code of Regulations Section 18993.1. Mulch used for land application shall comply with 14 California Code of Regulations, Division 7, Chapter 12, Article 12 and must meet or exceed the standards specified in 14 California Code of Regulations Sections 17852(a)(24.5)(A)(1) through (3).

2. Keep and provide records of procurement of recovered organic waste products (either through purchase or acquisition) to City, upon completion of projects. Information to be provided shall include:

a. General description of how and where the product was used and if applicable, applied;

b. Source of product, including name, physical location, and contact information for each entity, operation, or facility from whom the recovered organic waste products were procured;

c. Type of product;

d. Quantity of each product; and

e. Invoice or other record demonstrating purchase or procurement.

B. All vendors providing paper products and printing and writing paper shall:

1. If fitness and quality are equal, provide recycled-content paper products and recycled-content printing and writing paper that consists of at least 30%, by fiber weight, postconsumer fiber instead of non-recycled products whenever recycled paper products and printing and writing paper are available at the same or lesser total cost than non-recycled items.

2. Provide paper products and printing and writing paper that meet Federal Trade Commission recyclability standard as defined in 16 Code of Federal Regulations (CFR) Section 260.12.

3. Certify in writing, under penalty of perjury, the minimum percentage of postconsumer material in the Paper products and printing and writing paper offered or sold to the City. This certification requirement may be waived if the percentage of

postconsumer material in the paper products, printing and writing paper, or both can be verified by a product label, catalog, invoice, or a manufacturer or vendor internet website.

4. Certify in writing, on invoices or receipts provided, that the paper products and printing and writing paper offered or sold to the City is eligible to be labeled with an unqualified recyclable label as defined in 16 Code of Federal Regulations (CFR) Section 260.12.

5. Provide records to the City or its designee of all paper products and printing and writing paper purchases within 30 days of the purchase (both recycled-content and non-recycled content, if any is purchased) made by any division or department or employee of the City. Records shall include a copy (electronic or paper) of the invoice or other documentation of purchase, written certifications as required in Sections 3.12.165(b)(3) and 3.12.165(b)(4) of this title for recycled-content purchases, purchaser name, quantity purchased, date purchased, and recycled content (including products that contain none), and if non-recycled content paper products or printing and writing papers are provided, include a description of why recycled-content paper products or printing and writing papers were not provided.

SECTION 7. Title 15 (Buildings and Construction) of the Palmdale Municipal code shall be amended to create Chapter 15.30 (CalGreen Recycling Requirements) as follows:

15.30 CALGREEN RECYCLING REQUIREMENTS

A. For projects covered by CALGreen, the applicants must, as a condition of the City's permit approval, comply with the following:

1. Where five or more multifamily dwelling units are constructed on a building site, provide readily accessible areas that serve occupants of all buildings on the site and are identified for the storage and collection of blue container and green container materials, consistent with the three-container collection program offered by the City, or comply with provision of adequate space for recycling for multifamily and commercial premises pursuant to Sections 4.408.1, 4.410.2, 5.408.1, and 5.410.1 of the California Green Building Standards Code, 24 California Code of Regulations, Part 11 as amended, provided that the amended requirements are more stringent than the CALGreen requirements for adequate recycling space effective January 1, 2020.

2. New commercial construction or additions resulting in more than 30% of the floor area shall provide readily accessible areas identified for the storage and collection of blue container and green container materials, consistent with the three-container collection program offered by the City, or shall comply with provision of adequate space for recycling for multifamily and commercial premises pursuant to Sections 4.408.1, 4.410.2, 5.408.1, and 5.410.1 of the California Green Building Standards Code, 24 CCR, Part 11 as

amended, provided amended requirements are more stringent than the CALGreen requirements for adequate recycling space effective January 1, 2020.

3. Comply with CALGreen requirements and applicable law related to management of construction and demolition debris (C&D), including diversion of organic waste in C&D from disposal. Comply with City's municipal code, and all written and published City policies and/or administrative guidelines regarding the collection, recycling, diversion, tracking, and/or reporting of C&D.

B. Persons applying for a permit from the City for new construction and building additions and alternations shall comply with all required components of CALGreen, as amended, if its project is covered by the scope of CALGreen, as amended, July 1, 2019 and effective January 1, 2020, including:

1. Section 4.410.2 Recycling by Occupants Residential and Section 5.410.1 Recycling by Occupants Non-residential.

2. For organic waste commingled with construction and demolition debris, Section 4.408.1 Construction Waste Management Residential and Section 5.408.1 Construction Waste Management non-residential.

3. If, after the adoption of this chapter, Sections 4.408.1, 4.410.2, 5.408.1, and 5.410.1 of CALGreen are amended in a manner that requires the City to incorporate the requirements in an updated local ordinance, and the amended requirements are more stringent than those required in this Section, the revised requirements of CALGreen Sections 4.408.1, 4.410.2, 5.408.1, and 5.410.1 shall be enforced.

SECTION 8. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one (1) or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective, provided the basic purposes of this Ordinance and the benefits to the City and the public are not substantially impaired.

SECTION 9. The City Clerk shall certify to the adoption of this ordinance and shall cause this ordinance to be published or posted as required by law.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

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 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 4th day of May, 2022 effective on the 3rd day of June, 2022 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS**

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-046, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE INTERIM CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND EXECUTE AN ORGANIC FEEDSTOCK DISPOSAL AGREEMENT WITH HZI LANCASTER, LLC**

ISSUE

Adopt Resolution No. CC 2022-046, a Resolution of the City Council of the City of Palmdale authorizing the Interim City Manager and City Attorney to negotiate and execute an Organic Feedstock Disposal Agreement with HZI Lancaster, LLC.

RECOMMENDATION

Pending positive results of an organics feasibility study, adopt Resolution No. CC 2022-046, authorizing the Interim City Manager and City Attorney to negotiate and execute an Organic Feedstock Disposal Agreement with HZI Lancaster, LLC. Agreement No. A-7898, which would direct the City of Palmdale's organic waste to the proposed facility for processing.

BACKGROUND

The State has committed to reducing greenhouse gas emissions under California's Short-Lived Climate Pollutant Reduction Strategy also known as Senate Bill (SB) 1383. The State's target is to reduce organic waste disposal by 75 percent by 2025. SB 1383 was adopted in 2016 and regulations were approved in November 2020. Regulations took effect January 1, 2022.

WM, formerly know as Waste Management, provides solid waste collections pursuant to the Agreement between City of Palmdale and Waste Management of California, Inc., DBA Waste Management of Antelope Valley for Integrated Solid Waste Management Services. According to Section 2.10.1(A), the City may direct WM to "modify the manner in which it performs existing services." Therefore, if the City sees fit and it's in the public's best interest, it may direct WM to adjust how it provides services.

The City is currently negotiating with WM the full processing of residential organics (going beyond green waste to include non-edible food waste and other organic waste items) and an enhanced commercial organics program, as required by the State of California. Currently, WM has arrangements with Kochergen Farms in Avenal, California to compost the City's residential green waste and commercial organic waste and will continue to use the facility for all of the City's organic waste once the newly negotiated program is in effect. However, it takes approximately three hours, one way, to transport the City's organic materials from the City of Palmdale to Kochergen Farms. The distance materials are transported, impacts to air quality, and the lack of guaranteed airspace (a guarantee that the City's materials will be processed and that the City's organics will not be replaced by the next highest bidder) does not make this option sustainable for the long-term processing of the City's organic waste.

Another acceptable form of treating non-edible organic waste is to use the process of anaerobic digestion, which uses biological processes in an oxygen depleted environment to decompose organic matter, with the aim to produce Renewable Natural Gas (RNG) as an end product. Hitachi Zosen INOVA (Hitachi) has a proven record of building anaerobic digestion facilities. Hitachi has built one facility in operation in San Luis Obispo, California; another in the process of coming online in Escondido, California; and they have several other facilities in Europe.

Hitachi has obtained the permits necessary to build a facility at the Lancaster Landfill, which is in Unincorporated Los Angeles County north of Lancaster. In order to move forward, Hitachi is requesting the City sign a 30-year Organic Feedstock Disposal Agreement. The Agreement will provide the City with guaranteed airspace through an acceptable processing method for the City's organics. Additionally, the 30-year agreement does not preclude the City from putting its trash collection services agreement out to bid when it desires; however, any new Franchise Agreement will need to direct all organics collected to the Hitachi facility.

DISCUSSION

Staff is currently in the process of contracting for a third-party consultant to prepare an organics feasibility assessment of the proposed use of the Hitachi facility. However, since timing is of the essence, staff is bringing forth Resolution No. CC 2022-046 which, pending positive results from the organics feasibility study, will authorize the Interim City Manager and the City Attorney to continue negotiating, finalize, and execute the Organic Feedstock Disposal Agreement between City of Palmdale, California, and HZI Lancaster, LLC (Agreement No. A-7898).

Once authorized through the resolution, staff will first work with the City's consultant and their feasibility study. The study will evaluate the cost of processing the City's organics, anticipated market changes that could affect services, what long-term solutions are available to the City, etc. If the result of the study is favorable, staff will work with Hitachi to negotiate a final agreement.

Additional aspects to be negotiated in the agreement include, but aren't limited to:

- Receiving five percent (5%) of the RNG produced by the facility, with the potential to receive more at a favorable rate if the City so chooses to do so.
- Receiving five percent (5%) of the Hydrogen produced by the facility, with the potential to receive more at a favorable rate if the City so chooses to do so.
- A Hydrogen fueled box truck for SAVES in addition to the five (5) Hydrogen fueled Toyota Mirai vehicles outlined in the agreement.

The City will be using the RNG credit to offset the City's natural gas usage. In 2021, the City used 251,086 therms of natural gas, at a cost of $241,801. Although the current pool boiler replacement project for DryTown, Marie Kerr, and McAdam Parks will reduce the City's natural gas usage significantly, the usage of the pools could potentially increase as well. Therefore, the City could realize monetary savings along with greenhouse gas reductions with the use of the RNG credits.

Additionally, staff will explore how the City's Community Choice Aggregation (CCA) program, Energy for Palmdale's Independent Choice (EPIC) could potentially benefit from the RNG credits instead. This option will be used instead if the RNG credits could be transferred over and count towards EPIC's Renewable Portfolio Standard (RPS) requirements, to the benefit of EPIC ratepayers.

As Hitachi is looking to generate Hydrogen fuel in addition to their RNG production, they will allocate a portion of their Hydrogen to the City. The City could also potentially use the Hydrogen to fuel the above mentioned proposed vehicles and for other uses, leading to further savings through the use of the renewable energy.

According to California Government Code Section 4217.12 (a)(1) the City Council may determine a project would be in the City's best interest if "the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency for thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases." Such determination must be made in a regularly scheduled public meeting, with a notice of the item being posted a minimum of two weeks in advance. Staff recommends the Council approve Resolution No. CC 2022-046, which pending the positive results of the organics feasibility study, will determine that an agreement with Hitachi is in the City's best interest.

FISCAL IMPACT

As mandated by the State of California, the need for and use of the Hitachi facility will have an impact on rates for collection services. However, it will provide long term protections for the City since the facility will provide organic processing services that are compliant with SB 1383 for 30 years from commencement of services. If CalRecycle determines the City is not in compliance and in violation of SB 1383, the City may face penalties starting from $500 up to a maximum of $10,000 per day of violation.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

B. Implement and administer environmentally sustainable programs.

Prepared by:	Chuck Heffernan, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

Resolutions No. CC 2022-046
DRAFT Organic Feedstock Disposal Agreement Among City of Palmdale, California, and HZI Lancaster, LLC (Agreement No. A-7898)
Notice of Public Hearing

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-046

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE INTERIM CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND EXECUTE AN ORGANIC FEEDSTOCK DISPOSAL AGREEMENT WITH HZI LANCASTER, LLC.

WHEREAS, the Department of Resources Recycling and Recovery (CalRecycle), in consultation with the California Air Resources Board, has adopted regulatory requirements (Regulations), consistent with the mandate of Senate Bill 1383 (Lara, 2016), that are designed to achieve the organic waste reduction goals established in Section 39730.6 of the Health and Safety Code through a 50 percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75 percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2025; and

WHEREAS, the City of Palmdale ("City") is a local jurisdiction required to comply with the Regulations; and

WHEREAS, City has the potential to be fined up to $10,000 per day for non-compliance; and

WHEREAS, pursuant to the Agreement between City of Palmdale and Waste Management of California, Inc., DBA Waste Management of Antelope Valley for Integrated Solid Waste Management Services, the City may direct WM, the City's franchised trash hauler, to modify the manner in which they perform existing services; and

WHEREAS, anaerobic digestion currently is an acceptable form of treating non-edible organic waste by the means of using biological processes in an oxygen depleted environment to decompose organic matter and generate renewable fuels; and

WHEREAS, Hitachi Zosen INOVA (Hitachi) has a proven track record in constructing and operating anaerobic digestion facilities; and

WHEREAS, HZI, Lancaster, LLC. on behalf of Hitachi is proposing to construct an anaerobic digestion facility at the Lancaster Landfill in Unincorporated Los Angeles County, north of Lancaster, CA and has obtained the permits necessary to commence construction; and

WHEREAS, HZI, Lancaster, LLC is amenable to negotiating an Organic Feedstock Disposal Agreement, and has indicated that it is open to assign five percent (5%) of its Renewable Natural Gas (RNG) production and five percent (5%) of its renewable Hydrogen production to the City of Palmdale and to sell additional amounts of both fuels to the City at a reasonable rate if the City sees fit; and

WHEREAS, the City has identified beneficial uses of the fuels and finds that obtaining such fuels would be in the City's best interest; and

WHEREAS, the City is using a third party consultant to prepare a feasibility study on the use of the facility; and

WHEREAS, pending positive results of the study, staff will have completed the due diligence required to investigate potential projects for organics processing, energy conservation, and energy savings, including entering into an agreement as contemplated by California Government Code 4217.10 et seq.; and

WHEREAS, on April 20, 2022, the City gave notice of its intent to discuss, and possibly authorize the Interim City Manager and City Attorney to negotiate and execute, an Organic Feedstock Agreement with HZI Lancaster, LLC; and

WHEREAS, on May 4, 2022, the City Council received and reviewed information and data presented by Staff and HZI Lancaster, LLC demonstrating that the cost to the City for HZI Lancaster, LLC to provide RNG and Hydrogen are anticipated to be less than the projected cost to the City of thermal, electrical, or other energy that will be consumed by the City in the absence of the agreement; and

WHEREAS, the Director of Finance has determined that the best interests of the City are served by procuring the energy through a negotiated agreement with HZI Lancaster, LLC; and

WHEREAS, the City desires to retain HZI Lancaster, LLC to process the City residential and commercial organic waste for 30 years following the facility’s commencement of 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. The City Council requires staff and the City's franchised hauler to work with the City's solid waste consultant performing an organic waste processing feasibility study.

SECTION 2. The City Council received comment, information and data at the May 4, 2022 City Council meeting, for which notice was given not less than two weeks in advance.

SECTION 3. Based on comments, staff reports, documentation reviewed by the City Council, and pending favorable results from the organics feasibility study as so determined by Public Works, the City Attorney's Office, and the City Manager's Office, the City Council makes the formal findings required by California Government Code section 4217.12 that the renewable energy obtained by the anaerobic digestion facility and the use of the fuel thereof will be less than the anticipated cost to the City of thermal, electrical, or other energy consumed by the City in the absence of the organic feedstock agreement.

SECTION 4. Upon determination of favorable results from the organics feasibility study, the Interim City Manager, in consultation with the City Attorney, is authorized to negotiate, finalize, enter into, and execute the organic feedstock agreement attached as Exhibit A.

SECTION 5. The Interim City Manager or future City Manager is authorized to execute any future amendments to the organic feedstock agreement deemed necessary or beneficial to the City, so long as the amendments do not financially obligate the City and/or extend the term of the agreement.

SECTION 6. The Palmdale City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and **ADOPTED** this 4th day of May, 2022.

_____
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 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____ABSENT: _____

Date: _____ _____
Shanae S. Smith, City Clerk

ORGANIC FEEDSTOCK DISPOSAL AGREEMENT

AMONG

CITY OF PALMDALE, CALIFORNIA,

AND

HZI LANCASTER, LLC

Agreement No. A-7898

_____ __, 2022

DRAFT

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DRAFT

ORGANIC FEEDSTOCK DISPOSAL AGREEMENT

This Organic Feedstock Disposal Agreement (this "Agreement"), dated as of _____ __, 2022, is entered into by and between HZI LANCASTER, LLC ("Project Company"), a California limited liability company, and the City of Palmdale ("City"), a California municipal corporation and charter city established under the laws of the State of California. Project Company and City shall each be referred to as a "Party" or collectively as the "Parties."

W I T N E S E T H

WHEREAS, affiliates of Project Company have developed an anaerobic digestion waste conversion process to produce biogas from organic waste (the "HZI Technology");

WHEREAS, Project Company desires to develop, own and operate a plant to process organic waste products using the HZI Technology to be located at the premises of the landfill at 600 East Avenue F, Lancaster, CA 93535 (the "Project");

WHEREAS, pursuant to, and under the terms and conditions contained in section 304 of the City's Charter, the City is authorized to execute and deliver this Agreement, perform its obligations hereunder and enter into the transactions contemplated hereby;

WHEREAS, the City desires a long-term arrangement for the disposal of all of its organic waste products to reduce the use of landfills and other traditional methods of disposal and otherwise manage, dispose and/or treat Acceptable Waste, pursuant to Applicable Law governing the disposal, management and/or treatment of short-lived climate pollutants, including but not limited to, CA SB 1383 and any implementing regulations and/or successor legislation, in an environmentally-conscious and efficient manner and recognizes the significant benefit to its strategic goals to jointly pursue the Project with Project Company; and

NOW, THEREFORE, in consideration of the premises and the covenants and agreements as herein set forth and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

NOW THEREFORE, in consideration of the foregoing premises, and the mutual conditions, covenants, and promises contained herein, the Parties, intending to be legally bound, do hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Definitions. Capitalized terms used herein shall have the meaning set forth in Addendum I.

1.2 Construction. The terms "hereby," "hereof," "herein," "hereunder," and any similar terms refer to this Agreement. As used in this Agreement: (a) the word "or" is not exclusive; (b) the words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation"; (c) any pronoun shall include the corresponding masculine, feminine; and neuter forms; and (d) words in the singular number include words in the plural and vice versa unless the context of the usage of such term clearly indicates otherwise. All references to time hereunder shall refer to Pacific

Time. Unless expressly provided otherwise, any reference in this Agreement to a period of "days" or "calendar days" means consecutive calendar days.

ARTICLE II
PURPOSE; TERM

2.1 Term; Early Termination.

(a) The term of this Agreement shall commence on the date of execution (the "Effective Date") and expire on the earlier of (i) the date which is thirty (30) years after the Delivery Start Date, (ii) the date of termination of the Agreement pursuant to the terms hereof, and (iii) the effective date of termination pursuant to a mutual written agreement of the Parties (the "Term").

(b) Notwithstanding anything herein to the contrary, each Party shall have the right to terminate this Agreement by written notice to the other Party, which will be effective upon receipt, if Project Company is unable to obtain financing (through debt, equity or otherwise) to fund the construction of the Project on or before March 31, 2023 ("Outside Date"); provided that if, prior to the Outside Date, Project Company notifies City in writing that Project Company is continuing to diligently pursue its obligations under this Agreement, the foregoing Outside Date shall automatically be extended for an additional period of ninety (90) days. Project Company shall use commercially reasonable efforts to obtain financing for the Project, and carry out its other obligations, on or before the Outside Date.

(c) In addition to the foregoing, Project Company's obligations under this Agreement are expressly contingent upon Project Company's ability to secure a Supply Agreement and such other binding agreements with Waste Manager as contemplated in Sections 3(b)(ii) and (iii) on terms that Project Company deems acceptable in its sole discretion and Project Company having taken all commercially reasonable steps to secure all permits, interconnection agreements, and approvals necessary for the Project by the Outside Date. Project Company may terminate this Agreement at any time prior to the Outside Date for failure to satisfy any of the foregoing contingencies by written notice to the City, in which case no damages will be due or owing by either Party. Subject to the City's cooperation and reasonable assistance to be provided to Project Company, Project Company shall use commercially reasonable efforts to satisfy the foregoing contingencies on or before the Outside Date.

(d) Project Company's obligations herein shall be fully guaranteed and secured by its parent company, Hitachi Zosen Inova AG. The terms of the Guaranty are reflected in Addendum III attached hereto.

(e) In addition to the foregoing, the City's obligations under this Agreement are expressly contingent upon the City's ability to secure an amendment or supplemental agreement to the City's franchise agreement with its existing Waste Manager to the extent necessary to cause the supply of Acceptable Waste to the Project as contemplated by this Agreement, on or before September 1, 2022 (the "WM Agreement Outside Date"); provided, however, that if the City and the Waste Manager reach an agreement in principle regarding such amendment or supplemental agreement that requires additional approval or ratification from the City which is obtained within a reasonable time after the WM Agreement Outside Date, the amendment or supplemental agreement shall be deemed to have been entered into before the WM Agreement Outside Date; provided further, that in the absence of such agreement in principle, prior to the WM Agreement Outside Date, Project Company may extend the WM Agreement Outside Date to a date no later than the Outside Date to allow for additional good

faith negotiations. If the City is unable to obtain such amendment or agreement by the WM Agreement Outside Date, the City may terminate this Agreement by written notice to the Project Company within ten (10) days following the WM Agreement Outside Date, as the same may be extended hereunder, in which case no damages will be due or owing by either Party. Subject to Project Company's cooperation and reasonable assistance to be provided to the City, the City shall use commercially reasonable efforts to satisfy the foregoing contingency on or before the WM Agreement Outside Date.

(f) If a Party exercises its termination rights pursuant to Sections 2.1(b), (c), or (e), then no damages will be due or owing by either Party as a result of such termination provided that each Party will remain responsible for a breach prior to such termination.

2.2 Purpose. The purpose of this Agreement is to establish the terms for the City's participation in the Project, including:

(a) the City's obligation to cause the supply of all of its Acceptable Waste to the Project and Project Company's agreement to accept and process such Acceptable Waste, at a mutually agreeable tipping fee or other mutually agreeable compensation; and

(b) the City's assistance and cooperation with the Project Company's efforts to develop, finance and construct the Project, including Project Company's procurement of permits and approvals for the Project.

ARTICLE III
DELIVERY OF ACCEPTABLE WASTE

3.1 Concession Regarding Acceptable Waste.

(a) The City hereby grants, gives and concedes to Project Company during the Term the sole and exclusive right and privilege to use all Acceptable Waste in the possession or control of the City or to which City holds title or rights as feedstock for the Project in accordance with the terms of this Agreement. The Parties agree and acknowledge that Project Company is relying upon the grant set forth in this Section 3.1 and that the delivery of such Acceptable Waste to the site of the Project for use by the Project Company is an essential requirement for the operation of the Project. The loss of the supply of the Acceptable Waste at any time during the Term would represent a material loss to Project Company. In furtherance of the foregoing, the City covenants not to grant any Third Party any rights to receive or use the Acceptable Waste during the Term. For the avoidance of doubt, the City agrees that its amendment or addendum to its franchise agreements (and any future franchise agreements) with its Waste Manager shall state that Unacceptable Waste shall not be delivered to the Project, and the Parties hereby agree that Project Company shall not be obligated to accept Unacceptable Waste in satisfaction of the supply obligations under the Supply Agreement. The City shall work with its Waste Manager to educate the public to facilitate separation of Acceptable Waste from Unacceptable Waste at the sites of disposal and pick-up by Waste Manager, and shall otherwise use reasonable efforts to maximize the quality of Acceptable Waste being delivered to Project Company.

(b) Commencing on or before the Delivery Start Date, as applicable, and in accordance with the Project schedule, and continuing thereafter throughout the Term, the City shall cause to be delivered to the site of the Project, all Acceptable Waste in its possession or control during the Term by undertaking (and subject to) the following and taking any and all other necessary actions to allow for and implement the same:

(i) notifying its Waste Manager in writing of the concession granted pursuant to Section 3.1(a) above and directing its Waste Manager in writing to identify and deliver any and all of the City's Acceptable Waste to the Project Company at the site of the Project on a daily basis up to a maximum daily volume of all of the City's Acceptable Waste on each such day during the Term ("Notice to Waste Manager");

(ii) requesting (or directing, to the extent the City has such authority) its Waste Manager to formalize the arrangement described in Section 3.1(b)(i) by entering into one or more feedstock supply agreements to deliver all of the City's Acceptable Waste to the Project Company on terms mutually agreed between the Project Company and the Waste Manager ("Supply Agreement");

(iii) executing additional written directions, consents or other instruments to implement such direction to the Waste Manager promptly (in any case, no later than three (3) business days) upon a request by Project Company;

(iv) monitoring the performance of the arrangement described in this Section 3.1(b) by its Waste Manager and taking any and all reasonably practicable actions available or permitted pursuant to its Waste Management Agreement, including the exercise of remedies, to cause its Waste Manager to identify and deliver any and all of the City's Acceptable Waste to the Project Company in compliance with this Agreement and the Supply Agreement; and

(v) complying at all times with the Waste Management Agreement and in the event of any termination or expiration thereof, taking immediate steps to ensure the continued supply of all of the City's Acceptable Waste to Project Company at the site of the Project for the duration of the Term in accordance with this Agreement.

(c) Acceptable Waste shall be delivered to Project Company by Waste Manager pursuant to the Supply Agreement described in Section 3.1(b)(ii).

(d) As between City and Project Company, Project Company shall be responsible for any penalties if the disposal and processing of the Acceptable Waste does not comply with Applicable Law and/or CalRecycle regulations governing the disposal, management and/or treatment of short-lived climate pollutants. Project Company shall not be responsible for any such penalties related to hauling and delivery of the Acceptable Waste.

3.2 Books and Records.

(a) Throughout the Term, Project Company shall prepare and maintain proper, accurate, and complete books, records, and accounts regarding the operations of the Project sufficient to substantiate the delivery quantities, processing, management and disposal of Acceptable Waste pursuant to this Agreement and to respond to any audit(s) by CalRecycle or any other regulatory body.

(b) Project Company shall provide to the City such other information, data, and reports as are in its possession and reasonably required for the City's administration of this Agreement and compliance with reporting or other requirements imposed on the City by statute, law, rule or regulation.

3.3 Tip Fees Payable to Project Company. Project Company shall be paid $98 / ton in fees from the City, with a 3.5% annual escalation, (the "Tip Fee") in exchange for Project Company's acceptance

of and processing of the Acceptable Waste in conformity with all Applicable Laws governing the disposal, management and/or treatment of short-lived climate pollutants.

3.4 Additional Benefits from the Project Company to the City. Project Company shall provide to the City the following additional benefits:

(a) Gas Revenue Sharing. Project Company shall pay to the City, in a lump sum on an annual basis, an amount equal to five percent (5.0%) of the net revenues received by Project Company from (i) the commodity sale of renewable natural gas ("RNG") produced by the Project and (ii) the sale of any federal Renewable Identification Number ("RIN") credits and any California Low Carbon Fuel Standard ("LCFS") credits that are attached to such RNG ((i) and (ii) together, the "RNG Revenue"). Such net revenues shall be exclusive of the Project Company's cost of such sale of RNG and credits and related expenses, and taxes attributable thereto, (for the avoidance of doubt, the net revenues of the RNG sales shall be equal to the RNG Revenue for the RNG sold minus (i) the commissions and fees associated with the execution of sale and transport of such RNG, (ii) the commissions and fees associated with the sale of any RIN and LCFS credits, and (iii) any and all sales tax applicable to such sales) as determined by Project Company's accountants.

(b) Sustainability Educational Center. As part of the Project, Project Company shall establish an on-site center to provide tours and educational sessions regarding the process of converting municipal waste to decarbonized fuel, all as determined by Project Company, to visitors.

(c) Advisory Services. In order to support the City's economic and community development goals, through the Outside Date, Project Company representatives will advise the City as reasonably required from time to time on (i) the City's efforts to attract new investment in hydrogen infrastructure, (ii) will continue to support South Antelope Valley Emergency Services ("SAVES"), having already provided two heavy-duty outdoor tents and will purchase a refrigerated food truck, and (iii) will assist the City in procuring its first hydrogen fueling station.

(d) Hydrogen Passenger Vehicle Fleet. To assist with the City's sustainability plans and efforts to further decarbonize, within sixty (60) days after the Delivery Start Date (or the first date thereafter that such vehicles are become available), Project Company will donate to the City five (5) new Toyota Mirai, or substantially equivalent, hydrogen fuel cell passenger vehicles. Project Company will cause the conveyance of title to such vehicles directly from the dealer to the City, and the City shall be responsible for all title, registration, and licensure paperwork and fees and agrees to accept all liability with respect to the ownership and operation of such vehicles and to hold Project Company harmless from any liability with respect thereto.

DRAFT

ARTICLE IV
PROJECT DEVELOPMENT

4.1 Project Development. Subject to the City's required assistance under Section 4.3, Project Company will be solely responsible for the development, construction and operation of the Project, including costs and expenses incurred in connection therewith. Project Company shall use commercially reasonable efforts to (a) develop the Project and procure the required financing and feedstock for the Project on terms acceptable to Project Company, and (b) contribute or cause its affiliates to contribute its or their technical, operational, and commercial skills and experience to the Project as required to perform Project Company's obligations pursuant to this Agreement. Project Company shall, as necessary for Project Company to carry out its obligations under this Agreement, cause one or more of its affiliates to (i) grant a license to Project Company with respect to the HZI Technology that is sufficient for the construction and operation of the Project subject to the payment of a license fee to such affiliate, as applicable, (ii) enter into a Management Agreement with Project Company to provide for the performance of management services for the benefit of Project Company, which may be subject to the payment of a service fee and reimbursement of incurred expenses to such affiliate, and (iii) contribute or assign or otherwise grant rights to Project Company in material contracts or assets which are held by or in the name of such affiliate which were obtained for and are necessary for the construction and operation of the Project. Project Company shall deliver copies of such agreement(s) to City promptly following the execution thereof.

4.2 Authority. For the avoidance of doubt, so long as the Project meets all requirements of Applicable Law governing the disposal, management and/or treatment of short-lived climate pollutants, Project Company shall have the authority to make decisions regarding the development, financing, construction and operation of the Project in its sole discretion, including without limitation (a) preparing and finalizing the development plan, construction budget and design for the Project and the Project development and construction schedule; (b) preparing and finalizing each annual operating budget for the Project; (c) the negotiation with key counterparties of project agreements for the Project which Project Company determines are necessary or desirable, and (d) other decisions associated with the development, financing, construction and operation of the Project.

4.3 Project Development Assistance. As reasonably requested from time to time by Project Company, the City shall use reasonable efforts to assist Project Company in connection with Project Company's activities undertaken in furtherance of the development and permitting of the Project (as more particularly set forth below); provided that, the City shall not be required to incur any monetary obligation or prepare any grant application in connection with such efforts. The Parties expressly acknowledge that the site of the Project is located outside the City's jurisdiction and, therefore, the City's ability to directly assist in the development of the Project is limited. Such assistance shall include, without limitation, the following:

(a) The City shall, if requested by Project Company, use commercially reasonable efforts to assist in obtaining required permits and approvals for the Project in accordance with Applicable Law;

(b) City shall use commercially reasonable efforts to assist Project Company in applying for any incentives, subsidies or grants, including state and local tax abatements, for which Project Company might be eligible in connection with the development, construction and operation of the Project;

(c) Without limiting Section 8.9, City shall provide such documentation and/or records as may be reasonably requested by Project Company in its efforts to obtain financing for the Project, including negotiating and entering into a consent to collateral assignment of this Agreement, executing and delivering estoppel certificates certifying compliance under this Agreement and containing other customary terms required by financing parties and executing and delivering, as applicable, any other reasonably-requested documentation with respect to the Project, all in forms mutually agreeable to the City, Project Company and the proposed financing parties;

(d) City shall afford Project Company and its representatives (including representatives of the proposed financing parties) the opportunity to discuss the business, financial condition, operations, assets and liabilities of City with City's employees, attorneys, accountants, consultants and other appropriate representatives of the City;

(e) City shall consult with, cooperate and assist with the development and implementation of strategies for engaging the community with respect to Project; and

(f) City shall provide information in the possession of City and reasonably requested by Project Company in connection with the development and financing of the Project to Project Company and its representatives (including representatives of the proposed financing parties), including access to all data, records, sites, facilities and other information necessary for the conduct of a complete commercial, operational, financial, legal, technical and other appropriate due diligence examination with respect to the Project and City.

4.4 Schedule of Performance. Project Company shall use commercially reasonable efforts to cause the Delivery Start Date to occur on or before December 31, 2024; provided, however, that the Parties acknowledge and agree that the Project shall not commence operations before May 15, 2024.

ARTICLE V
EVENTS OF DEFAULT; TERMINATION

5.1 Project Company Event of Default. Any of the following shall constitute an "Event of Default" by Project Company:

(a) the failure or refusal of Project Company to perform or observe any of its material obligations under the provisions of this Agreement (unless such failure or refusal is due to an event of Force Majeure or otherwise excused or justified by the provisions of this Agreement), if such failure or refusal continues uncured thirty (30) days after Project Company has received from the City written notice of the default and the right to cure; provided that, if the nature of the subject failure or refusal is such that it cannot reasonably be cured within thirty (30) days the cure period shall be extended to not more than ninety (90) days after the written notice of default, as shall be necessary for Project Company to cure the breach with all due diligence;

(b) the intentional misrepresentation of any material representation or warranty made by Project Company in this Agreement if the City suffers damages as a result of such falseness or inaccuracy;

(c) the commencement of any bankruptcy, insolvency, liquidation, or similar proceeding by or against Project Company; the consent by Project Company to the appointment of or taking possession by a receiver, liquidator, trustee in bankruptcy, or custodian of Project Company or any

substantial part of its assets; or any assignment of all or substantially all of the assets of Project Company for the benefit of its creditors; provided, in the case of the commencement of an involuntary petition or proceeding or entry of a judgment or judicial order that includes or seeks to cause any of the above events, such petition, proceeding, judgment, or order is not discharged or dismissed within ninety (90) days; or

(d) failure of the Project after the Delivery Start Date to comply with Applicable Law and/or CalRecycle regulations governing the disposal, management and/or treatment of short-lived climate pollutants, resulting in rejection and/or decertification of the Project for disposal and processing of Acceptable Waste by CalRecycle for a period of one hundred eighty (180) consecutive days unless Project Company is able to cause the Acceptable Waste to be accepted for disposal and processing at an alternate facility at no additional cost to the City; provided, however, in no event shall the preceding in this Section 5.1(d) be a Project Company Event of Default if such non-compliance is due to a change in Applicable Law and/or CalRecycle regulations following the Delivery Start Date, which circumstance shall be governed by Section 5.4.

5.2 City Event of Default. The following shall constitute an "Event of Default" by City:

(a) the failure or refusal of City to perform or observe any of its obligations pursuant to Article III with respect to the delivery of Acceptable Waste (including without limitation the obligation to issue the Notice to Waste Manager, to request (or direct) the execution of a Supply Agreement or promptly exercise remedies against the Waste Manager), if such failure continues uncured ten (10) business days after City has received from Project Company written notice of the default;

(b) except as set forth in (a) above, the failure or refusal of City to perform or observe any of its other obligations under the provisions of this Agreement (unless such failure or refusal is due to an event of Force Majeure), if such failure or refusal continues uncured thirty (30) days after the City has received from Project Company written notice of the default; provided that, if the nature of the subject failure or refusal is such that it cannot reasonably be cured within thirty (30) days, then such period shall be extended to not more than ninety (90) days after the written notice of default, as shall be necessary for such Party to cure the breach with all due diligence;

(c) the falseness or inaccuracy of any material representation or warranty made by the City in this Agreement if Project Company suffers damages as a result of such falseness or inaccuracy; or

(d) the commencement of any bankruptcy, insolvency, liquidation, or similar proceeding by or against the City; the consent by the City to the appointment of or taking possession by a receiver, liquidator, trustee in bankruptcy, or custodian of the City or any substantial part of its assets; or any assignment of all or substantially all of the assets of the City for the benefit of its creditors; provided, in the case of the commencement of an involuntary petition or proceeding or entry of a judgment or judicial order that includes or seeks to cause any of the above events, such petition, proceeding, judgment, or order is not discharged or dismissed within ninety (90) days.

5.3 Remedies upon Event of Default. Project Company and City agree that a suit for damages shall be an available remedy in the Event of Default, but damages may be an inadequate remedy for an Event of Default under this Agreement, and that each Party will be entitled to seek injunctive and other equitable relief against the other Party to prevent or eliminate such default, or to enforce the provisions of this Agreement. For the avoidance of doubt, except as provided in Sections 2.1(b) and (c) and for an Event of Default by Project Company under Section 5.1(d), no Party shall be entitled to terminate

this Agreement prior to the expiration of the Term unless and until the Parties expressly agree in writing to an early termination of this Agreement in accordance with Section 2.1(a)(ii) or a court of law having jurisdiction orders such termination.[1]

5.4 Change in Law. In the event the Project fails to comply with Applicable Law and/or CalRecycle regulations governing the disposal, management and/or treatment of short-lived climate pollutants, resulting in rejection and/or decertification of the Project for disposal and processing of Acceptable Waste by CalRecycle, and such non-compliance is due to a change in Applicable Law and/or CalRecycle regulations that occurs after the Delivery Start Date, Project Company shall be afforded a period of one hundred eighty (180) days after the date that the Project is unable to accept Acceptable Waste due to such non-compliance to (a) cause the Acceptable Waste to be accepted for disposal and processing at an alternate facility at no additional cost to the City during such period of non-compliance, (b) obtain a waiver or forbearance of enforcement of such Applicable Law or regulations during such period of non-compliance, and/or (c) cause the Project to come into compliance with such Applicable Law and/or regulations, provided that if compliance may be achieved through upgrades or other changes to the Project or the equipment or processes used therein which are not reasonably susceptible to being completed within such one hundred eighty (180) day period and Project Company commences performance of such changes within such one hundred eighty (180) day period and diligently prosecutes the same to completion, Project Company shall be afforded such additional time as is reasonably necessary to complete such changes, not to exceed eighteen (18) calendar months from the date that the Project is unable to accept Acceptable Waste due to such non-compliance. If Project Company determines that it is not willing or able to perform any of the cure options under the foregoing Subsections 5.4(a), (b) or (c), Project Company shall have the right to terminate this Agreement by written notice to the City at any time thereafter. If Project Company does not elect to terminate this Agreement and fails to timely perform any of the cure options under the foregoing Subsections 5.4(a), (b) or (c), the City shall have the right to terminate this Agreement by written notice to Project Company at any time after expiration of such cure period, but prior to Project Company's actual performance of such cure. In the event of a termination of this Agreement by either Party under this Section 5.4, neither Party shall be deemed to be in default or breach under this Agreement, and neither Party shall have any liability for damages to the other. For the avoidance of doubt, Project Company shall be responsible for the continued disposal of Acceptable Waste during any period of noncompliance as described herein.

[1] Note to City: HZI prefers binding arbitration over litigation, if the City is willing/able to agree.

ARTICLE VI
INDEMNIFICATION

6.1 Indemnification.

(a) Except to the extent of any Claims caused by or resulting from the gross negligence or willful misconduct of the City, Project Company shall indemnify, defend, and hold harmless the City and/or its elected officials, commissioners, executives, directors, officers, employees, consultants, agents, and representatives (each, a "City Indemnified Party") from any and all Claims incurred as a result of: (i) any act or omission of Project Company in connection with performance of its obligations under this Agreement (to the extent resulting from such act or omission), except to the extent that such Claims arise in connection with waste other than Acceptable Waste that the City delivered or caused to be delivered to Project Company; or (ii) bodily injury to or death of any individual, or damage or destruction of property of the City or a Third Party, to the extent resulting from the negligence or willful misconduct of Project Company or its officers, employees, or representatives; provided, however, that Project Company's indemnification obligations are contingent upon the City asserting as a defense any applicable claim of sovereign immunity, protection from liability under the Government Claims Act (Cal. Gov't Code §§ 810-998.3), or any similar protection in any matter asserting Claims under which such indemnity may apply.

(b) To the fullest extent permitted by Applicable Law, except to the extent of any Claims caused by or resulting from the negligence, breach of this Agreement, or willful misconduct of Project Company, the City shall indemnify, defend, and hold harmless Project Company and its members, managers, officers, owners, employees, consultants, agents, and representatives (each, a "Project Company Indemnified Party") from any and all Claims incurred as a result of: (i) any act or omission of the City in connection with performance of its obligations under this Agreement (to the extent resulting from such act or omission); or (ii) bodily injury to or death of any individual, or damage or destruction of property of Project Company or a Third Party, to the extent resulting from the negligence or willful misconduct of the City or its officers, employees, or representatives.

6.2 Indemnification Claims. Within twenty (20) business days of receipt of notice of any Third Party Claim as to which it may be entitled to indemnification hereunder, any indemnified party shall give Project Company or the City, as applicable, written notice of the Claim with details, to the extent known, of the factual basis of the claim and amounts claimed; provided that, a delay in giving such notice shall relieve the indemnifying party of liability for the Claim only to the extent the indemnifying party suffers actual prejudice because of such delay. The indemnifying party shall have the right, at its option and expense, to participate in the defense of such a Claim, but not to control the defense, negotiation, or settlement thereof, which control shall at all times rest with the indemnified party, unless (a) such Claim seeks only monetary remedies and not injunctive or other specific remedies or potential criminal penalties, and (b) the indemnifying party irrevocably acknowledges and confirms, in writing, responsibility for and ability to indemnify against such Claim and agrees to indemnify the indemnified party against the same. The Parties agree to cooperate fully with each other in connection with the defense, negotiation, or settlement of any such Claim.

6.3 Limitations; Survival. The terms and conditions of this Article VI shall (i) remain subject to the limitations set forth in Section 8.6, and (ii) survive the termination or expiration of this Agreement.

ARTICLE VII
REPRESENTATIONS & WARRANTIES

7.1 Representations and Warranties of the City. The City hereby represents and warrants to Project Company as of the Effective Date as follows:

(a) The City is a municipality of the State of California with full legal right, power, and authority to enter into and perform its obligations under this Agreement ;

(b) The execution and delivery of this Agreement and the performance of the obligations and duties of the City hereunder and thereunder, have been duly authorized by all necessary and appropriate action in accordance with Applicable Law;

(c) This Agreement has been duly executed and delivered by a duly and properly authorized officer or administrator of the City, and constitutes a legal, valid, and binding obligation of the City, enforceable against the City in accordance with its terms;

(d) Subject to the terms and conditions of the AGREEMENT BETWEEN CITY OF PALMDALE AND WASTE MANAGEMENT OF CALIFORNIA, INC., DBA WASTE MANAGEMENT OF ANTELOPE VALLEY FOR INTEGRATED SOLID WASTE MANAGEMENT SERVICES for the Collection of Solid Waste entered into by and between the City and Waste Management of California, Inc. and dated as of July 10, 2017 (together with any renewal, extension, supplement, amendment and replacement of such agreement with any Waste Manager, the "Waste Management Agreement"), neither the execution and delivery by the City of this Agreement, nor the performance by the City of its obligations hereunder, nor the consummation by the City of the transactions contemplated hereby and thereby conflicts with, violates, or results in a breach of: (i) any Applicable Law; or (ii) any term or condition of any judgment, decree, mortgage, indenture, lease, agreement, or instrument to which the City is a party or by which the City or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, mortgage, indenture, lease, agreement, or instrument; and

(e) There is no action, suit, or other proceeding at law or in equity, before or by any court or governmental authority, pending or, to the City's knowledge, threatened against the City which affects or reasonably could be expected to materially and adversely affect the execution or delivery of this Agreement or the validity or enforceability of this Agreement, or which would materially and adversely affect the performance by the City of its obligations hereunder or thereunder.

7.2 Representations and Warranties of Project Company.

Project Company hereby represents and warrants to the City as of the Effective Date as follows:

7.2.1 Project Company is duly organized and validly existing as a limited liability company under the laws of the State of California, with full legal right, power, and authority to enter into and perform its obligations under this Agreement. Project Company is, or will be prior to commencement of construction of the Project, authorized to do business in the State of California;

7.2.2 The execution and delivery of this Agreement, the contractual arrangements contemplated herein, and the performance of the obligations and duties of Project Company hereunder, have been duly authorized by all necessary and appropriate action in accordance with Applicable Law;

7.2.3 This Agreement has been duly executed and delivered by a duly and properly authorized manager or officer of Project Company, and constitutes a legal, valid, and binding obligation of Project Company, enforceable against Project Company in accordance with its terms;

7.2.4 Subject to the receipt of all required permits and approvals, neither the execution and delivery by Project Company of this Agreement, nor the performance by Project Company of its obligations hereunder, nor the consummation by Project Company of the transactions contemplated hereby conflicts with, violates, or results in a breach of: (i) any Applicable Law; or (ii) any term or condition of any judgment, decree, mortgage, indenture, lease, agreement, or instrument to which Project Company is a party or by which Project Company or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, mortgage, indenture, lease, agreement, or instrument; and

7.2.5 There is no action, suit, or other proceeding at law or in equity, before or by any court or governmental authority, pending or, to Project Company's knowledge, threatened against Project Company which affects or reasonably could be expected to materially and adversely affect the execution or delivery of this Agreement or the validity or enforceability of this Agreement, or which would materially and adversely affect the performance by Project Company of its obligations hereunder or thereunder.

ARTICLE VIII
MISCELLANEOUS

8.1 Sovereign Immunity. City represents, warrants and covenants to Project Company that under City's enabling act, it is not entitled to raise the defense of sovereign immunity with respect to claims arising out of this Agreement. Under its enabling act, City does not have sovereign immunity (and any defense based thereon) as to it in respect of the enforcement and execution of any award or other relief (pecuniary or otherwise) rendered against it in accordance with the provisions of this Agreement. Nothing in this Agreement shall limit or waive any provision of the Government Claims Act (Cal. Gov't Code §§ 810-998.3) or any other provision of Applicable Law.

8.2 Cost and Expenses. Except as and to the extent expressly provided otherwise herein, each Party shall bear its own costs and expenses in the performance of this Agreement.

8.3 Compliance. The Parties shall perform this Agreement in compliance with Applicable Law.

8.4 Confidentiality. Each Party agrees to maintain as confidential and not disclose this Agreement, as well as any financial information, trade secrets, and other confidential information disclosed in the performance of this Agreement, which information is non-public, confidential, or proprietary and which is developed by or on behalf of the other Party during the course of the transactions contemplated hereunder except to the extent disclosure of such information is required by Applicable Law, including, without limitation, the Ralph M. Brown Act (Cal. Gov't Code §§ 54950-54963) and California Public Records Act (Cal. Gov't Code §§ 6250-6277), and except that Project Company shall be entitled to disclose such information to its affiliates and Project Company's and such affiliates' employees, attorneys, agents, contractors and consultants and to potential investors and financing parties. No Party shall issue any press release regarding this Agreement or the relationship of the Parties except with the prior written consent of the other Party. This provision shall survive termination of this Agreement. If and to the extent that any disclosure of Project Company's confidential information, including but not limited to any information about the HZI Technology that is not readily available in the public domain,

is compelled by Applicable Law, the City shall give Project Company as much advance written notice as is reasonably practicable prior to disclosure so that Project Company may take such action as it deems necessary to protect its confidential information and/or to prevent its disclosure by court order or otherwise.

8.5 Legal Relationship. The legal relationship of the Parties hereunder shall be contractual in nature and shall be governed by the terms of this Agreement. Nothing herein shall be construed to create a partnership or joint venture or impose the duties, obligations or liabilities associated with a partnership or joint venture on or with regard to either Party, or to create a principal/agent relationship between the Parties. Notwithstanding anything herein to the contrary, Project Company shall not have the authority to bind City to any contract or other obligation absent the agreement of City and vice versa.

8.6 Limitation of Liability. NO PARTY SHALL BE LIABLE TO THE OTHER PARTY, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR ANY OTHER LEGAL THEORY FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF REVENUE, LOSS OF PROFIT OR LOSS OF BUSINESS OPPORTUNITY, EXCEPT IN CASES OF FRAUD OR WILLFUL MISCONDUCT OR WHERE SUCH DAMAGES CONSTITUTE AN ELEMENT OF A THIRD PARTY CLAIM WITH RESPECT TO WHICH A PARTY HAS INDEMNIFICATION OBLIGATIONS HEREUNDER.

8.7 Governing Law; Jury Trial Waiver.

(a) The construction, validity and performance of this Agreement shall be governed by the laws of the State of California without regard to conflict of law principles. THE PARTIES AGREE TO SUBMIT TO THE JURISDICTION OF AND VENUE IN THE FEDERAL COURT IN LOS ANGELES, CALIFORNIA AND THE STATE COURTS IN LOS ANGELES COUNTY, CALIFORNIA IN ANY SUIT, ACTION OR PROCEEDING SEEKING TO ENFORCE ANY PROVISION OF, OR BASED ON ANY MATTER ARISING OUT OF OR IN CONNECTION WITH, THIS AGREEMENT, AND AGREE NOT TO BRING ANY SUIT, ACTION OR PROCEEDING IN ANY OTHER FORUM OR TRIBUNAL EXCEPT WHERE APPROPRIATE TO ENFORCE THE JUDGMENT OF SUCH A COURT. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING BY REGISTERED OR CERTIFIED MAIL ADDRESSED AND SENT TO THE NOTICE ADDRESS SET FORTH IN SECTION 8.14.

(b) TO THE FULLEST EXTENT PERMITTED BY LAW, THE CITY AND PROJECT COMPANY HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER IN ANY MATTERS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE PROJECT AND ANY CLAIM OF INJURY OR DAMAGE.

8.8 Intellectual Property. Any disclosure to or use by City of the proprietary information, confidential information or intellectual property of Project Company or its affiliates, including the HZI Technology, shall not be considered as a transfer of title to or a license to use such information or intellectual property, and ownership of the same shall at all times remain with Project Company or the applicable affiliate. Nothing in this Agreement shall be construed as imposing an obligation of Project Company or its affiliates to share with City any information or intellectual property. In the event Project Company or the applicable affiliate discloses information or intellectual property to City, including the

HZI Technology, City's use of such information or intellectual property shall be limited to evaluation of the Project and performance of obligations under this Agreement and for no other purposes. IN THE EVENT PROJECT COMPANY OR THE APPLICABLE AFFILIATE DISCLOSES INTELLECTUAL PROPERTY UNDER THIS AGREEMENT, SUCH PARTY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE QUALITY, ACCURACY, MERCHANTABILITY, VALIDITY, ENFORCEABILITY, FITNESS FOR A PARTICULAR PURPOSE OR COMPLETENESS OF ANY INFORMATION OR INTELLECTUAL PROPERTY, OR AS TO THE NON- INFRINGEMENT OF INFORMATION OR INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES, AND CITY (ON BEHALF OF ITSELF AND REPRESENTATIVES) EXPRESSLY ACKNOWLEDGES THE INHERENT RISK OF ERROR IN THE USE, ACQUISITION, PROCESSING AND INTERPRETATION OF INFORMATION OR INTELLECTUAL PROPERTY. PROJECT COMPANY AND ITS AFFILIATES SHALL HAVE NO LIABILITY WHATSOEVER WITH RESPECT TO THE USE OF OR RELIANCE UPON ANY DISCLOSED INFORMATION OR INTELLECTUAL PROPERTY BY CITY (OR ITS REPRESENTATIVES).

8.9 Assignment; Amendment. No Party may assign this Agreement without the prior written consent of the other Party; provided that Project Company shall be entitled to collaterally assign its right, title and interest in this Agreement to the financing parties advancing debt with respect to the Project. City shall enter into a Consent Agreement by and among City, Project Company and such financing parties on terms mutually agreed among such parties. Project Company shall pay all expenses reasonably incurred by City in connection with the negotiation and execution of such Consent Agreement. No waiver of or amendment to this Agreement shall be effective unless it is in writing and executed by the Parties hereto or the Party making the waiver. This Agreement sets forth the entire agreement of the Parties with respect to the subject matter hereof and any prior agreement, oral or written, is hereby superseded by this Agreement. All Article headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

8.10 Waiver. No failure or delay on the part of the Parties in exercising any right, power or privilege hereunder, shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder preclude the simultaneous or later exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Parties would otherwise have.

8.11 Counterparts; Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Any such executed counterpart may be delivered electronically, by facsimile or in pdf format, and, as so delivered, shall be legally enforceable in accordance with its terms.

8.12 No Third-Party Beneficiaries. The terms and conditions of this Agreement are solely for the benefit of the Parties and no other entity or person shall have any rights hereunder; provided further that any affiliate of Project Company with an ownership interest in the HZI Technology shall be entitled to enforce the terms hereof with respect to the ownership, use, disclosure and protection of the HZI Technology.

8.13 Limitations on Agreement. Nothing in this Agreement is, or shall be interpreted to be, a commitment by the City to (a) dispose of land to Project Company, (b) issue any required permit or

approval (land use or otherwise) or (c) perform any other acts or activities not otherwise addressed herein requiring the subsequent independent exercise of discretion by the City.

8.14 Notices. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly dispatched if delivered in person, sent by a nationally recognized overnight courier postage prepaid, or mailed by certified mail postage prepaid return receipt requested, to the addresses set forth below.

To Project Company:

HZI LANCASTER, LLC
Attn: Chief Executive Officer
10100 Global Way Suite 210
Knoxville TN 37932

With a copy to:

Hitachi Zosen Inova U.S.A. LLC
Attn: Legal Counsel, North America
10100 Global Way, Suite 210
Knoxville, TN 37932

To City:

City of Palmdale
Attn: City Manager
38300 Sierra Highway
Palmdale, CA 93550

[Signature page follows.]

DRAFT

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

HZI LANCASTER, LLC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

CITY OF PALMDALE, CA
A MUNICIPAL CORPORATION

By: _____

Name: Ronda Perez

Title: Interim City Manager

ATTEST:

By: _____

Name: _____

Title: City Clerk

APPROVED AS TO FORM:

By: _____

Name: _____

Title: City Attorney

DRAFT

ADDENDUM I
DEFINITIONS

"Acceptable Waste" means all of the City's residential, commercial, industrial and other organic waste including green waste, yard waste and food waste which satisfies the specifications as set forth in Addendum II.

"Agreement" has the meaning set forth in the Preamble hereof.

"Applicable Law" means any and all statutes, codes, laws, constitutions, charters, ordinances, resolutions, judgments, orders, writs, decrees, consents, guidelines, rules, requirements, actions, determinations, regulations, directives, standards, or similarly binding authorities of any governmental or judicial authority (whether federal, state, local, municipal or otherwise), whether now existing or hereafter enacted, adopted, promulgated, issued or enforced.

"Claims" means claims, demands, lawsuits, causes of action, obligations, liabilities, damages, losses, costs, and/or expenses (including reasonable expenses of litigation, including court costs, expert witness fees and attorneys' fees).

"City" has the meaning set forth in the Preamble hereof

"City Indemnified Party" has the meaning set forth in Section 6.1(a).

"Delivery Start Date" means the date designated by Project Company for the commencement of deliveries of Acceptable Waste at the Project after its initial commissioning period (within 6 months after Project Completion), notice of which shall be provided to the Waste Manager in accordance with the Supply Agreement.

"Effective Date" has the meaning set forth in Section 2.1.

"Event of Default" has the meaning set forth in Section 5.1 and Section 5.2.

"Force Majeure" means an event, condition or development beyond the reasonable control of the City or Project Company, which prevents or delays such party (the "Affected Party") from complying with any of its obligations under this Agreement (other than an obligation to pay any monies required to be paid hereunder), including, without limitation: (i) acts of God (such as, but not limited to, fires, explosions, earthquakes, pandemics, severe weather, droughts, and floods); (ii) war, hostilities (whether war is declared or not), invasion, act of foreign enemies, mobilization, requisition, or embargo; (iii) rebellion, revolution, insurrection, military or usurped power, or civil war; (iv) riot, commotion, strikes, slow-downs, lock outs, or disorder, unless solely restricted to employees of the City or Project Company; (v) acts or omissions of the other Party; (vi) shortages of or delay in the ability to obtain qualified union labor, equipment or materials, (vii) acts or threats of terrorism; or (ix) any change in Applicable Law after the Effective Date. The Affected Party shall not be considered in breach of this Agreement to the extent that performance of its obligations is prevented or delayed by an event of Force Majeure that arises after the Effective Date. The Affected Party shall give notice to the other party of an event of Force Majeure promptly upon it becoming known to the Affected Party. Notwithstanding the occurrence of any event of Force Majeure, the Affected Party shall continue to perform all of its remaining obligations under the Agreement, to the extent practicable, and shall use

commercially reasonable efforts to mitigate the effects of such event of Force Majeure on its obligations under this Agreement.

"Hazardous Waste" includes waste products which exhibit characteristics for reactivity, ignitability, corrosivity, or toxicity, as defined by RCRA, as amended, as hazardous waste or is otherwise treated as hazardous under Applicable Law. By way of example and not of limitation, Hazardous Waste includes drain cleaners, latex and oil paint, motor oil, antifreeze, fuel, poisons, pesticides, herbicides and rodenticides, fluorescent lamps, lamp ballasts, smoke detectors, medical waste, some types of cleaning chemicals, and consumer electronics (such as televisions, computers, and cell phones).

"Outside Date" has the meaning set forth in Section 2.1(b).

"Party" or "Parties" has the meaning set forth in the Preamble hereof.

"Person" means any individual, firm, corporation, general or limited partnership, company, limited liability company, trust, joint venture, union, estate, organization, association, federal, state, local, or foreign government, court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality or self-regulatory authority, or any other similar entity.

"Project" has the meaning set forth in the Recitals hereof.

"Project Company" has the meaning set forth in the Preamble hereof

"Project Company Indemnified Party" has the meaning set forth in Section 6.1(b).

"Project Completion" means the Project has been constructed, commissioned and started-up and is capable of processing Acceptable Waste using the HZI Technology in accordance with the applicable Project documents.

"RCRA" means the Resource Conservation and Recovery Act.

"Solid Waste" means solid waste materials from residential, commercial, industrial, institutional, agricultural, community, or other activities.

"Supply Agreement" has the meaning set forth in Section 3.1.

"Term" has the meaning set forth in Section 2.1.

"Third Party" means any Person other than Project Company, any affiliate of Project Company, or the City.

"Third Party Claim" means any claim, demand, lawsuit, cause of action, or proceeding by a Third Party for which indemnification may be sought by a party under Article VI.

"Unacceptable Waste" means anything which is not Acceptable Waste, as further set forth and defined in the specifications in Addendum II.

"Waste Management Agreement" has the meaning set forth in Section 7.1(d).

"Waste Manager" means one or more Third Party vendors or service providers engaged by City from time to time in connection with the treatment and processing of the City's Acceptable Waste

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ADDENDUM II
ACCEPTABLE WASTE

Acceptable Waste (or Acceptable Feedstock) means the following; provided that such waste is of a type that the Project is permitted to accept under Applicable Law and/or any permit applicable thereto:

- Food Waste: food material resulting from the processing, storage, preparation, cooking, handling, or consumption of food. This type includes material from industrial, commercial, or residential sources. Examples include discarded meat scraps, dairy products, eggshells, fruit or vegetable peels, and other food items from homes, stores, and restaurants. This may also include limited amounts of Food Soiled Paper. This type includes grape pomace and other processed residues or material from canneries, wineries, or other industrial sources;

- Leaves and Grass (Green Waste): plant material, except woody material, from industrial, commercial, or residential sources. Examples include leaves, grass clippings, plants, and seaweed. This type does not include woody material or material from agricultural sources;

- Prunings and Trimmings (Green Waste): woody plant material up to 4 inches in diameter from industrial, commercial, or residential sources. Examples include prunings, shrubs, and small branches with branch diameters that do not exceed 4 inches. This type does not include stumps, tree trunks, branches exceeding 4 inches in diameter and 6 feet in length, or material from agricultural sources.

Incidentally Acceptable Waste shall be limited to [2.5%] of Acceptable Waste measured by [weight or volume] and shall mean plastic bags for food waste, plastic film, and food-soiled paper which is incidentally disposed of and included with the green and organic food waste, and which cannot be removed by Waste Manager using reasonable commercial efforts.

Unacceptable Waste (or Unacceptable Feedstock) means anything that is not Acceptable Waste and that is not compatible with any Approval or License including, but not limited to:

- Branches and Stumps - Branches and Stumps means woody plant material, branches, and stumps that exceed 4 inches in diameter and 6 feet in length, from any public or private landscape;

- Manures - manure and soiled bedding materials from large domestic, farm, or ranch animals. Examples include manure and soiled bedding from animal production operations, racetracks, riding stables, animal hospitals, and other sources. Does not include feces from small household pets such as dogs and cats;

- Textile – items made of thread, yarn, fabric, or cloth. Examples include clothes, fabric trimmings, draperies, and all natural and synthetic cloth fibers. This type does not include cloth-covered furniture, mattresses, leather shoes, leather bags, or leather belts;

- Carpet – flooring applications consisting of various natural or synthetic fibers bonded to some type of backing material. This type does not include carpet padding or woven rugs with no backing;

- Remainder / Composite Organic – organic material that cannot be put in any other type. This type includes items made mostly of organic materials, but combined with other material types. Examples include leather items, cork, hemp rope, garden hoses, rubber items, hair, carpet padding, cigarette butts, diapers, feminine hygiene products, small wood products (such as Popsicle sticks and

toothpicks), treated lumber, sawdust, agricultural crop residues, and animal feces from small household pets such as dogs and cats;

- BioSolids - Solids derived from primary, secondary or advanced treatment of sanitary;

- Crop Residues - Materials generated by the production, harvesting and processing of agricultural or horticultural plants. These residues include but are not limited to stalks, stems, leaves, seed pods, husks, bagasse, and roots;

- Silviculture Waste - Residuals and by-products of cutting trees, including but not limited to tree stumps, sawdust, pallets, and lumber that has been treated chemically or with adhesives and coatings such as paint, glue, or any other visible contaminant;

- Recyclable materials, either as a single material or co-mingled materials, separated or collected for recycling;

- Hazardous Waste, including any material or substance having characteristics that pose a risk or threat to public health, safety or welfare or to the environment (including any material or substance that is carcinogenic, corrosive, explosive, flammable, infectious, mutagenic, oxidizing, radioactive, teratogenic or toxic);

- liquids and slurries;

- glass;

- plastics;

- rocks;

- salts;

- chemical residues;

- explosives;

- un-shredded bulky goods;

- un-shredded mattresses;

- batteries (including car batteries);

- clinical, medical or hospital waste (including medicines and containers containing medicines, and containers that have contained medicines);

- household goods and electric goods (including white goods), such as tools, equipment (including lawn mowers);

- toys;

- sporting goods and playground equipment;

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- e-waste, including computer equipment and mobile telephones;
- hot water heaters and bathroom ware (for example baths, shower recesses and vanity cabinets);
- acids and alkalis, and containers containing acids and alkalis or which have contained acids or alkalis;
- pesticides and containers containing pesticides or which have contained pesticides;
- herbicides and containers containing herbicides or which have contained herbicides;
- paints and solvents and containers containing either of them or which have contained either of them;
- automotive components;
- asbestos and asbestos products;
- gas cylinders;
- ammunition;
- radioactive wastes, including nuclear medicine; or
- animal mortalities.

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ADDENDUM III
GUARANTY

This Guaranty (this "Guaranty") is dated as of _____ __, 202__, and is entered into by **Hitachi Zosen Inova AG** ("Guarantor"), in favor of the **City of Palmdale, California** (the "City"), to guaranty certain obligations of **HZI Lancaster, LLC** ("HZI").

1. In consideration of City's willingness to enter that certain Organic Feedstock Disposal Agreement dated on or about the date hereof by and between HZI and the City (the "OFDA"), Guarantor hereby irrevocably and unconditionally guarantees to the City the full and prompt performance of any and all obligations of HZI under the OFDA, when the same shall become due to the City under the OFDA, whether upon demand, upon declaration of termination or otherwise (the "Guaranteed Obligations"). This Guaranty is for the benefit of the City and its successors and permitted assigns, and nothing herein contained shall impair, as between the City and HZI, the obligations of HZI under the OFDA.

2. The City may at any time, and from time to time, without the consent of, or notice to Guarantor, without incurring responsibility to Guarantor and without impairing or releasing the obligations of Guarantor hereunder:

(a) exercise or refrain from exercising any rights against HZI; and

(b) consent to or waive any breach of, or any act, omission or default under, the OFDA, or otherwise amend, modify or supplement the OFDA (with HZI consent).

3. Guarantor makes the following representations and warranties to the City as of the date hereof:

(a) Guarantor is a corporation duly incorporated, validly existing and in good standing under the laws of Switzerland and has all requisite power and authority to conduct its business.

(b) Guarantor has full power and authority to execute and deliver this Guaranty and to perform its obligations hereunder. The execution and delivery of this Guaranty and the performance by Guarantor of its obligations hereunder have been duly authorized and approved by all necessary corporate action on the part of Guarantor and do not require any further authorization or consent of Guarantor. This Guaranty constitutes the valid and legally binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except to the extent such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles relating to or limiting creditors' rights generally and by general principles of equity.

(c) The execution and delivery by Guarantor of this Guaranty, the performance by Guarantor of its obligations hereunder and the consummation of the transactions contemplated hereby do not and will not conflict with, result in any breach or violation of, or constitute a default under (i) the organizational or governing documents of Guarantor, (ii) any law to which Guarantor is subject or by which Guarantor's assets or properties are bound, or (iii) any material agreement, license or permit to which Guarantor is a party that is necessary for the operation of its business or the ownership or holding of its assets or properties.

(d) There are no proceedings pending or, to Guarantor's knowledge, threatened before any court or administrative agency, which could reasonably be expected to be decided adversely, and which would materially adversely affect the financial condition of Guarantor or the authority of Guarantor to enter into, or the validity or enforceability of, this Guaranty.

(e) As of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is solvent.

(f) Guarantor has a substantial economic interest in HZI and expects to derive substantial benefits from the transactions of HZI under the OFDA.

4. Guarantor hereby unconditionally and irrevocably waives as a condition to performance by Guarantor of the Guaranteed Obligations:

(a) notices of presentment to or demand from the City with respect to the Guaranteed Obligations, and notice of default or protest or failure by HZI to perform and comply with its obligations under the OFDA;

(b) any right to require a proceeding first against HZI or any other person or the security provided by or under the OFDA;

(c) any requirement that HZI or any other person be joined as a party to any proceeding for the enforcement of any term of the OFDA;

(d) the filing of claims by the City in the event of the receivership or bankruptcy of HZI;

(e) any duty on the part of the City to keep Guarantor informed of the financial condition of HZI and of any circumstances bearing on the risk of non-performance of any Guaranteed Obligations.

5. This Guaranty is a continuing guaranty of all Guaranteed Obligations arising on or after the date of this Guaranty, and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. The obligations of Guarantor under this Guaranty are absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged or terminated by, any action or inaction by HZI other than full performance of the Guaranteed Obligations.

6. Notwithstanding anything in this Guaranty, the obligations or liability of Guarantor hereunder to the City shall not be construed as imposing greater obligations or liability on the Guarantor than are imposed on HZI under the terms of the OFDA, and Guarantor shall be entitled to all defenses, limitations and exclusions available to HZI under the OFDA and applicable law (other than defenses in respect of HZI's insolvency or legal incapacity). Nothing in this Guaranty is intended to or will render HZI or the Guarantor liable for the same loss twice for one breach of the OFDA by HZI.

7. This Guaranty shall be binding upon Guarantor and its successors and permitted assigns. The City may not assign its rights or obligations under this Guaranty without the prior written consent of Guarantor.

8. Guarantor shall be in default under this Guaranty if: (i) Guarantor is in breach of any duty, obligation, representation, warranty or covenant hereunder after written notice of default and 30 days' opportunity to cure; or (ii) Guarantor files for protection under any state or federal bankruptcy or other insolvency law, or an action shall be filed against Guarantor under any such law.

9. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except pursuant to a written agreement executed by Guarantor and consented to by the City.

10. Guarantor agrees that its obligations under this Guaranty shall be unaffected by the voluntary or involuntary bankruptcy of HZI, assignment for the benefit of creditors, reorganization, or similar proceedings affecting HZI or any of its assets. If, by reason of any bankruptcy, insolvency or similar laws affecting the rights of creditors, the City is prohibited from exercising any of its rights or remedies against HZI or any of its assets, then, as between the City and Guarantor, such prohibition shall be of no force and effect, and the City shall have the right to make demand upon, and receive performance from, Guarantor of all Guaranteed Obligations that are then due to the City. Guarantor agrees that this Guaranty shall remain in full force and effect or be reinstated (as the case may be) if at any time performance of any of the Guaranteed Obligations is rescinded.

11. This Guaranty shall be interpreted and construed in accordance with the laws of the State of California, without giving effect to the rules, policies, or principles thereof with respect to conflicts of laws. Any and all disputes shall be resolved exclusively through the dispute resolution procedures set forth in the OFDA.

[*Signature page follows.*]

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IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed as of the date first set forth above.

HITACHI ZOSEN INOVA AG

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

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NOTICE OF PUBLIC HEARING
BY THE CITY COUNCIL OF THE CITY OF PALMDALE

A Public Hearing will be held by the City Council of the City of Palmdale in the City Hall Council Chamber, 38300 Sierra Highway, Suite B, Palmdale, California, on May 4, 2022, at 7:00 p.m. The City Council will review and consider the following items:

> Adopt Resolution No. CC 2022-046, a Resolution of the City Council of the City of Palmdale authorizing the Interim City Manager and City Attorney to negotiate and execute an Organic Feedstock Disposal Agreement with HZI Lancaster, LLC.
>
> The City Council of the City of Palmdale, California, shall hold a public hearing for the purpose of taking public comment and adopting a Resolution authorizing the Interim City Manager and City Attorney to, pending the positive results of an organics feasibility study, negotiate and execute an Organic Feedstock Disposal Agreement with HZI Lancaster, LLC for the processing of City organics and certain energy related improvements to City facilities in accordance with California Government Code Section 4217.10 to 4217.18. The City Council shall adopt findings that provide, and the Organic Feedstock Disposal Agreement shall require, that the cost to the City to implement the energy related stipulations per this contract will be less than the anticipated marginal cost to the City of thermal, electrical, or other energy that would have been consumed by the City in absence of the agreement.

Prior to the meeting, the public is invited to submit written comments on these matters to envirotech@cityofpalmdale.org. Please address correspondence to the Environmental Resources Division.

The Council Chamber will be open for public comment including public seating. Citizens are asked to practice social distancing.

Please note: 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.

If you challenge the City Council decision in court, you may be limited to raising only those issues you or someone else raised at the public meeting described in this notice, or in written correspondence delivered to the Environmental Resources Division at, or prior to, the public meeting.

Chuck Heffernan, P.E.
DIRECTOR OF PUBLIC WORKS

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **4**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-050, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $15,000,000 TO FINANCE AND REFINANCE A 48-UNIT MULTIFAMILY HOUSING FACILITY FOR THE BENEFIT OF 9TH STREET E. HOUSING, LP, A CALIFORNIA LIMITED PARTNERSHIP, OR ANOTHER ENTITY TO BE CREATED BY MILARE HOUSING INVESTMENTS, INC. (OR AN AFFILIATE), AND CERTAIN OTHER MATTERS RELATING THERETO**

ISSUE

Adopt Resolution No. CC 2022-050, a Resolution of the City Council of the City of Palmdale approving the issuance of revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed $15,000,000 to finance and refinance a 48-unit multifamily housing facility got the benefit of 9th Street E. Housing, LP., a limited partnership, or another entity to be created by Milare Housing Investments, Inc. (or an affiliate), and certain other matters relating thereto.

RECOMMENDATION

Adopt Resolution No. CC 2022-050, approving a plan of finance for the issuance of the California Municipal Finance Authority revenue bonds (Bana at Palmdale Apartments Project) in an aggregate amount not to exceed $15,000,000 to finance and refinance the acquisition, construction, improvement and equipping of a 48-unit multifamily rental housing facility for low-income households (the "Project") located at 38732 9th Street E. in Palmdale, California.

BACKGROUND

Milare Housing Investments, Inc. (the "Sponsor"), on behalf of 9th Street E. Housing, LP, a California limited partnership, (the "Borrower") has applied to the California Municipal Finance Authority (the "CMFA") to issue tax-exempt revenue bonds in an amount not to exceed $15,000,000 finance and refinance the acquisition, construction, improvement and equipping of a 48-unit multifamily rental housing facility for low-income households (the "Project") to be owned and operated by the Borrower and located at 38732 9th Street

E. in Palmdale, California. The Project will be owned by 9th Street E. Housing, LP (the "Borrower") or a partnership of which Milare Housing Investments, Inc. (the "Developer") or a related person to the Developer is the general partner.

DISCUSSION

The CMFA 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 CMFA is authorized to issue bonds to promote economic development and public benefit. It has issued over $25 billion of bonds for more than 330 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 CMFA'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 CMFA 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

CMFA 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.

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-050

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-050

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $15,000,000 TO FINANCE AND REFINANCE A 48-UNIT MULTIFAMILY HOUSING FACILITY FOR THE BENEFIT OF 9TH STREET E. HOUSING, LP, A CALIFORNIA LIMITED PARTNERSHIP, OR ANOTHER ENTITY TO BE CREATED BY MILARE HOUSING INVESTMENTS, INC. (OR AN AFFILIATE), AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Milare Housing Investments, Inc. (the "Sponsor"), on behalf of 9th Street E. Housing, LP, a California limited partnership, or another entity to be created by the Sponsor or an affiliate of the Sponsor for the purpose of owning the project described herein (such limited partnership or other entity being referred to herein as the "Borrower"), has requested that the California Municipal Finance Authority (the "Authority") issue one or more series of revenue bonds in an aggregate principal amount not to exceed $15,000,000 (the "Bonds"), including but not limited to revenue bonds issued as part of a plan to (1) finance and refinance the acquisition, construction, improvement and equipping of a 48-unit multifamily rental housing facility for low-income households (the "Project") to be owned and operated by the Borrower and located at 38732 9th Street E. in Palmdale, California (the "City"), and (2) pay certain expenses in connection with the issuance of the Bonds; and

WHEREAS, an "applicable elected representative" of a jurisdiction in which the Project is to be located is required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the City Council of the City of Palmdale is the elected legislative body of the City and is an "applicable elected representative" for purposes of 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 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;

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 recitals are true and correct.

SECTION 2. The City Council hereby approves the issuance of the Bonds by the Authority, including but not limited to Bonds issued as part of a plan to finance and refinance the facilities described herein. 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 Project, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of a governmental unit having jurisdiction over the area in which the Project is to be 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. The Clerk shall forward a certified copy of this Resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111

SECTION 7. This resolution shall take effect immediately upon its adoption.

PASSED, **APPROVED** and **ADOPTED** this 4th day of May, 2022.

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 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____

_____
Shanae S. Smith, City Clerk

ANTELOPE VALLEY PRESS

This space for filing stamp only

37404 SIERRA HWY, PALMDALE, CA 93550
Telephone (661) 267-4112 / Fax (661) 947-4870

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of LOS ANGELES) ss

Notice Type: HRG - NOTICE OF HEARING

Ad Description:
TEFRA NOTICE - BANA

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the ANTELOPE VALLEY PRESS, a newspaper published in the English language in the city of LANCASTER, county of LOS ANGELES, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of LOS ANGELES, State of California, under date 04/11/1956, Case No. 657770. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

04/22/2022

Executed on: 04/22/2022
At PALMDALE ,CA

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Signature

Email

* A 0 0 0 0 0 5 9 8 5 2 0 5 *

CNS#: 3573355

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on May 4th, 2022, a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 will be held with respect to the proposed issuance by the California Municipal Finance Authority (the "Authority") of its revenue bonds in one or more series in an amount not to exceed $15,000,000 (the "Bonds"), including but not limited to revenue bonds issued as part of a plan to: (1) finance and refinance the acquisition, development, construction and equipping of a 48-unit multifamily rental housing facility for low-income households to be located at 38732 9th Street E. in Palmdale, California (the "City"); and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned and operated by 9th Street E. Housing, LP, a California limited partnership, or another entity to be created by Milare Housing Investments, Inc. or an affiliate thereof (the "Borrower").

The Bonds and the obligation to pay principal thereof and interest thereon and any redemption premium with respect thereto do not constitute indebtedness or an obligation of the City, 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 at City Council Chamber, 38300 Sierra Highway, Suite B, Palmdale, California 93550. 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 and 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, Suite C, Palmdale, California 93550.

Dated and published: April 22, 2022
4/22/22

CNS-3573355#

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

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

DISTRICT: **4**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-051, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $25,000,000 TO FINANCE AND REFINANCE A 70-UNIT MULTIFAMILY HOUSING FACILITY FOR THE BENEFIT OF A LIMITED PARTNERSHIP OR ANOTHER ENTITY TO BE CREATED BY NEWPORT PARTNERS, LLC (OR AN AFFILIATE), AND CERTAIN OTHER MATTERS RELATING THERETO**

ISSUE

Adopt Resolution No. CC 2022-051, a Resolution of the City Council of the City of Palmdale approving the issuance of revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed $25,000,000 to finance and refinance a 70-unit multifamily housing facility for the benefit of a Limited Partnership or entity to be created by Newport Partners, LLC., (or and affiliate), and certain other matters relating thereto.

RECOMMENDATION

Adopt Resolution No. CC 2022-051, approving a plan of finance for the issuance of the California Municipal Finance Authority revenue bonds (Juniper Valley Homes Apartments Project) in an aggregate amount not to exceed $25,000,000 to finance and refinance the acquisition, construction, improvement and equipping of a 70-unit multifamily rental housing facility for low-income households (the "Project") to be located on a site west of 25th Street E, south of E Avenue Q4, north of E Palmdale Boulevard and east of 22nd Street E in the City of Palmdale, California.

BACKGROUND

Newport Partners, LLC (the "Sponsor"), on behalf of a limited partnership or another entity to be created by the Sponsor or an affiliate of the Sponsor for the purpose of owning the project described herein (such limited partnership or other entity being referred to herein as the "Borrower") has applied to the California Municipal Finance Authority (the "CMFA") to issue tax-exempt revenue bonds in an amount not to exceed $25,000,000 to finance and refinance the acquisition, construction, improvement and equipping of a 70-unit

multifamily rental housing facility for low-income households to be owned and operated by the Borrower and to be located on a site west of 25th Street E, south of E Avenue Q4, north of E Palmdale Boulevard and east of 22nd Street E in the City of Palmdale, California

DISCUSSION

The CMFA 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 CMFA is authorized to issue bonds to promote economic development and public benefit. It has issued over $25 billion of bonds for more than 330 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 CMFA'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 CMFA 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

CMFA 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.

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:	Janelle Samson, Director of Finance
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2022-051

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-051

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $25,000,000 TO FINANCE AND REFINANCE A 70-UNIT MULTIFAMILY HOUSING FACILITY FOR THE BENEFIT OF A LIMITED PARTNERSHIP OR ANOTHER ENTITY TO BE CREATED BY NEWPORT PARTNERS, LLC (OR AN AFFILIATE), AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Newport Partners, LLC (the "Sponsor"), on behalf of a limited partnership or another entity to be created by the Sponsor or an affiliate of the Sponsor for the purpose of owning the project described herein (such limited partnership or other entity being referred to herein as the "Borrower"), has requested that the California Municipal Finance Authority (the "Authority") issue one or more series of revenue bonds in an aggregate principal amount not to exceed $25,000,000 (the "Bonds"), including but not limited to revenue bonds issued as part of a plan to (1) finance and refinance the acquisition, construction, improvement and equipping of a 70-unit multifamily rental housing facility for low-income households (the "Project") to be owned and operated by the Borrower and to be located on a site west of 25th Street E, south of E Avenue Q4, north of E Palmdale Boulevard and east of 22nd Street E in the City of Palmdale, California (the "City"), and (2) pay certain expenses in connection with the issuance of the Bonds; and

WHEREAS, an "applicable elected representative" of a jurisdiction in which the Project is to be located is required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is an "applicable elected representative" for purposes of 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 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;

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 recitals are true and correct.

SECTION 2. The City Council hereby approves the issuance of the Bonds by the Authority, including but not limited to Bonds issued as part of a plan to finance and refinance the facilities described herein. 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 Project, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of a governmental unit having jurisdiction over the area in which the Project is to be 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. The Clerk shall forward a certified copy of this Resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111

SECTION 7. This resolution shall take effect immediately upon its adoption.

PASSED, **APPROVED** and **ADOPTED** this 4th day of May, 2022.

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 4th day of May, 2022 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____

_____
Shanae S. Smith, City Clerk

ANTELOPE VALLEY PRESS

This space for filing stamp only

37404 SIERRA HWY, PALMDALE, CA 93550
Telephone (661) 267-4112 / Fax (661) 947-4870

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of LOS ANGELES) ss

Notice Type: HRG - NOTICE OF HEARING

Ad Description:
TEFRA NOTICE - JUNIPER VALLEY TOWNHOMES

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the ANTELOPE VALLEY PRESS, a newspaper published in the English language in the city of LANCASTER, county of LOS ANGELES, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of LOS ANGELES, State of California, under date 04/11/1956, Case No. 657770. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

04/22/2022

Executed on: 04/22/2022
At PALMDALE ,CA

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Signature

Email

* A 0 0 0 0 0 5 9 8 6 6 0 1 *

CNS#: 3573871

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on May 4th, 2022, a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 will be held with respect to the proposed issuance by the California Municipal Finance Authority (the "Authority") of its revenue bonds in one or more series in an amount not to exceed $25,000,000 (the "Bonds"), including but not limited to revenue bonds issued as part of a plan to: (1) finance and refinance the acquisition, development, construction and equipping of a 70-unit multifamily rental housing facility for low-income households to be located on a site west of 25th Street E, south of E Avenue Q4, north of E Palmdale Boulevard and east of 22nd Street E in the City of Palmdale, California (the "City"); and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned and operated by a limited partnership or another entity to be created by Newport Partners, LLC, or an affiliate thereof (such limited partnership or other entity, the "Borrower").

The Bonds and the obligation to pay principal thereof and interest thereon and any redemption premium with respect thereto do not constitute indebtedness or an obligation of the City, 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 at City Council Chamber, 38300 Sierra Highway, Suite B, Palmdale, California 93550. 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 and 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, Suite C, Palmdale, California 93550.

Dated and published: April 22, 2022
4/22/22

CNS-3573871#

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY ATTORNEY'S OFFICE/CITY MANAGER'S OFFICE**

DISTRICT: **ALL**

SUBJECT: **DISCUSS A POTENTIAL AMENDMENT TO THE PALMDALE MUNICIPAL CODE (CHAPTER 2.08.040) REGARDING REGULAR MEETING, DATE, TIME, PLACE, AND PROVIDE DIRECTION TO STAFF**

ISSUE

Discuss a potential amendment to the Palmdale Municipal Code (Chapter 2.08.040) regarding regular meeting, date, time, place, and provide direction to staff.

RECOMMENDATION

Staff recommends that the City Council discuss the matter and provide direction to staff.

BACKGROUND

Palmdale Municipal Code 2.08.040 states that 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."

Specifically, PMC 2.08.040 states in full:

> **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.

DISCUSSION

At the direction of the City Council, staff is bringing this item back to the City Council and requesting direction as to whether the City Council desires: (1) to move to two regular meetings a month; and (2) to amend the time of the regular meeting to 5:00 p.m.

If the City Council desires to begin the regular meeting at 5:00 p.m., staff would move the closed session to the end of the meeting.

The proposed amendment to PMC 2.08.040 would read as follows:

> **2.08.040 Regular meeting day, time and place.**
>
> Regular meetings of the City Council will be held on the first and third Wednesday of each month except in January and July where regular meetings will be held on the second and third Wednesday of those months. Meetings of the City Council shall be held at 38300 Sierra Highway, Suite B, Palmdale, California, at ~~7:00~~ 5:00 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.

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
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

None

City Council Staff Report

DATE: **MAY 4, 2022**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY ATTORNEY'S OFFICE**

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2022-053, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY COUNCIL AND ALL CITY SUBORDINATE BODIES FOR THE PERIOD OF MAY 4, 2022 – JUNE 3, 2022**

ISSUE

Adopt Resolution No. CC 2022-053, a Resolution of the City Council of the City Council of the City of Palmdale Authorizing Remote Teleconference Meetings of the City Council and All City Subordinate Bodies for the Period of May 4, 2022 – June 3, 2022.

RECOMMENDATION

Staff recommends that the City Council:

1. Reconsider the recitals in Resolution No. CC 2021-102 and determine whether the COVID-19 related findings are still true and correct and relevant to proposed Resolution No. CC 2022-053.

2. If the City Council determines the recitals to not be true and correct, take no action.

3. If the City Council determines the recitals to be true and correct, Adopt Resolution No. CC 2022-053, a Resolution of the City Council of the City of Palmdale Authorizing Remote Teleconference Meetings of the City Council and All City Subordinate Bodies for the period of May 4, 2022 – June 3, 2022.

BACKGROUND

On September 16, 2021, the Governor signed AB 361 which temporarily amends the Ralph M. Brown Act (*California Government Code* §§54950, et. al.) to provide more flexibility regarding participation in public meetings from a remote location.

AB 361 went into effect October 1, 2021 and expires on January 1, 2024.

AB 361 applies to meetings during a state of emergency as declared by the Governor. Secondarily, there must also be either imposed or recommended measures to promote social distancing by state or local officials, or a finding by the legislative body that meeting in person would present imminent risks to the health or safety of attendees because of the declared emergency.

AB 361 requires several procedural safeguards to protect public participation during a remote meeting, key ones of which are summarized as follows:

1. The public must have the ability to address the legislative body directly and must be given information on how to address the legislative body;
2. The public must be provided with either a call-in or internet-based service option;
3. The legislative body must stop the meeting if the call-in or internet-based option fails;
4. The legislative body cannot require that public comments be submitted in advance (although this option can be provided);
5. Public speakers cannot be required to pre-register for public comment (except as required by an independent call-in or internet platform);
6. Members of the public must be given a reasonable time to register to provide public comment; and
7. Agencies that provide a timed public comment period shall not close the public comment period until that time period has expired.

DISCUSSION

The proposed resolution would permit meetings pursuant to AB 361 for a maximum period of 30 days. If the City Council desires to continue using the teleconference option for public meetings beyond the initial 30-day period, ***it must confirm the circumstances of the state of emergency and make required findings at least 30 days after adoption of that resolution and every 30 days thereafter*.**

The relevant recitals found in Resolution No. CC 2021-102 that have been considered and found by the City Council to be true and correct since October 20, 2021 are:

> **WHEREAS**, the Brown Act makes special provisions for remote teleconferencing participation in meetings when the Governor has declared a state of emergency pursuant to *California Government Code* § 8625, and either state or local officials have imposed or recommended measures to promote social distancing, or an in-person meeting would present imminent risks to the health and safety of attendees; and
>
> **WHEREAS***,* such conditions now exist in the City of Palmdale. Specifically, on March 4, 2020, Governor Gavin Newsom issued a Proclamation of a State of Emergency with regard to the COVID-19 pandemic. On March 17, 2020, the City Council of the City of Palmdale ratified the Director of Emergency Services' proclamation of a local emergency resulting from COVID-19. Since that time, the Los Angeles

> County Department of Public Health has issued numerous Health Orders regarding safety protocols during the COVID-19 pandemic, including most recently a September 28, 2021 Order ("RESPONDING TOGETHER AT WORK AND IN THE COMMUNITY") that requires, in part, that all persons must wear face masks while in an indoor public setting and/or businesses as a precautionary measure against the spread of COVID-19 and recommends continued social distancing in public settings. This order was made necessary by the rise in the more contagious and easily spread Delta variant of the COVID-19 virus throughout the nation, and specifically in the Los Angeles County region; and
>
> **WHEREAS***,* the City Council of the City of Palmdale finds that the current situation with regard to COVID-19, and particularly the Delta variant, is causing, and will continue to cause, risks to the safety of persons within the City and finds that the City Council and all of its subordinate bodies shall conduct their meetings with remote participation in the manner authorized by *California Government Code* §54953(e), and such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed by *California Government Code* § 54953(e)(2).
>
> *See,* Resolution No. CC 2021-102.

Because of recent legislative decisions by the City Council, City staff is requesting the City Council specifically reconsider the recitals found in Resolution No. CC 2021-102 to determine whether a finding can be made by the City Council that meeting in person would present imminent risks to the health or safety of attendees based on current COVID-19 data and Los Angeles County Department of Public Health guidance.

Should proposed Resolution No. CC 2022-053 not be adopted, the pre-COVID rules of the Ralph M. Brown Act (*California Government Code* §§54950, et. al.) will apply.

Should proposed Resolution No. CC 2022-053 be adopted, the Resolution would continue to permit meetings pursuant to AB 361 for a maximum period of 30 days (May 4, 2022 – June 3, 2022) without any additional changes to the currently established procedures regarding providing a teleconferencing option for public meetings of the City Council and all of its subordinate bodies.

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
Approved by:	Ronda Perez, Interim City Manager
Approved as to form:	Christopher Beck, City Attorney

ATTACHMENTS

1. Resolution No. CC 2021-102 (Passed October 20, 2021)
2. Proposed Resolution No. CC 2022-053

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2021-102

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY COUNCIL AND ALL CITY SUBORDINATE BODIES FOR THE PERIOD OF OCTOBER 20 – NOVEMBER 19, 2021

WHEREAS, the City of Palmdale is committed to preserving and fostering public access and participation in meetings of the City Council and all its subordinate bodies, as required by the Ralph M. Brown Act (*California Government Code* §§54950, et. al.), so that any member of the public may attend and participate as the bodies conduct the public's business; and

WHEREAS, the Brown Act makes special provisions for remote teleconferencing participation in meetings when the Governor has declared a state of emergency pursuant to *California Government Code* § 8625, and either state or local officials have imposed or recommended measures to promote social distancing, or an in-person meeting would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the City of Palmdale. Specifically, on March 4, 2020, Governor Gavin Newsom issued a Proclamation of a State of Emergency with regard to the COVID-19 pandemic. On March 17, 2020, the City Council of the City of Palmdale ratified the Director of Emergency Services' proclamation of a local emergency resulting from COVID-19. Since that time, the Los Angeles County Department of Public Health has issued numerous Health Orders regarding safety protocols during the COVID-19 pandemic, including most recently a September 28, 2021 Order ("RESPONDING TOGETHER AT WORK AND IN THE COMMUNITY") that requires, in part, that all persons must wear face masks while in an indoor public setting and/or businesses as a precautionary measure against the spread of COVID-19 and recommends continued social distancing in public settings. This order was made necessary by the rise in the more contagious and easily spread Delta variant of the COVID-19 virus throughout the nation, and specifically in the Los Angeles County region; and

WHEREAS, the City Council of the City of Palmdale finds that the current situation with regard to COVID-19, and particularly the Delta variant, is causing, and will continue to cause, risks to the safety of persons within the City and finds that the City Council and all of its subordinate bodies shall conduct their meetings with remote participation in the manner authorized by *California Government Code* §54953(e), and such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed by *California Government Code* § 54953(e)(2).

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 above are true and correct and are incorporated herein by reference.

SECTION 2. The City Council and its subordinate bodies shall conduct their meetings with remote participation in a manner authorized by *California Government Code* §54953(e), and such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed by *California Government Code* §54953(e)(2).

SECTION 3. This Resolutions shall take effect immediately upon its adoption and shall be effective until the earlier of November 19, 2021, or such time as the City Council adopts a subsequent resolution in accordance with *California Government Code* §54953(e)(3) to extend the time during which meetings may continue to be held remotely by teleconference in compliance with that section.

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

PASSED, APPROVED and **ADOPTED** this 20th day of October, 2021.

Steven D. Hofbauer, Mayor

Approved as to form:

Christopher L. Beck
City Attorney

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 City Council of the City of Palmdale at a regular meeting of said Council held on the 20th day of October, 2021 by the following roll call vote:

AYES: Hofbauer, Bettencourt, Carrillo, Loa, Bishop

NOES: None

ABSTAIN: None ABSENT: None

Date: 11/22/2021

Shanae S. Smith, City Clerk

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2022-053

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE CITY COUNCIL AND ALL CITY SUBORDINATE BODIES FOR THE PERIOD OF MAY 4, 2022 – JUNE 3, 2022

WHEREAS, the City of Palmdale is committed to preserving and fostering public access and participation in meetings of the City Council and all its subordinate bodies, as required by the Ralph M. Brown Act (*California Government Code* §§54950, et. al.), so that any member of the public may attend and participate as the bodies conduct the public's business; and

WHEREAS, the Brown Act makes special provisions for remote teleconferencing participation in meetings where the Governor has exercised his authority pursuant to *California Government Code* § 8625, and an in-person meeting may present imminent health risks to elected, appointed, or sitting members during public meetings; and

WHEREAS*,* the City Council of the City of Palmdale finds that the recitals found to be true and correct in Resolution No. CC 2021-102 (passed on October 20, 2021), incorporated herein by reference, continue to exist making remote participation in meetings important to ensure the public is given full opportunity to participate; and

WHEREAS*,* the City Council of the City of Palmdale finds that the City Council and all of its subordinate bodies shall conduct their meetings with remote participation in the manner authorized by *California Government Code* §54953(e), and such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed by *California Government Code* § 54953(e)(2).

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 above are true and correct and are incorporated herein by reference.

SECTION 2. The City Council and its subordinate bodies shall conduct their meetings with remote participation in a manner authorized by *California Government Code* §54953(e), and such legislative bodies shall comply with the requirements to

provide the public with access to the meetings as prescribed by *California Government Code* §54953(e)(2).

SECTION 3. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of June 3, 2022, or such time as the City Council adopts a subsequent resolution in accordance with *California Government Code* §54953(e)(3) to extend the time during which meetings may continue to be held remotely by teleconference in compliance with that section.

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

PASSED, APPROVED and **ADOPTED** this 4th day of May 2022.

_____
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 4th day of May 2022 by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Shanae S. Smith, City Clerk

CITY OF PALMDALE
OFFICE OF THE CITY COUNCIL

M E M O R A N D U M

TO: City Clerk

FROM: Laura Bettencourt, Councilmember

SUBJECT: Monthly Informational Report – Events and Meetings

DATE: May 4, 2022

During the period April 1, through April 30, 200, I attended the following meetings and events:

April 1: Vets4Veterans 5th Annual Evening of Community Support

April 6: Regular Council Meeting

April 9: Rodney W. Bruce Memorial Grove Dedication

April 9: Springfest & Egg Hunt

April 18: Palmdale Recycled Water Authority (PRWA) Meeting

April 20: Audit Committee Meeting

April 20: Council Workshop