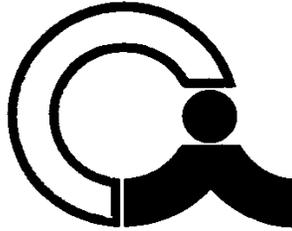


CITY OF INDUSTRY

CITY COUNCIL
REGULAR MEETING AGENDA

JUNE 9, 2016
9:00 AM



Mayor Mark Radecki
Mayor Pro Tem Cory Moss
Council Member Abraham Cruz
Council Member Roy Haber, III
Council Member Newell Ruggles

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the City Council:

- ▶ **Agenda Items:** Members of the public may address the City Council on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the City Council is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the City Council.
- ▶ **Public Comments (Non-Agenda Items):** Anyone wishing to address the City Council on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the City Council from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the City Council is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called by the City Clerk and prior to the individual being heard by the City Council.

Americans with Disabilities Act:

- ▶ In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.

Agendas and other writings:

- ▶ In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.

-
1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments

4.1 State of the City presentation by City Manager Paul J. Philips

5. **CONSENT CALENDAR**

All matters listed under the Consent Calendar are considered to be routine and will be enacted by one vote. There will be no separate discussion of these items unless members of the City Council, the public, or staff request specific items be removed from the Consent Calendar for separate action.

5.1 Consideration of the Register of Demands

RECOMMENDED ACTION: Approve the Register of Demands and authorize the appropriate City Official to pay the bills.

5.2 Consideration of Amendment No. 1 to the Professional Services Agreement with Cartegraph Systems, Inc., for Work Order Geographic Information System Software

RECOMMENDED ACTION: Approve Amendment No. 1.

5.3 Consideration of the inclusion of Pest Control Management Services in the existing County of Los Angeles General Services Agreement (GSA) dated June 1, 2012, and authorize the City Manager as the designee for the Los Angeles County General Service Agreement

RECOMMENDED ACTION: Approve the inclusion of Pest Control Management Services in the existing Los Angeles County General Services Agreement, and authorize the City Manager as the designee.

5.4 Consideration of a First Amendment to the Professional Services Agreement with The Pun Group to provide Annual Financial Statement Audits for the years ending June 30, 2016 and June 30, 2017 with an option for two (2) one-year extensions for the years ending June 30, 2018 and June 30, 2019

RECOMMENDED ACTION: Approve the First Amendment to the Professional Services Agreement.

6. **ACTION ITEMS**

6.1 Consideration of Resolution No. CC 2016-38 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, ESTABLISHING POLICIES AND PROCEDURES FOR BACKGROUND CHECKS OF NEW EMPLOYEES

RECOMMENDED ACTION: Adopt Resolution No. CC 2016-38.

- 6.2 Consideration of Resolution No. CC 2016-39 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, AMENDING THE CITY’S EMPLOYEE HANDBOOK REGARDING POLICIES AND PROCEDURES FOR EMPLOYEE LEAVE

RECOMMENDED ACTION: Adopt Resolution No. CC 2016-39.

- 6.3 Consideration of Resolution No. CC 2016-40 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY APPROVING A DEFINED CONTRIBUTION RETIREMENT PLAN FOR ELIGIBLE EMPLOYEES AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE PUBLIC AGENCY RETIREMENT SERVICES AS THE ADMINISTRATOR

RECOMMENDED ACTION: Adopt Resolution No. CC 2016-40.

- 6.4 Consideration of a Right-of-Way Agreement between the City of Industry and Verizon Wireless, and the issuance of an Encroachment Permit, for a new cell site located on Albatross Road

RECOMMENDED ACTION: Approve the Right-of-Way Agreement and issuance of an Encroachment Permit.

- 6.5 Consideration of a Right-of-Way Agreement between the City of Industry and Verizon Wireless, and the issuance of an Encroachment Permit, for a new cell site located on Azusa Avenue

RECOMMENDED ACTION: Approve Right-of-Way Agreement and issuance of an Encroachment Permit.

- 6.6 Presentation of the City of Industry’s FY 2016-17 Proposed Operating Budget

Consideration of Resolution No. CC 2016-41 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING AND ADOPTING THE CITY OF INDUSTRY’S (“CITY”) FY 2016-17 PROPOSED OPERATING BUDGET AND FY 2016-17 PROPOSED CAPITAL IMPROVEMENT PROGRAM (“CIP”) BUDGET

RECOMMENDED ACTION: Adopt Resolution No. CC 2016-41.

7. **CITY COUNCIL COMMITTEE REPORTS**

8. **AB 1234 REPORTS**

9. **CITY COUNCIL COMMUNICATIONS**

10. Adjournment. Next regular meeting: Thursday, June 23, 2016 at 9:00 a.m.

CITY COUNCIL

ITEM NO. 4.1

POWERPOINT PRESENTATION

A Year-in-Review Presentation

June 2015-June 2016



New Vision New Leadership

Dedicated to:

Government Reform

Accountability

Transparency

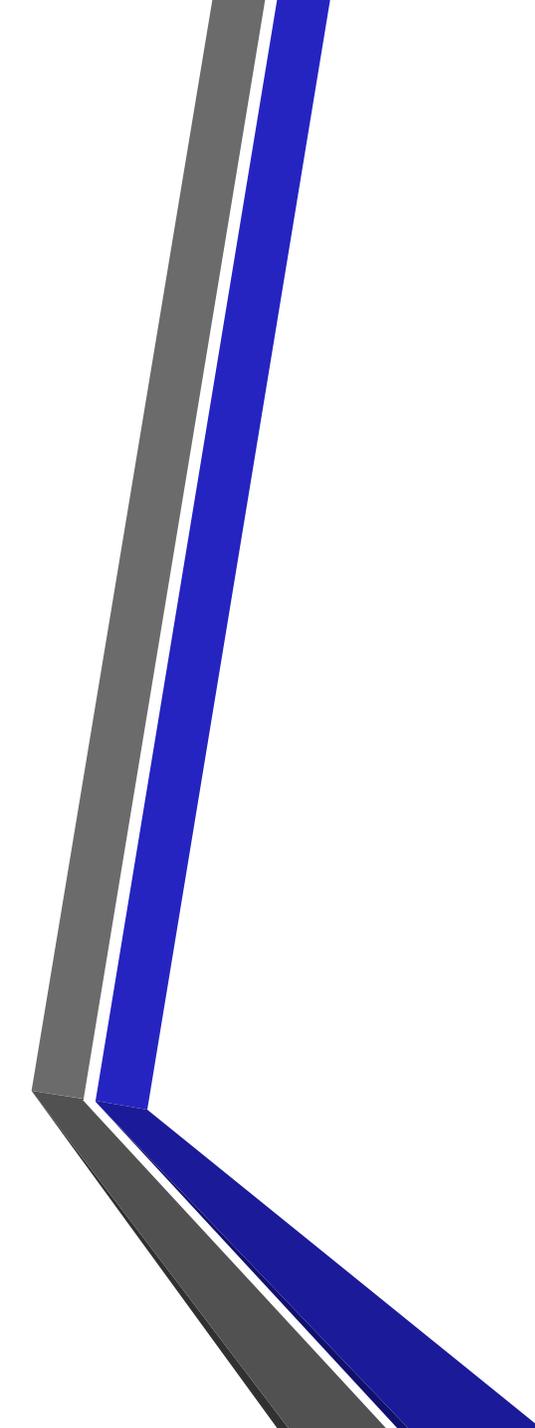
Community Involvement

Business Friendly

Sustainability

Quality of Life





Key Reforms

June 2015-June 2016





Controller Betty T. Yee

California State Controller's Office

"I applaud Industry for taking seriously the pervasive accounting shortcomings my team found in a review earlier this year. Even before our review was published, the city started to overhaul its procedures regarding contracts, invoices, and credit cards. Now, the City Council has unanimously approved a consulting agreement with the universally respected Bill Lockyer to act as the Independent Reform Advisor. This is a big step in the right direction for Industry."



Government Reform Highlights

- Secured services for independent auditing
- Launches three-year commitment to review and assess every contract and function of government
- Hired Independent Reform Advisor
- Secured professional support for human resources and risk mitigation
- Reorganized city departments; created the Development Services department



Accountability Highlights

- Secured an electronic work order system that tracks labor, equipment, and materials to improve field operations oversight
- Hired a City Controller
- Secured services for independent auditing
- Prepared an Internal Controls and Implementation report of new financial procedures
- Assessed inventory, control and use of city assets and property by contractors and staff



Transparency Highlights

- Adopted an online RFP process through PlanetBids
- Adopted an internet-based personnel recruitment system
- Adopted a publicly disclosed salary range schedule for city employees & officers
- Adopted transparent procedures for city employee pay and benefits
- Launched City Facebook page and Twitter account
- Launching RFP process for a revamped website



2015-2016 Community Investment



57/60 Confluence Project

- Aimed to ease one of the most congested interchanges in U.S.
- Improves good movement
- Industry Contribution: **\$35M**
- Projected over **5,000** Jobs



57/60 Confluence Project Groundbreaking



LA County Sheriff's Autism Training



- Industry Contribution Leads to 1st-in-the-County Law Enforcement Autism Training
- Trained all Industry Station LA County Deputy Sheriffs
- Model for the rest of the County



Valley Boulevard Improvement Project



Aimed at improving quality of life for La Puente residents along Valley Boulevard

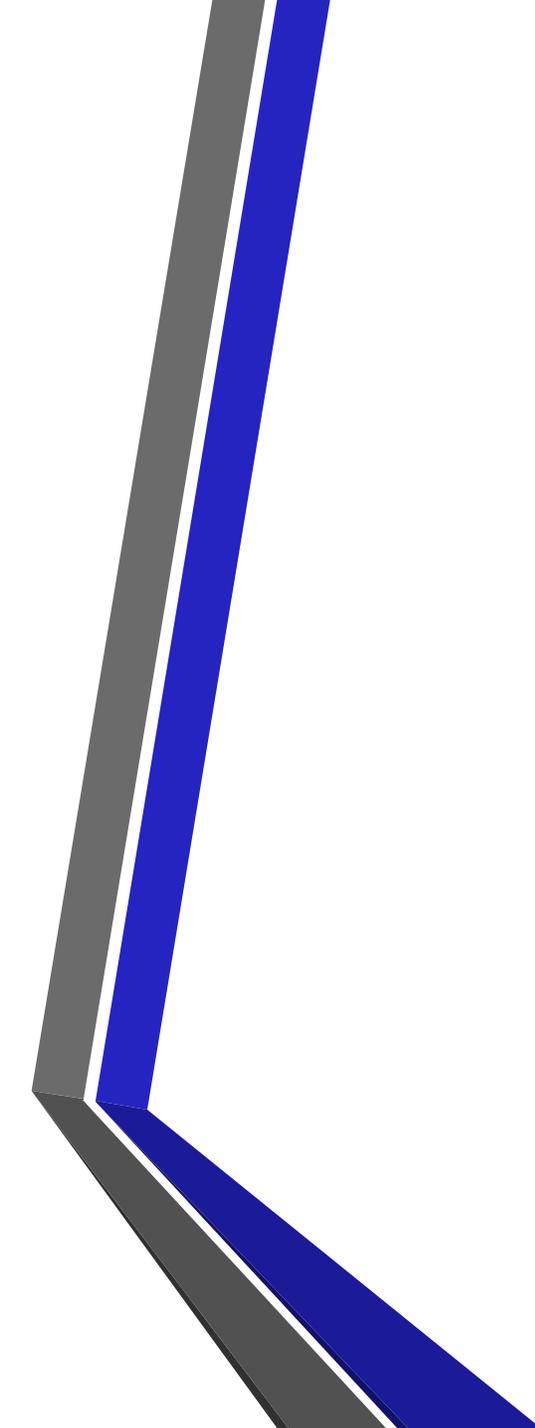


VFW Post 1944 Capital Improvement Project



- VFW roof and capital improvements
- Industry contributed \$27,000; LA County also contributed
- Will serve over 300 local veterans





A Look Ahead

June 2016-June 2017



A Look Ahead: 2016-2017

Reforms

- Continuing to enact best practices to build a strong and transparent government
- Continuing to make progress on City's three-year program to reviewing and assessing all contractors and city functions



A Look Ahead: 2016-2017

Business-Friendly Practices

- Goal: Ensure Industry is top city to do business in CA
- Develop a streamlined process for businesses operating in the City
- Identify opportunities to attract new businesses to Industry
- Continue to support projects that improve goods movement



A Look Ahead: 2016-2017

Community Investment

- Identify projects and programs that benefit Industry residents and the entire San Gabriel Valley region
- Continue to support the 57/60 Confluence Project
- Continue to work collaboratively with the governments across the San Gabriel Valley



A Look Ahead: 2016-2017

Sustainability - Quality of Life

- Continued commitment to preserving open space
- Identify opportunity to engage community in events that benefit local non-profits and the region
- Continued commitment to recreational space



CITY COUNCIL

ITEM NO. 5.1

**CITY OF INDUSTRY
AUTHORIZATION FOR PAYMENT OF BILLS
CITY COUNCIL MEETING OF JUNE 9, 2016**

FUND RECAP:

<u>FUND</u>	<u>DESCRIPTION</u>	<u>DISBURSEMENTS</u>
100	GENERAL FUND	1,632,966.79
103	PROP A FUND	5,756.91
120	CAPITAL IMPROVEMENT FUND	163,360.84
161	IPUC - ELECTRIC	230,653.03
440	IPFA FUND	2,300.00
TOTAL ALL FUNDS		2,035,037.57

BANK RECAP:

<u>BANK</u>	<u>NAME</u>	<u>DISBURSEMENTS</u>
BOFA	BANK OF AMERICA - CKING ACCOUNTS	839,704.54
PROP/A	PROP A-CKING ACCOUNT	5,756.91
WRK/TM	WORKMAN TEMPLE-CKING ACCOUNT	8,631.40
REF	REFUSE - CKING ACCOUNT	7,411.37
WFBK	WELLS FARGO - CKING ACCOUNT	1,173,533.35
TOTAL ALL BANKS		2,035,037.57

**CITY OF INDUSTRY
BANK OF AMERICA
June 9, 2016**

Check	Date		Payee Name	Check Amount
CITYELEC.CHK - City Electric				
1381	05/25/2016		CITY OF INDUSTRY	\$211,618.30
	Invoice	Date	Description	Amount
	05/25/16	05/25/2016	TRANSFER FUNDS-ELECTRIC	\$211,618.30
CITYGEN.CHK - City General				
24310	05/23/2016		CITY OF INDUSTRY	\$537,008.23
	Invoice	Date	Description	Amount
	05/23/16-A	05/23/2016	TRANSFER FUNDS-SAVINGS	\$537,008.23
24311	05/23/2016		CITY OF INDUSTRY	\$850.86
	Invoice	Date	Description	Amount
	05/23/16-B	05/23/2016	TRANSFER FUNDS 91-1 ADMIN	\$850.86
24312	05/23/2016		CITY OF INDUSTRY	\$85,086.43
	Invoice	Date	Description	Amount
	05/23/16-C	05/23/2016	TRANSFER FUNDS 91-1 REDEMPTION	\$85,086.43
PARKCIT.CHK - Parking Citation Checking				
564	05/16/2016		SUPERIOR COURT OF CALIFORNIA,	\$4,200.50
	Invoice	Date	Description	Amount
	APRIL 2016	05/05/2016	PARKING CITATIONS REPORT-APR 2016	\$4,200.50

**CITY OF INDUSTRY
BANK OF AMERICA
June 9, 2016**

Check	Date		Payee Name	Check Amount
565	05/25/2016		JAWAD, HUDA	\$65.00
	Invoice	Date	Description	Amount
	05/25/16	05/25/2016	REFUND-CITATION #129542	\$65.00
566	05/25/2016		MORENO, HUGO W.	\$338.00
	Invoice	Date	Description	Amount
	05/25/16	05/25/2016	REFUND-CITATION #130178	\$338.00
567	05/25/2016		TUONG, ANTHONY OR MAL THAO	\$65.00
	Invoice	Date	Description	Amount
	05/25/16	05/25/2016	REFUND-CITATION #133759	\$65.00
568	05/25/2016		SMITH, NATHANIEL JAMES	\$65.00
	Invoice	Date	Description	Amount
	05/25/16	05/25/2016	REFUND-CITATION #127618	\$65.00
569	05/25/2016		TURBO DATA SYSTEMS, INC	\$407.22
	Invoice	Date	Description	Amount
	24336	05/31/2016	CITATION PROCESSING	\$407.22

Checks	Status	Count	Transaction Amount
	Total	10	\$839,704.54

**CITY OF INDUSTRY
PROP A
June 9, 2016**

Checks	Date		Payee Name	Check Amount
PROPA.CHK - Prop A Checking				
11637	05/31/2016		CITY OF INDUSTRY-REFUSE	\$78.80
	Invoice	Date	Description	Amount
	2510462	05/01/2016	DISP SVC-METROLINK	\$78.80
11638	05/31/2016		INDUSTRY SECURITY SERVICES	\$5,189.19
	Invoice	Date	Description	Amount
	14-17443	05/06/2016	SECURITY SVC-METROLINK	\$1,729.73
	14-17369	04/29/2016	SECURITY SVC-METROLINK	\$1,729.73
	14-17506	05/13/2016	SECURITY SVC-METROLINK	\$1,729.73
11639	05/31/2016		SO CAL INDUSTRIES	\$93.87
	Invoice	Date	Description	Amount
	223606	04/26/2016	RR RENTAL-METROLINK	\$93.87
11640	05/31/2016		SO CALIFORNIA EDISON COMPANY	\$240.90
	Invoice	Date	Description	Amount
	2016-00001446	05/19/2016	3/23-4/22/16 SVC-600 S BREA CYN B	\$240.90
11641	05/31/2016		WALNUT VALLEY WATER DISTRICT	\$154.15
	Invoice	Date	Description	Amount
	2298610	05/10/2016	3/31-4/29/16 SVC-IRR METROLINK SPANISH LN	\$135.28
	2299491	05/11/2016	4/5-5/5/16 SVC-PLATFORM METROLINK BREA CYN	\$18.87

Checks	Status	Count	Transaction Amount
	Total	5	\$5,756.91

**CITY OF INDUSTRY
WORKMAN TEMPLE
June 9, 2016**

Check	Date			Payee Name	Check Amount
WRKTMPHM.WF.CHK - Workman Temple Homestead Chking					
1038	04/11/2016			HISTORICAL RESOURCES, INC.	\$8,631.40
	Invoice	Date	Description	Amount	
	04/11/16	04/11/2016	HISTORICAL COLLECTIBLES	\$8,631.40	

Check	Status	Count	Transaction Amount
	Total	1	\$8,631.40

**CITY OF INDUSTRY
WELLS FARGO REFUSE**

June 9, 2016

Check	Date		Payee Name	Check Amount
REFUSE - Refuse Account				
4233	05/16/2016		CITY OF INDUSTRY	\$214.46
	Invoice	Date	Description	Amount
	05/16/16	05/16/2016	REIMBURSE FOR RECYCLING PAYMENT	\$214.46
4234	05/16/2016		CEG CONSTRUCTION	\$2,317.63
	Invoice	Date	Description	Amount
	05/16/16	05/16/2016	CONTRUCTION DEPOSIT REFUND-ACCT #079647	\$2,317.63
4235	05/26/2016		RED CIRCLE FOOTWEAR, INC.	\$184.24
	Invoice	Date	Description	Amount
	05/16/16	05/16/2016	REFUND-ACCT #040848	\$184.24
4236	05/16/2016		CABRAL ROOFING	\$539.18
	Invoice	Date	Description	Amount
	05/16/16	05/16/2016	CONTRUCTION DEPOSIT REFUND-ACCT #103567	\$539.18
4237	05/16/2016		RF MACDONALD	\$706.06
	Invoice	Date	Description	Amount
	05/16/16	05/16/2016	CONTRUCTION DEPOSIT REFUND-ACCT #104424	\$706.06
4238	05/16/2016		DONLON BUILDERS	\$3,449.80
	Invoice	Date	Description	Amount
	05/16/16	05/16/2016	CONTRUCTION DEPOSIT REFUND-ACCT #085839	\$3,449.80

Checks	Status	Count	Transaction Amount
	Total	6	\$7,411.37

CITY OF INDUSTRY
WELLS FARGO VOIDED CHECKS
June 9, 2016

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
63969	05/10/2016		05/23/2016	SATSUMA LANDSCAPE & MAINT. (\$146,888.83)
	Invoice	Date	Description	Amount
	0416TACH	04/27/2016	LANDSCAPE SVC-VARIOUS AGENCY SITES	(\$34,925.00)
	0416CHTA	04/27/2016	LANDSCAPE SVC-APR 2016	(\$111,963.83)
63974	05/10/2016		05/10/2016	SQUARE ROOT GOLF & (\$181,644.00)
	Invoice	Date	Description	Amount
	1221ELHM	04/27/2016	LANDSCAPE SVC VARIOUS SITES-APR 2016	(\$42,487.45)
	1220ELHM	04/27/2016	LANDSCAPE SVC EL ENCANTO-APR 2016	(\$17,967.00)
	1222H	04/27/2016	LANDSCAPE SVC VARIOUS SITES-APR 2016	(\$121,189.95)
64034	05/26/2016		05/26/2016	L A COUNTY REGISTRAR- (\$225.00)
	Invoice	Date	Description	Amount
	CUP16-3	05/13/2016	FEE-NOTICE OF EXEMPTION FOR CUP 16-3	(\$75.00)
	CUP16-4	05/13/2016	FEE-NOTICE OF EXEMPTION FOR CUP 16-4	(\$75.00)
	CUP16-5	05/13/2016	FEE-NOTICE OF EXEMPTION FOR CUP 16-5	(\$75.00)

Checks	Status	Count	Transaction Amount
	Total	3	(\$328,757.83)

**CITY OF INDUSTRY
WELLS FARGO BANK
June 9, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
64055	05/23/2016		BANK OF AMERICA - VISA	\$3,118.76
	Invoice	Date	Description	Amount
	2016-00001416	05/06/2016	04/07-05/06/16 AUTHORIZED REP	\$3,118.76
64056	05/23/2016		SHELL	\$36.00
	Invoice	Date	Description	Amount
	8000073489605	05/06/2016	CAR WASH-CITY VEHICLE	\$36.00
64057	05/23/2016		PITNEY BOWES, INC.	\$106.67
	Invoice	Date	Description	Amount
	3100136461	04/30/2016	POSTAGE MACHINE-APR 2016	\$106.67
64058	05/24/2016		FRONTIER	\$651.35
	Invoice	Date	Description	Amount
	2016-00001417	05/07/2016	05/07-06/06/16 SVC - 408 BREA CYN RD	\$25.80
	2016-00001418	05/10/2016	05/10-06/09/16 SVC - EM-21808 GARCIA LN-ALARM	\$64.00
	2016-00001419	05/10/2016	05/10-06/09/16 SVC - 600 BREA CYN RD	\$217.01
	2016-00001420	05/10/2016	05/10-06/09/16 SVC - EM-21508 BAKER PKWY BLDG	\$50.36
	2016-00001421	05/10/2016	05/10-06/09/16 SVC - GENERATOR SITE-TELEMETRY	\$50.36
	841 7TH-MAY16	05/10/2016	05/10-06/09/16 SVC - 841 S. 7TH	\$99.37
	2016-00001422	05/10/2016	05/10-06/09/16 SVC - GENERATOR SITE-TELEMETRY	\$144.45
64059	05/24/2016		SO CALIFORNIA EDISON COMPANY	\$853.27
	Invoice	Date	Description	Amount
	2016-00001423	05/10/2016	04/07-05/06/16 SVC - VARIOUS SITES	\$96.35
	2016-00001424	05/12/2016	04/12-05/11/16 SVC - 575 BALDWIN PARK AVE U	\$61.54
	2016-00001425	05/12/2016	03/15-05/09/16 SVC - VALLEY BLVD U-VARIOUS SITES	\$573.77
	2016-00001426	05/13/2016	04/13-05/12/16 SVC - 490 7TH U	\$65.57
	19835WAL-MAY16	05/14/2016	04/14-05/13/16 SVC - 19835 E. WALNUT DR. S	\$56.04
64060	05/24/2016		VERIZON BUSINESS	\$160.30

**CITY OF INDUSTRY
WELLS FARGO BANK
June 9, 2016**

Check	Date	Payee Name		Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	834858	05/10/2016	04/01-04/30/16 SVC - VARIOUS SITES	\$31.49
	HATCHER-834858	05/10/2016	04/01-04/30/16 SVC - HATCHER WAREHOUSE	\$5.18
	2016-00001427	05/10/2016	04/01-04/30/16 SVC - VARIOUS SITES	\$123.63
64061	05/24/2016	WALNUT VALLEY WATER DISTRICT		\$4,502.51
	Invoice	Date	Description	Amount
	2298639	05/10/2016	03/31-04/29/16 SVC - IRR 820 FAIRWAY DR	\$61.06
	2298691	05/10/2016	03/31-04/29/16 SVC - LEMON AVE N OF CURRIER RD	\$51.48
	2298725	05/10/2016	03/31-04/29/16 SVC - BREA CYN RD & OLD RANCH RD	\$35.18
	2298741	05/10/2016	03/31-04/29/16 SVC - FERRERO & GRAND EAST	\$504.42
	2298758	05/10/2016	03/31-04/29/16 SVC - BAKER PKWY METER #1	\$286.97
	2298759	05/10/2016	03/31-04/29/16 SVC - BAKER PKWY METER #2	\$375.57
	2298765	05/10/2016	03/31-04/29/16 SVC - GRAND AVE CROSSING	\$158.36
	2298766	05/10/2016	03/31-04/07/16 SVC - GRAND AVE CROSSING	\$73.34
	2298768	05/10/2016	03/31-04/29/16 SVC - 22002 VALLEY BLVD	\$284.57
	2298785	05/10/2016	03/31-04/29/16 SVC - 21350 VALLEY-MEDIAN	\$105.27
	2298786	05/10/2016	03/31-04/29/16 SVC - GRAND CROSSING EAST	\$48.22
	2298787	05/10/2016	03/31-04/29/16 SVC - GRAND CROSSING WEST	\$41.70
	2298788	05/10/2016	03/31-04/29/16 SVC - BAKER PKWY & GRAND N/W	\$1,523.17
	2298795	05/10/2016	03/31-04/29/16 SVC - E/S GRAND S/O BAKER	\$95.29
	2298801	05/10/2016	03/31-04/29/16 SVC - BREA CYN N OF RR TRKS	\$134.60
	2298802	05/10/2016	03/31-04/29/16 SVC - BREA CYN N OF CURRIER	\$27.02
	2298804	05/10/2016	03/31-04/29/16 SVC - 60 FWY INTERCHANGE	\$18.87
	2298822	05/10/2016	03/31-04/29/16 SVC - END OF BAKER PKWY-TEMP	\$449.79
	19835WAL-2299628	05/11/2016	04/05-05/05/16 SVC - 19835 WALNUT DR.	\$101.84
	2299474	05/11/2016	03/02-05/05/16 SVC - PUMP STN N/W CHERYL	\$47.54
	2299492	05/11/2016	04/05-05/05/16 SVC - PUMP STN BREA CYN	\$22.08
	2299716	05/11/2016	04/05-05/05/16 SVC - NOGALES PUMP STN	\$56.17
64062	05/25/2016	SATSUMA LANDSCAPE & MAINT.		\$138,250.88

**CITY OF INDUSTRY
WELLS FARGO BANK
June 9, 2016**

Check	Date	Payee Name	Check Amount	
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	0416CHTA-4	05/18/2016	LANDSCAPE SVC-EXPO CENTER	\$18,624.68
	0416CHTA-3	04/27/2016	LANDSCAPE SVC-TEMPLE & AZUSA	\$37,963.07
	0416CHTA-2	04/27/2016	LANDSCAPE SVC-CROSSROADS PKY NORTH &	\$30,015.12
	0416TACH-A	04/27/2016	LANDSCAPE SVC-VARIOUS AGENCY SITES	\$25,110.87
	0416CHTA-A	04/27/2016	LANDSCAPE SVC-CIVIC FINANCIAL CENTER	\$26,537.14
64063	05/25/2016	SQUARE ROOT GOLF &	\$178,666.60	
	Invoice	Date	Description	Amount
	1221ELHM-A	04/27/2016	LANDSCAPE SVC-HOMESTEAD	\$16,944.67
	1221ELHM-2	04/27/2016	LANDSCAPE SVC-VARIOUS CITY SITES	\$8,876.38
	1222H-A	04/27/2016	LANDSCAPE SVC-VARIOUS CITY SITES	\$146,182.35
	1220ELHM-A	04/27/2016	LANDSCAPE SVC-EL ENCANTO	\$6,663.20
64064	05/31/2016	CASSO & SPARKS, LLP	\$68,953.50	
	Invoice	Date	Description	Amount
	20151	05/24/2016	COI-LEGAL SVC FOR DEC 2015	\$68,953.50
64065	05/31/2016	CITY OF CHINO HILL UTILITY	\$402.82	
	Invoice	Date	Description	Amount
	2016-00001428	05/18/2016	04/14-05/16/16 SVC - 1550 RANCHO HILLS DR	\$402.82
64066	05/31/2016	FRONTIER	\$280.31	
	Invoice	Date	Description	Amount
	2016-00001429	05/16/2016	05/16-06/15/16 SVC - BREA CYN PUMP STN	\$66.71
	2016-00001430	05/16/2016	05/16-06/15/16 SVC - PUENTE HILLS AUTO PLAZA	\$165.48
	2016-00001431	05/16/2016	05/16-06/15/16 SVC - GENERATOR SITE-TELEMETRY	\$48.12
64067	05/31/2016	GAS COMPANY, THE	\$41.08	
	Invoice	Date	Description	Amount
	2016-00001432	05/19/2016	04/18-05/17/16 SVC - 610 S BREA CYN RD	\$41.08

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
64068	05/31/2016		INDUSTRY PUBLIC UTILITY	\$2,307.55
	Invoice	Date	Description	Amount
	2016-00001433	05/13/2016	04/10-05/10/16 SVC - 600 BREA CYN RD	\$2,307.55
64069	05/31/2016		SAN GABRIEL VALLEY WATER CO.	\$552.07
	Invoice	Date	Description	Amount
	2016-00001434	05/17/2016	04/15-05/16/16 SVC - 14329 VALLEY	\$374.78
	2016-00001435	05/18/2016	04/18-05/17/16 SVC - 336 EL ENCANTO	\$37.43
	841 7TH-MAY16	05/19/2016	04/19-05/18/16 SVC - 841 S SEVENTH	\$139.86
64070	05/31/2016		SO CALIFORNIA EDISON COMPANY	\$54,094.34
	Invoice	Date	Description	Amount
	2016-00001436	05/18/2016	04/18-05/17/16 SVC - 17635 GALE	\$1,390.04
	2016-00001437	05/18/2016	04/18-05/17/16 SVC - 1341 FULLERTON RD	\$34.57
	2016-00001439	05/19/2016	04/18-05/17/16 SVC VARIOUS SITES	\$4,655.07
	2016-00001440	05/19/2016	04/18-05/17/16 SVC - VARIOUS SITES	\$1,659.51
	2016-00001441	05/19/2016	04/18-05/17/16 SVC - VARIOUS SITES	\$86.99
	2016-00001442	05/19/2016	04/01-05/01/16 SVC - VARIOUS SITES	\$3,814.51
	2016-00001443	05/19/2016	04/10/15-05/01/16 SVC - VARIOUS SITES	\$37,107.89
	2016-00001444	05/19/2016	04/18-05/17/16 SVC - VARIOUS SITES	\$2,803.57
	2016-00001445	05/19/2016	03/30-05/17/16 SVC - VARIOUS SITES	\$2,542.19
64071	05/31/2016		SO CALIFORNIA EDISON COMPANY	\$168.91
	Invoice	Date	Description	Amount
	2016-00001438	05/19/2016	02/17-05/17/16 SVC - 19001 TONNER CYN RD	\$168.91
64072	06/09/2016		ADMIN SURE	\$1,900.00
	Invoice	Date	Description	Amount
	9341	05/15/2016	CLAIM ADMIN-JUN 2016	\$1,900.00

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
64073	06/09/2016		ADVANCED DISCOVERY, INC.	\$1,088.20
	Invoice	Date	Description	Amount
	B178920	04/30/2016	DOCUMENT MGMT SVC-LITIGATION	\$1,088.20
64074	06/09/2016		ALEJANDRO GONZALEZ	\$157.70
	Invoice	Date	Description	Amount
	05/12/16	05/12/2016	REIMBURSE FOR EXPENSES-PARKING/MILEAGE	\$51.70
	05/12/16-A	05/12/2016	REIMBURSE FOR EXPENSES-BACKGROUND CHECK	\$106.00
64075	06/09/2016		ALVAKA NETWORKS	\$5,440.00
	Invoice	Date	Description	Amount
	156771	05/10/2016	ADD'L HOURS FOR MAY 2016	\$5,440.00
64076	06/09/2016		AT & T	\$176.00
	Invoice	Date	Description	Amount
	6992272301	05/23/2016	4/19-5/18/16 SVC-600 S BREA CYN METROLINK	\$176.00
64077	06/09/2016		B AND T CATTLE	\$14,580.00
	Invoice	Date	Description	Amount
	51	05/02/2016	MAINT SVC-MAY 2016	\$14,580.00
64078	06/09/2016		BRYAN PRESS	\$44.15
	Invoice	Date	Description	Amount
	0074845	05/10/2016	BUSINESS CARDS-T. FARRAHI	\$44.15
64079	06/09/2016		CALIF MUNICIPAL UTILITIES	\$800.00
	Invoice	Date	Description	Amount
	2201	05/01/2016	FEES FOR REGIONALIZATION SPECIAL PROJECT	\$800.00
64080	06/09/2016		CHEM PRO LABORATORY, INC	\$269.00
	Invoice	Date	Description	Amount

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WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	603593	04/23/2016	WATER TREATMENT-APR 2016	\$269.00
64081	06/09/2016		CITY OF INDUSTRY	\$1,273.61
	Invoice	Date	Description	Amount
	2016-00000077	04/30/2016	IH FUEL PUMP-CITY HALL VEHICLES	\$321.75
	2016-00000075	04/30/2016	IH FUEL PUMP-SECURITY VEHICLES	\$951.86
64082	06/09/2016		CITY OF INDUSTRY DISPOSAL CO.	\$2,362.08
	Invoice	Date	Description	Amount
	2512552	04/30/2016	MO SVC-CITY RESIDENCES	\$2,362.08
64083	06/09/2016		CITY OF INDUSTRY-MEDICAL	\$220,000.00
	Invoice	Date	Description	Amount
	REG 6/9/16	06/01/2016	TRANSFER FUNDS-MEDICAL	\$220,000.00
64084	06/09/2016		CITY OF INDUSTRY-PAYROLL ACCT	\$80,000.00
	Invoice	Date	Description	Amount
	P/R 5/31/16	05/25/2016	PAYROLL REIMBURSEMENT FOR 5/31/16	\$80,000.00
64085	06/09/2016		CLEAN HARBORS ENVIRONMENTAL	\$73.63
	Invoice	Date	Description	Amount
	OC759794	05/15/2016	LATE FEE	\$73.63
64086	06/09/2016		CNC ENGINEERING	\$205,978.18
	Invoice	Date	Description	Amount
	44802	05/26/2016	ON-CALL STREET MAINT PROGRAM	\$156.88
	44803	05/26/2016	VALLEY BLVD PCC PAVEMENT RECONSTRUCTION	\$865.96
	44804	05/26/2016	CLARK AVE WIDENING	\$9,859.33
	44805	05/26/2016	EMERGENCY CREEK/ROADWAY REPAIRS-	\$235.32
	44806	05/26/2016	MAINT OF SHERIFF'S STATION	\$117.66
	44807	05/26/2016	GENERAL ENGINEERING SVC-CIP	\$40,555.89

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Check	Date	Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo			
44808	05/26/2016	GENERAL ENGINEERING SVC-MAINT OF CITY	\$59,630.34
44809	05/26/2016	TONNER CYN PROPERTY	\$5,917.98
44810	05/26/2016	COLIMA RD/ALBATROSS RD WIDENING	\$3,230.09
44811	05/26/2016	PUENTE VALLEY OPERABLE UNIT GROUNDWATER	\$627.52
44812	05/26/2016	CITY ELECTRICAL FACILITIES	\$2,115.23
44813	05/26/2016	EXPANSION OF RECLAIMED WATER SYSTEM	\$388.76
44814	05/26/2016	TRES HERMANOS GENERAL ENGINEERING	\$760.02
44815	05/26/2016	MAINT OF CITY HALL BLDG	\$1,134.20
44816	05/26/2016	MAINT OF IMC BLDG	\$1,580.46
44817	05/26/2016	HOMESTEAD MUSEUM MAINT	\$1,291.08
44818	05/26/2016	PUC RAILROAD SAFETY UPGRADE	\$313.76
44819	05/26/2016	CITY STREETS AND UPRR CROSSINGS	\$1,586.29
44820	05/26/2016	OPERATION/MAINT OF METRO PARKING LOT SOLAR	\$235.32
44821	05/26/2016	TRAFFIC SIGNAL AT DON JULIAN/SIXTH AVE	\$2,237.13
44822	05/26/2016	SAN JOSE AVE RECONSTRUCTION	\$162.71
44823	05/26/2016	PACIFIC PALMS IMPROVEMENTS	\$2,796.55
44824	05/26/2016	INDUSTRY HILLS FUEL STN MAINT	\$156.88
44825	05/26/2016	INDUSTRY HILLS IMPROVEMENTS	\$476.47
44826	05/26/2016	PROPERTY MGMT FOR CITY OWNED PROPERTIES	\$1,269.24
44827	05/26/2016	AZUSA AVE BRIDGE REPAINTING	\$1,525.34
44828	05/26/2016	FISCAL YEAR BUDGET	\$26,259.22
44829	05/26/2016	VARIOUS ASSIGNMENTS: SA TO THE IUDA	\$13,594.25
44830	05/26/2016	NELSON AVE/PUENTE AVE WIDENING	\$509.86
44831	05/26/2016	CITY MAINTAINED LANDSCAPE AREAS	\$707.29
44832	05/26/2016	MAINT OF YARD-1123 HATCHER	\$1,103.99
44833	05/26/2016	ARENTH AVE RECONSTRUCTION	\$2,767.13
44834	05/26/2016	2015-2016 TARGET SPEED SURVEY	\$627.52
44835	05/26/2016	CIVIC FINANCIAL CENTER PARKING LOT EXPANSION	\$3,166.75
44836	05/26/2016	RESURFACING OF UNRUH AVE	\$633.35
44837	05/26/2016	CARTEGRAPH IMPLEMENTATION & MGMT	\$660.12
44838	05/26/2016	PECK ROAD STORM DRAIN	\$156.88

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WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	44839	05/26/2016	FULLERTON RD GRADE SEPARATION	\$3,611.16
	44840	05/26/2016	ALAMEDA CORRIDOR EAST RELATED PROJECTS	\$1,200.72
	44841	05/26/2016	FAIRWAY DR GRADE SEPARATION	\$4,470.02
	44842	05/26/2016	NOGALES GRADE SEPARATION	\$2,283.51
	062016	06/01/2016	MEALS/WHEELS RENT-JUN 2016	\$5,000.00
64087	06/09/2016		COMFORT SYSTEMS USA	\$1,973.83
	Invoice	Date	Description	Amount
	246553	05/17/2016	A/C MAINT-EL ENCANTO	\$1,973.83
64088	06/09/2016		CONSOLIDATED ELECTRICAL DIST.	\$217.46
	Invoice	Date	Description	Amount
	3301-501988	05/12/2016	REPAIR LIGHTS-IMC	\$217.46
64089	06/09/2016		COUNTY OF LA DEPT OF PUBLIC	\$36,685.35
	Invoice	Date	Description	Amount
	PW-16050311659	05/03/2016	STREET MAINT/INSPECTION	\$3,028.91
	PW-16050311661	05/03/2016	PAVEMENT PATCHING	\$3,351.31
	PW-16050311684	05/03/2016	EMERGENCY CALL OUT FOR ROAD SERVICE	\$5,834.19
	PW-16050311658	05/03/2016	INSPECTION OF SIDEWALK	\$232.04
	PW-16050311657	05/03/2016	STORM DAMAGE RESPONSE	\$188.00
	PW-16050311662	05/03/2016	TRAFFIC SIGNING	\$228.87
	PW-16050311660	05/03/2016	LITTER/DEBRIS REMOVAL	\$533.25
	PW-16050311669	05/03/2016	TRAFFIC ENGINEERING ADVISORY	\$2,862.14
	PW-16050311755	05/03/2016	TRAFFIC ENGINEERING ADVISORY	\$282.46
	PW-16030809820	05/03/2016	PAVEMENT STRIPING	\$462.73
	PW-16050311672	05/03/2016	PUMP HOUSE MAINT	\$5,918.13
	PW-16050311673	05/03/2016	PUMP HOUSE MAINT	\$399.82
	PW-16050311908	05/03/2016	TRAFFIC SIGNAL MAINT	\$13,363.50
64090	06/09/2016		COUNTY OF LOS ANGELES	\$3,934.36

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WELLS FARGO BANK
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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	1678M	05/02/2016	WEED ABATEMENT-VARIOUS SITES	\$874.01
	1509M	04/05/2016	WEED ABATEMENT-VARIOUS SITES	\$3,060.35
64091	06/09/2016		D M V RENEWAL	\$202.00
	Invoice	Date	Description	Amount
	8G22464-16	05/25/2016	REGISTRATION RENEWAL-LIC 8G22464	\$202.00
64092	06/09/2016		DEPT OF ANIMAL CARE & CONTROL	\$2,357.68
	Invoice	Date	Description	Amount
	05/15/16	05/15/2016	SHELTER COSTS-APR 2016	\$2,357.68
64093	06/09/2016		DRAGON FIRE PROTECTION	\$977.05
	Invoice	Date	Description	Amount
	38465	04/29/2016	SVC-CITY HALL	\$977.05
64094	06/09/2016		ENCO UTILITY SERVICES	\$2,500.00
	Invoice	Date	Description	Amount
	20-3-03-17	05/10/2016	CUSTOMER ACCOUNT SERVICES	\$2,500.00
64095	06/09/2016		FEDERAL EXPRESS CORP.	\$101.21
	Invoice	Date	Description	Amount
	5-415-51380	05/13/2016	MESSENGER SVC	\$101.21
64096	06/09/2016		FRAZER, LLP	\$24,435.00
	Invoice	Date	Description	Amount
	143742	05/15/2016	COI-ACCTG SVC 5/1-5/15/16	\$24,435.00
64097	06/09/2016		FUEL PROS, INC.	\$1,117.32
	Invoice	Date	Description	Amount
	0000024960	04/22/2016	INDUSTRY HILLS FUEL STN MAINT	\$637.50

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	0000025002	04/25/2016	INDUSTRY HILLS FUEL STN MAINT	\$479.82
64098	06/09/2016		GARCIA'S FENCE CORP	\$490.00
	Invoice	Date	Description	Amount
	51623	05/26/2016	FENCE REPAIR-333 TURNBULL CYN	\$490.00
64099	06/09/2016		GMS ELEVATOR SERVICES, INC	\$138.00
	Invoice	Date	Description	Amount
	00082848	05/02/2016	MONTHLY SLEVATOR SVC-MAY 2016	\$138.00
64100	06/09/2016		GONSALVES & SON, JOE A.	\$5,045.00
	Invoice	Date	Description	Amount
	26165	05/17/2016	LEGISLATIVE SVC-JUN 2016	\$5,045.00
64101	06/09/2016		HADDICK'S AUTO BODY	\$3,654.26
	Invoice	Date	Description	Amount
	H-74120	05/16/2016	TOWING SVC-6UQX922	\$40.00
	047663	05/13/2016	AUTO MAINT-LIC 1370863	\$475.50
	047657	05/13/2016	AUTO MAINT-LIC 1356177	\$216.35
	047664	05/13/2016	AUTO MAINT-LIC 1166174	\$140.62
	047666	05/13/2016	AUTO MAINT-LIC 1320295	\$456.68
	047668	05/13/2016	AUTO MAINT-LIC 29260E1	\$14.02
	047670	05/13/2016	AUTO MAINT-LIC 1279616	\$853.88
	047667	05/13/2016	AUTO MAINT-LIC 6PKM569	\$831.43
	047672	05/16/2016	AUTO MAINT-LIC 6UQX922	\$571.85
	047673	05/16/2016	AUTO MAINT-LIC 1210025	\$53.93
64102	06/09/2016		HINDERLITER, DE LLAMAS AND	\$17,476.59
	Invoice	Date	Description	Amount
	0025398-IN	05/16/2016	CONTRACT/AUDIT SALES-TAX SVC	\$17,476.59

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
64103	06/09/2016		INDUSTRY MANUFACTURERS	\$74,827.74
	Invoice	Date	Description	Amount
	APRIL 2016	05/12/2016	EXPENSE REIMBURSEMENT-APR 2016	\$74,827.74
64104	06/09/2016		INDUSTRY SECURITY SERVICES	\$56,070.76
	Invoice	Date	Description	Amount
	14-17652	05/27/2016	SECURITY SVC 5/20-5/26/16	\$16,553.68
	14-17663	05/27/2016	SECURITY SVC-TRES HERMANOS	\$2,187.12
	14-17504	05/13/2016	SECURITY SVC-TRES HERMANOS	\$2,187.12
	14-17493	05/13/2016	SECURITY SVC 5/5-5/12/16	\$16,374.92
	14-17587	05/20/2016	EMERGENCY SECURITY SVC-EL ENCANTO	\$141.98
	14-17584	05/20/2016	SECURITY SVC-TRES HERMANOS	\$2,103.00
	14-17573	05/20/2016	SECURITY SVC 5/13-5/19/16	\$16,522.94
64105	06/09/2016		INDUSTRY TIRE SERVICE	\$825.14
	Invoice	Date	Description	Amount
	0268384	04/14/2016	TIRES FOR GMC SIERRA-LIC 98407C1	\$825.14
64106	06/09/2016		INTERNATIONAL LINE BUILDERS	\$42,133.04
	Invoice	Date	Description	Amount
	793103	04/20/2016	ELECTRICAL SVC-EAST END DEV	\$35,734.64
	793104	04/20/2016	ELECTRICAL SVC-EAST END DEV	\$6,398.40
64107	06/09/2016		L A COUNTY DEPT OF PUBLIC	\$419.06
	Invoice	Date	Description	Amount
	IN160001182	05/11/2016	ACCIDENT-VALLEY @ SUNSET	\$419.06
64108	06/09/2016		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	CUP16-3-A	05/13/2016	FEE-NOTICE OF EXEMPTION FOR CUP 16-3	\$75.00

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CITY.WF.CHK - City General Wells Fargo				
64109	06/09/2016		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	CUP16-4-A	05/13/2016	FEE-NOTICE OF EXEMPTION FOR CUP 16-4	\$75.00
64110	06/09/2016		L A COUNTY REGISTRAR-	\$75.00
	Invoice	Date	Description	Amount
	CUP16-5-A	05/13/2016	FEE-NOTICE OF EXEMPTION FOR CUP 16-5	\$75.00
64111	06/09/2016		L A COUNTY SHERIFF'S	\$20,183.00
	Invoice	Date	Description	Amount
	164269NH	05/19/2016	SPECIAL EVENT-DIRECTED PATROL	\$20,183.00
64112	06/09/2016		LANG, HANSEN, O'MALLEY &	\$25,000.00
	Invoice	Date	Description	Amount
	5434	05/05/2016	LEGISLATIVE SVC-MAY 2016	\$25,000.00
64113	06/09/2016		LOCKS PLUS	\$526.55
	Invoice	Date	Description	Amount
	23311	05/16/2016	REPAIR LOCK AND NEW KNOB CYLINDER	\$275.85
	33113-A	04/18/2016	BALANCE OF INVOICE 33113-FOR PARTS	\$250.70
64114	06/09/2016		MERRITT'S ACE HARDWARE	\$50.09
	Invoice	Date	Description	Amount
	092195	05/11/2016	MISC SUPPLIES-IMC	\$9.78
	092145	05/09/2016	CREDIT-RETURN REMOTE	(\$36.50)
	092224	05/13/2016	REMOTE FOR GATES	\$15.25
	092130	05/06/2016	REMOTE FOR GATES	\$61.56
64115	06/09/2016		METHOD TECHNOLOGIES	\$23.75
	Invoice	Date	Description	Amount
	32048	05/11/2016	UPDATE CITY WEBSITE	\$23.75

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CITY.WF.CHK - City General Wells Fargo				
64116	06/09/2016		MICHAEL BAKER INTERNATIONAL,	\$13,730.00
	Invoice	Date	Description	Amount
	941884	05/10/2016	PLANNING SUPPORT SVC-MAR 2016	\$13,730.00
64117	06/09/2016		MR PLANT & INTERIOR BOTANICAL	\$702.00
	Invoice	Date	Description	Amount
	JUNE 3999	06/01/2016	PLANT MAINT-JUN 2016	\$114.00
	JUNE 4000	06/01/2016	PLANT MAINT-JUN 2016	\$588.00
64118	06/09/2016		OLMOS PROFESSIONAL SERVICES	\$8,782.00
	Invoice	Date	Description	Amount
	211	05/31/2016	JANITORIAL SVC-IMC	\$1,467.00
	213	05/31/2016	JANITORIAL SVC-CITY HALL	\$5,500.00
	212	05/31/2016	JANITORIAL SVC-FIRE PREVENTION STN	\$1,815.00
64119	06/09/2016		PAETEC COMMUNICATIONS	\$792.17
	Invoice	Date	Description	Amount
	59406460	05/10/2016	CITY HALL PHONE SVC-MAY 2016	\$792.17
64120	06/09/2016		PITNEY BOWES, INC.	\$106.70
	Invoice	Date	Description	Amount
	3100170808	05/16/2016	POSTAGE MACHINE-MAY 2016	\$106.70
64121	06/09/2016		PLACEWORKS	\$1,080.00
	Invoice	Date	Description	Amount
	59264	04/30/2016	CT REALTY INVESTORS/WAREHOUSING DEV PLAN	\$750.00
	59262	04/30/2016	S&C PROPERTY DEV/NELSON BUSINESS PK	\$165.00
	59263	04/30/2016	LBA REALTY/GALE AVE BUILDING	\$165.00
64122	06/09/2016		ProcureIT USA, LLC	\$1,796.25

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Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	PIT18621	05/20/2016	HP PROBOOK NOTEBOOK FOR FINANCE DEPT	\$1,796.25
64123	06/09/2016		PUENTE HILLS FORD	\$645.79
	Invoice	Date	Description	Amount
	109020	04/20/2016	AUTO MAINT-LIC 29260E1	\$645.79
64124	06/09/2016		QUALITY CODE PUBLISHING LLC	\$994.20
	Invoice	Date	Description	Amount
	2016-159	05/10/2016	SUPPLEMENT TO MUNICIPAL CODE #17	\$994.20
64125	06/09/2016		R.F. DICKSON CO., INC.	\$16,795.60
	Invoice	Date	Description	Amount
	2507939	04/30/2016	STREET & PARKING LOT SWEEPING	\$16,795.60
64126	06/09/2016		REGIONAL GOVERNMENT	\$8,772.50
	Invoice	Date	Description	Amount
	5818	02/29/2016	HR SERVICES-FEB 2016	\$4,335.00
	5944	04/30/2016	HR SERVICES-APR 2016	\$4,437.50
64127	06/09/2016		RICOH USA, INC.	\$1,825.38
	Invoice	Date	Description	Amount
	50228322	05/21/2016	COPIER LEASE-CODE ENFORCEMENT	\$288.89
	5042256585	05/19/2016	METER READING	\$1,474.94
	5042113760	05/12/2016	METER READING-HR COPIER	\$61.55
64128	06/09/2016		RICOH USA, INC.	\$3,448.87
	Invoice	Date	Description	Amount
	50146101	05/14/2016	COPIER LEASE-JUN 2016	\$3,166.14
	50146460	05/14/2016	COPIER LEASE-HR	\$282.73

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CITY.WF.CHK - City General Wells Fargo				
64129	06/09/2016	SAF-R-DIG UTILITY SURVEYS, INC.		\$43,225.00
	Invoice	Date	Description	Amount
	160500	05/04/2016	UTILITY POTHOLING-ARENTH AVE	\$43,225.00
64130	06/09/2016	SAN GABRIEL VALLEY FAMILY		\$4,300.00
	Invoice	Date	Description	Amount
	2728	04/30/2016	GRAFFITI REMOVAL-APR 2016	\$4,300.00
64131	06/09/2016	SC FUELS		\$20,403.58
	Invoice	Date	Description	Amount
	3059150	05/19/2016	FUEL FOR PUMPS AT INDUSTRY HILLS	\$20,403.58
64132	06/09/2016	SO CAL INDUSTRIES		\$84.90
	Invoice	Date	Description	Amount
	224731	05/06/2016	RR RENTAL-TONNER CYN/57 FWY	\$84.90
64133	06/09/2016	SO CALIFORNIA EDISON COMPANY		\$12,387.26
	Invoice	Date	Description	Amount
	7500657297	05/16/2016	4/1-4/30/16 SVC-745 ANAHEIM-PUENTE RD	\$1,027.46
	7500657307	05/16/2016	4/1-4/30/16 SVC-133 N AZUSA AVE	\$1,901.61
	7500657322	05/16/2016	2/1-2/29/16 SVC-RELIABILITY SVC	\$167.66
	7500657296	05/16/2016	4/1-4/30/16 SVC-208 S WADDINGHAM WAY	\$3,667.31
	7500657295	05/16/2016	4/1-4/30/16 SVC-OLD RANCH RD/MAYO AVE	\$5,623.22
64134	06/09/2016	SO CALIFORNIA EDISON COMPANY		\$3,049.62
	Invoice	Date	Description	Amount
	240901	05/26/2016	REPLACE LIGHT FIXTURES-ROWLAND/LAWSON	\$3,049.62
64135	06/09/2016	SOUTH COAST A.Q.M.D.		\$122.53
	Invoice	Date	Description	Amount
	2960129	05/03/2016	AQMD FEE-FY 2015-2016	\$122.53

**CITY OF INDUSTRY
WELLS FARGO BANK
June 9, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
64136	06/09/2016		STAPLES BUSINESS ADVANTAGE	\$973.34
	Invoice	Date	Description	Amount
	8039217499	05/07/2016	OFFICE SUPPLIES	\$427.98
	8039305649	05/14/2016	OFFICE SUPPLIES	\$545.36
64137	06/09/2016		STATE COMPENSATION INS. FUND	\$2,937.08
	Invoice	Date	Description	Amount
	JUNE 2016	06/01/2016	PREMIUM FOR 6/1-7/1/16	\$2,937.08
64138	06/09/2016		SUNRISE SURVEILLANCE	\$200.00
	Invoice	Date	Description	Amount
	0000431	05/26/2016	REPAIR OF FOB SYSTEM	\$200.00
64139	06/09/2016		THE DOLPHIN GROUP, INC.	\$15,000.00
	Invoice	Date	Description	Amount
	30352	04/30/2016	MEDIA CONSULTING-APR 2016	\$15,000.00
64140	06/09/2016		THEE BEST ROOTER & PLUMBING	\$346.20
	Invoice	Date	Description	Amount
	4973	05/15/2016	PLUMBING REPAIR-CITY HALL	\$346.20
64141	06/09/2016		U.S. BANK	\$2,300.00
	Invoice	Date	Description	Amount
	4275058	04/25/2016	PFA ADMIN FEES-2010 REF LEASE BOND	\$2,300.00
64142	06/09/2016		UNDERGROUND SERVICE ALERT OF	\$28.50
	Invoice	Date	Description	Amount
	420160157	05/01/2016	DIG ALERTS	\$28.50
64143	06/09/2016		VANGUARD CLEANING SYSTEMS,	\$925.00

**CITY OF INDUSTRY
WELLS FARGO BANK
June 9, 2016**

Check	Date		Payee Name	Check Amount
CITY.WF.CHK - City General Wells Fargo				
	Invoice	Date	Description	Amount
	21845	05/01/2016	JANITORIAL SVC-HOMESTEAD	\$925.00
64144	06/09/2016		WASTE SYSTEMS TECHNOLOGY,	\$22,050.00
	Invoice	Date	Description	Amount
	COI-5-2016	05/05/2016	COMMERCIAL WASTE PROGRAM	\$22,050.00
64145	06/02/2016		06/02/2016	\$0.00
			VOIDED- PAPER JAM	
64146	06/09/2016		WORLDWIDE SUPPLY, LLC	\$5,608.40
	Invoice	Date	Description	Amount
	34903	05/10/2016	COMPUTER SUPPLIES FOR CITY'S PHONE SYTEM	\$5,608.40

Checks	Status	Count	Transaction Amount
	Total	92	\$1,502,291.58

CITY COUNCIL

ITEM NO. 5.2



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager 

Staff: Alex Gonzalez, Director of Development Services and Administration 

Date: June 9, 2016

SUBJECT: Consideration of Amendment No. 1 to the Professional Services Agreement with Cartegraph Systems, Inc., for Work Order Geographic Information System Software

On February 11, 2016, the City Council approved a Professional Services Agreement ("Agreement") with Cartegraph Systems, Inc., ("Cartegraph") for work order geographic information system software to track the City's field operations.

The California Joint Powers Insurance Authority ("JPIA") released their Draft Initial Risk Management Evaluation of the City of Industry ("City") on April 18, 2016. As part of that report, the JPIA identified action items that the City is required to address:

- **Action Item: 2016-028:** Develop a formal ADA Transition Plan outlining the steps necessary to achieve barrier free access;
- **Action Item 2016-033:** Development and implement a Tree Inspection and Maintenance Program;
- **Action Item 2016-034:** Develop and implement formal inspection and repair standards to guide the inspection and maintenance of sidewalks and related infrastructure facilities;
- **Action Item: 2016-035:** Develop and implement a formal program for periodic inspection, repair and replacement of sidewalks in order to better manage the overall sidewalk maintenance program. Regularly inspect sidewalks for uneven surfaces that might be a trip hazard; and
- **Action Item 2016-036:** Annually inspect streets, traffic control devices, and sidewalks in an effort towards risk reduction. Develop and implement formal inspection and repair standards to guide the inspection and maintenance of streetlights, pavement markings, traffic control signals, roadway signs, and related infrastructure facilities.

Staff reviewed and determined that the action items listed can be uploaded and tracked using the Cartegraph software the City already purchased. Cartegraph submitted a proposal to assist staff with data collection, extraction and adding additional asset

modules to meet the JPIA requirements. The asset inventory modules identified to be added are sign, support, sidewalk, ADA ramp, median, landscape, trees, parcel, water, bus stop and pavement inspection.

Staff recommends that City Council approve Amendment No. 1 to the Cartegraph Agreement in order to comply with JPIA required action items and best practices for an additional project cost of \$183,200. The total project cost shall not exceed \$358,200.

Exhibits

A: Professional Services Agreement with Cartegraph Systems, Inc., dated March 18, 2016

B: Amendment No. 1 to the Professional Services Agreement with Cartegraph Systems, Inc., dated June 9, 2016

PJP:AG:kw

EXHIBIT A

**Professional Services Agreement with Cartegraph Systems, Inc.,
dated March 18, 2016**

[Attached]

CITY OF INDUSTRY

PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement"), is made and effective as of March 18, 2016 ("Effective Date"), between the City of Industry, a municipal corporation ("City/Customer") and Cartegraph Systems, Inc. an Iowa corporation ("Consultant/Cartegraph"). The City and Consultant are hereinafter collectively referred to as the "Parties".

RECITALS

WHEREAS, City desires to engage Consultant to perform the services described herein, as attached in Exhibit A "Cartegraph Purchase Agreement: PA 275," and Consultant desires to perform such services in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

1. TERM

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than February 11, 2019, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

(a) Consultant shall perform the tasks ("Services") described and set forth in Exhibit A, "Cartegraph Master Agreement: #MA 185," attached hereto and incorporated herein by reference subject to the conditions set forth therein. ("Scope of Services"). Tasks other than those specifically described in the Scope of Services shall not be performed without prior written approval of the City. The Services shall be performed by Consultant, unless prior written approval is first obtained from the City. In the event of conflict or inconsistency between the terms of this Agreement and Exhibit A, the terms of this Agreement shall prevail.

(b) City shall have the right to request, in writing, changes to the Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

(c) Consultant shall perform all Services in a manner reasonably satisfactory to the City and in a first-class manner in conformance with the standards of quality normally observed by an entity providing operations management systems technology, serving a municipal agency.

(d) Consultant shall comply with all applicable federal, state, and local laws, regulations and ordinances in the performance of this Agreement, including but not limited to, the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*). During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working on the Effective Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute or law; and (ii) City has not consented in writing to Consultant's performance of such work. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.* Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for Services performed pursuant to this Agreement, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

(e) Consultant represents that it has, or will secure at its own expense, all licensed personnel required to perform the Services. All Services shall be performed by Consultant or under its supervision, and all personnel engaged in the Services shall be qualified and licensed to perform such services.

3. MANAGEMENT

The City Manager or his designee shall represent the City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but shall have no authority to modify the Services or the compensation due to Consultant.

4. PAYMENT

(a) The City agrees to pay Consultant annually, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B, "Cartegraph Purchase Agreement: #PA 275," ("Rate Schedule"), attached hereto and incorporated herein by this reference, based upon actual time spent on the above tasks. Additional costs for staff training and hardware may be incurred at the City's request with City Manager approval, provided that the total amount does not exceed the amount approved in this Agreement. This total amount shall not exceed One Hundred and Seventy Five Thousand Dollars (\$175,000.00) for the total Term of the Agreement including any additional requested training or conversion services, unless additional payment is approved as provided in this Agreement. In the event of conflict or inconsistency between the terms of this Agreement and Exhibit B, the terms of this Agreement shall prevail.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

(c) Consultant shall submit invoices for services as detailed in Exhibit B "Cartegraph Purchase Agreement: #PA 275." Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. Any final payment under this Agreement shall be made within 45 days of receipt of an invoice therefore.

5. SUSPENSION OR TERMINATION OF AGREEMENT

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ninety (90) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City, and any termination fee set forth in Section 10.F of Exhibit A. Upon termination of the Agreement pursuant to this Section, the Consultant shall submit an invoice to the City pursuant to Section 5 of this Agreement.

6. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to review such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts or copies therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files, Consultant shall make available to the City, at the Consultant's office, and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, copying and/or printing computer files. Consultant hereby grants to City all right, title, and interest, including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by Consultant in the course of providing the services under this Agreement. All reports, documents, or other written material developed by Consultant in the performance of the Services pursuant to this Agreement, shall be and remain the property of the City.

7. INDEMNIFICATION

(a) Indemnity for professional liability

When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless the City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or Subconsultants (or any agency or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

(b) Indemnity for other than professional liability

Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including legal counsel fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or agency for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

(c) DUTY TO DEFEND. In the event the City, its officers, employees, agents and/or volunteers are made a party to any action, claim, lawsuit, or other adversarial proceeding arising from the performance of the services encompassed by this Agreement, and upon demand by City, Consultant shall have an immediate duty to defend the City at Consultant's cost or at City's option, to reimburse the City for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters.

Payment by City is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Consultant and City, as to whether liability arises from the sole negligence of the City or its officers, employees, or agents, Consultant will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating the City as solely negligent. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

8. INSURANCE

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit C attached hereto and incorporated herein by reference.

9. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to the City a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against the City, or bind the City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

10. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

11. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of the City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential

financial arrangement, or financial inducement. No officer or employee of the City has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

12. NO BENEFIT TO ARISE TO LOCAL OFFICERS AND EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

13. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City, unless otherwise required by law or court order. (b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City, unless Consultant is prohibited by law from informing the City of such Discovery, court order or subpoena. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless City is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Consultant in such proceeding, Consultant agrees to cooperate fully with the City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

14. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: City of Industry
15625 E. Stafford, Suite 100
City of Industry, CA 91744

Attention: City Manager

With a Copy To: James M. Casso, City Attorney
Casso & Sparks, LLP
13200 Crossroads Parkway North, Suite 345
City of Industry, CA 91746

To Consultant: Cartegraph Systems, Inc.
Randy L. Skemp, Executive Vice President/CRO
3600 Digital Drive
Dubuque, Iowa 52003

15. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City.

Before retaining or contracting with any subconsultant for any services under this Agreement, Consultant shall provide City with the identity of the proposed subconsultant, a copy of the proposed written contract between Consultant and such subconsultant which shall include and indemnity provision similar to the one provided herein and identifying City as an Indemnified party, or an incorporation of the indemnity provision provided herein, and proof that such proposed subconsultant carries insurance at least equal to that required by this Agreement or obtain a written waiver from the City for such insurance.

Notwithstanding Consultant's use of any subconsultant, Consultant shall be responsible to the City for the performance of its subconsultant as it would be if Consultant had performed the Services itself. Nothing in this Agreement shall be deemed or construed to create a contractual relationship between the City and any subconsultant employed by Consultant. Consultant shall be solely responsible for payments to any subconsultants. Consultant shall indemnify, defend and hold harmless the Indemnified Parties for any claims arising from, or related to, the services performed by a subconsultant under this Agreement.

16. GOVERNING LAW/ATTORNEYS' FEES

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court in Los Angeles County, California. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the Services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable

attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

17. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written and pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

18. SEVERABILITY

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

19. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20. CAPTIONS

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and shall have no significance in the interpretation of this Agreement.

21. WAIVER

The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

22. REMEDIES

Each right, power and remedy provided for herein or now or hereafter existing at

law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies.

23. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date.

"CITY"
City of Industry

"CONSULTANT"
Cartegraph Systems, Inc.

By: Paul J. Phillips
Paul Phillips, City Manager

By: Randy L. Skemp
Randy L. Skemp,
Executive Vice President/CRO

Attest:

By: Cecelia Dunlap
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: James M. Casso
James M. Casso, City Attorney

Attachments: Exhibit A Scope of Services
 Exhibit B Rate Schedule
 Exhibit C Insurance Requirement

EXHIBIT A

SCOPE OF SERVICES

CARTEGRAPH MASTER AGREEMENT #MA185

The following are the terms and conditions under which Cartegraph licenses its Software and provides Support, Services and Hosting as listed in the Exhibits and Purchase Agreements referencing this Agreement.

1. Grant of License to Software.

- A. Cartegraph is licensed by third parties ("Third Party Licensors") to sublicense certain third party software products to Customer and to offer services to Customer for these third party software products under this Agreement.
- B. Each Software product, including all data programs or set of programs, or routines and subroutines, consisting of a series of instructions or statements in machine readable form, and including any documentation relating to or describing such Software, such as, but not limited to manuals, online documentation and user instructions, flow charts, database schemas and improvements or updates provided by Cartegraph (collectively "Software"), is furnished to Customer under a personal, non-exclusive, nontransferable limited license solely for Customer's own internal use on Host Computer System (as defined below) and with Customer's Clients.
 - 1. Host Computer Systems, if applicable, are Servers owned or controlled by Cartegraph that Customer may access under this Agreement (the provision of this service is herein referred to as "Hosted" or "Hosting").
 - 2. Servers are personal computers, minicomputers, mainframes, workstations, and terminal devices that interact with Client Software and have been approved by Cartegraph or Third Party Licensors for operation of Software.
 - 3. Server Software is a copy of Software residing on a server, multiple servers, or a Host Computer System.
 - 4. Clients are personal computers, minicomputers, mainframes, workstations, mobile devices, and terminal devices that interact with Server Software and have been approved by Cartegraph or Third Party Licensors for operation of Software.
 - 5. Client Software is a copy of Software residing on a Client that interacts with Server Software.
 - 6. Data Files are those files which contain data that is input by the Customer during the use of the Software.
- C. Customer agrees that the number of users licensed will be listed in the Purchase Agreement and only that number of users may use the Software at any given time.
 - 1. If Customer has purchased a Per-User License, as indicated in the Purchase Agreement, only a finite number of licenses have been purchased by Customer and only that finite number of users may access and use the Software at any given time. The specific number of licenses purchased shall be identified in the Purchase Agreement.
- D. Customer agrees the Software license for the Software is limited as follows:
 - 1. Browser Based User -- Each browser based user is defined by unique ID and password.
 - 2. For Server Software -- one copy of Server Software for each Server or, if Hosted, no copies of Server Software for a Server that is not a Host Computer System.
- E. Customer agrees that this license does not permit Customer to: (1) use the Software for a service bureau application or (2) sublicense the Software.
- F. Except as set forth in this Agreement or as may be permitted in writing by Third Party Licensors, Customer shall not use, provide or otherwise make available the Software or any part or copies thereof to any third party.
- G. Customer shall not, and shall not permit others to:
 - 1. Reverse engineer, decompile, decode, decrypt, disassemble, or in any way derive source code from the Software;
 - 2. Modify, translate, adapt, alter, or create derivative works from the Software;
 - 3. Copy, (other than one back-up copy), distribute, publicly display, transmit, sell, rent, lease or otherwise exploit the Software; or
 - 4. Distribute, sublicense, rent, lease, loan (or grant any third party access to or use of) the Software to any third party.
- H. Customer may make copies of the Client Software for archival purposes. The Server Software may not be copied, in whole or in part.

2. Title to Software and Data Files.

- A. Ownership of the Software, any portions thereof and any modifications, translations, or derivatives thereof, even if unauthorized, remains with Cartegraph or Third Party Licensors, as do all applicable rights in patents, copyrights and trade secrets and any other proprietary rights in the Software. Software provided hereunder is valuable, proprietary and unique, and Customer agrees to be bound by and observe the proprietary nature thereof as provided herein.

- B. Customer acknowledges that unauthorized reproduction, use, or disclosure of the Software or any part thereof may cause irreparable injury to Cartegraph or Third Party Licensors, who may therefore be entitled to injunctive relief to enforce these license restrictions, in addition to any other remedies available at law, in equity, or under this Agreement.
 - C. Customer agrees that Cartegraph or Third Party Licensors may audit Customer's Software usage remotely or on-site during Support, Services or Hosting or upon reasonable notice and during standard business hours. Prevention of audit by Customer may be grounds for termination of this Agreement.
 - D. Cartegraph agrees that ownership of data in Data Files remains with Customer. However, Customer agrees that Cartegraph may access Data Files and grants Cartegraph a license to use the data for 1) internal business purposes to evaluate the use and operation of the Software, Support, Services or Hosting; and 2) marketing purposes provided that any information shared with third parties is anonymized and/or aggregated so that Customer cannot be identified from the information.
- 3. License Fees, Support Charges, Services and Hosting Charges.**
- A. Customer agrees to pay the license fees for the Software, Support charges, Services charges and Hosting charges as set forth in the Purchase Agreement for each Product.
 - B. Cartegraph agrees that the total amount listed in the Purchase Agreement shall be considered the not-to-exceed price for the Software, Support, Services and Hosting included in that Purchase Agreement. Hosting includes 20G of available file storage. If additional storage is required, the Customer can purchase in 10G increments
 - C. Customer agrees that all payments are due 30 days from date of invoice and Customer shall be in default if amounts due have not been received in that time period. Customer's default will constitute sufficient cause for Cartegraph to suspend or terminate the Software license, Support, Services and Hosting under this Agreement.
 - D. Customer shall be invoiced for Software, Support, Hosting and hardware upon delivery. Customer shall be invoiced for Services as set forth in the Purchase Agreement.
 - E. Customer shall reimburse Cartegraph for reasonable expenses incurred during the provision of Support, Services or Hosting. Reasonable expenses include, but are not limited to, travel, lodging, and meals. Expenses are billed based on actual costs incurred. Estimated expenses shall be included in each Purchase Agreement and include the number of trips to customer site. Cartegraph shall not incur any expenses without prior written approval by the City.
- 4. Delivery and Installation.**
- A. On-Site Installation**
- 1. This subsection "A" regarding On-Site Installation shall apply if Customer elects, as indicated in the Purchase Agreement, to have Software and Products installed on Customer's Servers and Client computers at Customer's facilities ("On-Site") instead of utilizing Cartegraph Hosting Services.
 - a. Execution of a Purchase Agreement by Customer shall be considered as Customer's notification to Cartegraph to proceed with delivery of the Products identified in the Purchase Agreement.
 - b. Delivery of Software and Support shall take place reasonably quickly after execution of the Purchase Agreement. Cartegraph shall provide access to the Software to Customer in a downloadable form. Notification by Cartegraph that Software is available for download shall constitute delivery of Software and Support, regardless of when Customer downloads the Software.
 - c. Customer shall be responsible for installation of the Client Software on Customer's Clients, unless agreed otherwise.
 - d. After execution of the Purchase Agreement, delivery of Services will be scheduled in cooperation with Customer.
 - e. Any hardware included in the Purchase Agreement shall be ordered after execution of the Purchase Agreement. Delivery of hardware will be scheduled in cooperation with Customer.
- B. Hosting**
- 1. This subsection "B" regarding Hosting shall apply if Customer elects, as indicated in the Purchase Agreement, to utilize the Hosting services offered by Cartegraph instead of having the Software installed On-Site, as described in the previous subsection.
 - a. Execution of a Purchase Agreement shall be considered as Customer's notification to Cartegraph to proceed with delivery of the Software and Services as indicated in the Purchase Agreement.
 - b. Delivery of Software, Support, and Hosting shall take place reasonably quickly after execution of the Purchase Agreement. Cartegraph shall provide access to the Server Software to Customer on a Host Computer System. Notification by Cartegraph that Server Software is available for access shall constitute

delivery of Server Software, Support and Hosting, regardless of when Customer first accesses the Server Software.

- c. Cartegraph shall be responsible for installation of the Server Software on Cartegraph's Host Computer System. Customer shall be responsible for installation of the Client Software on Customer's Clients, unless agreed otherwise.
- d. After execution of the Purchase Agreement, delivery of Services will be scheduled in cooperation with Customer. Customer shall remain responsible for Service charges even if Services are not delivered.
- e. Any hardware included in the Purchase Agreement shall be ordered after execution of the Purchase Agreement. Delivery of hardware will be scheduled in cooperation with Customer.

2. Hosting Services

- a. Cartegraph will install, and operate Server Software on one or more Host Computer Systems.
- b. Cartegraph will provide all equipment, software and services necessary for the operation, maintenance and support of one or more Host Computer Systems and the Server Software. Cartegraph may contract with third parties for all or part of such equipment, software and services ("Third Party Hosts"). Cartegraph reserves the right to change the configuration of the Host Computer System and the Server Software and to change or delete such equipment or software at any time, but Cartegraph shall make the Software compatible with such change or deletion without additional charge to Customer.
- c. Customer shall have access to and be permitted to use the Server Software via Clients.
- d. Customer shall provide a computing and networking environment that meets the minimum requirements set forth in Cartegraph's published specifications.
- e. Customer shall be responsible for all bandwidth between Host Computer System and Clients and in such amounts as to provide reasonable responsiveness of the system.
- f. Cartegraph shall perform a full back-up of data files on a daily basis. The daily full back-up will be retained for (14) fourteen days and then deleted unless customer contracts for additional days. Cartegraph's hosting services uses RAID 10 which both mirrors the data and stripes across multiple drives creating redundancy. Cartegraph hosting services have dual redundancy with offsite back-up storage and a back-up data centers
- g. The Host Computer System shall be used by Customer only for purposes relating to Customer's own use of the Software. Customer shall have no right to assign any of its rights under this section.
- h. Customer agrees that it shall be bound by the terms and conditions of any agreement between Cartegraph and any Third Party Hosts that relate to the use and operation of Host Computer Systems. Cartegraph will apprise Customer of the terms and conditions of such agreements from time to time.
- i. Cartegraph will take reasonable precautions to guard against unauthorized access to Data Files. However, Cartegraph assumes no responsibility that the Software will be used properly.
- j. Customer shall have the right to receive Data Files within sixty (60) days of termination of any Hosting on the condition that customer has paid all outstanding invoices owed to Cartegraph.

3. Availability of Host Computer System.

- a. If Cartegraph contracts with a Third Party Host to provide Hosting, the service level provided by the Third Party Host shall be the service level provided by Cartegraph to Customer, except as required for Cartegraph to provide Support under this Agreement. However, all assignment and subcontracting is subject to the provisions of Section 15 of the Agreement.
- b. In general, Server Software will be available for use and access by Customer 24 hours a day, 7 days a week, except for scheduled maintenance to take place at commercially reasonable times. Furthermore, if access to the Server Software becomes a problem, then Cartegraph shall provide Support in view of the severity of the problem.
- c. Server Software will be available for use and access by Customer during back-up activities performed by Cartegraph.

5. Support.

- A. Scope of Support. Support includes the response to and resolution of Customer-encountered problems with the Software as reported to Cartegraph by Customer.

1. Resolution of Customer-encountered problems shall, at Cartegraph's option, consist of (1) maintenance provided through telephone, email or remote access; (2) correction of the problem in the Software program; or (3) delivery of bug fixes or workarounds limited to the current or immediate prior Software release.
 2. Cartegraph will only support licensed Software located on Servers or Clients. Cartegraph will use commercially reasonable efforts to respond to Customer problems according to the priority level of the problem.
 3. Support may also include upgrades to Software.
- B. **Support Limitations.** Any Support is dependent upon the use by Customer of unmodified Software (except as authorized by Cartegraph) operated in accordance with Cartegraph's documentation. Support specifically excludes the following: (1) Support to a version of Software other than the current or immediate prior release; (2) efforts to restore a release of the Software beyond the current or immediate prior release; (3) efforts to restore a Customer Data File beyond the most recent back-up; and (4) efforts to convert a Customer Data File to another format.

As part of Support, Cartegraph is under no obligation to modify the Software so that the modified Software would depart from Cartegraph's published specifications for the Software.

6. Professional Services.

- A. The professional consulting services and deliverables to be performed or delivered by Cartegraph under this Agreement may include, but are not limited to: consulting, network engineering, systems integration, hardware installation, special studies, pre-installation support, installation of Client Software, installation support, training, custom Software modification, tools/utilities components, programming and documentation, data conversion, application design and development, systems analysis and design, conversions, implementing planning and implementation of the Software (collectively referred to as the "Services").
- B. Services shall only be provided as the result of a Purchase Agreement and any attached statements of work.
- C. Services will be provided during the hours of 7:00 a.m. to 7:00 p.m., Central Standard or Central Daylight Time, whichever is applicable, Monday through Friday excluding holidays.

7. Customer's Responsibilities.

- A. Customer is responsible for maintenance and installation of any Clients, common carrier equipment or communication equipment related to the operation of the Software and not furnished by Cartegraph. Before Customer introduces equipment not within Cartegraph's published specification, Cartegraph must approve the additional equipment.
- B. Customer is responsible for charges incurred for communication facilities at Customer's facilities, whether incurred by Customer or by Cartegraph Support representatives while performing Support on the Software.
- C. Customer is responsible for performing Software back-ups in accordance with published documentation.
- D. Customer shall notify Cartegraph of any problem and shall allow Cartegraph reasonable access to the Software for performing Support, Services or Hosting.
- E. Customer shall furnish Cartegraph, at Customer's expense, all technical data and information as may be necessary to furnish Support, Services or Hosting.
- F. Customer shall grant Cartegraph access to Servers and Clients as may be necessary for the adequate delivery of the Support, Services or Hosting.

8. **Software Modification.** Cartegraph and Third Party Licensors will not be responsible to Customer for loss of use of the Software or data or for any other liabilities arising from alterations, additions, adjustments or repairs which are made to the Software by Customer or third parties. Cartegraph reserves the right to terminate the Software license, Support, Services or Hosting under this Agreement upon written notice to Customer if any such alteration, addition, adjustment or repair adversely affects Cartegraph's ability to render Support, Services or Hosting.

9. Term.

- A. Support for any subsequently added components or upgrades shall be either coterminous with the term of Support applicable to the Software initially covered or as otherwise agreed and stated in the Purchase Agreement.

10. Termination.

- A. Notwithstanding the foregoing, Cartegraph shall have the right to terminate this Agreement if Customer fails to pay any and all required license fees, Support charges, Services charges, Hosting charges or otherwise fails to comply with this Agreement or the terms and conditions of any applicable Third Party Licensor agreement.
- B. Upon expiration of the license term or upon notice of such termination, Customer shall immediately return or destroy the Software and all portions and copies thereof as directed by Cartegraph or Third Party Licensors and, if requested by Cartegraph or Third Party Licensors, shall certify in writing as to the destruction or return of the same.

- C. Any termination of this Agreement shall automatically terminate Support, Services and Hosting provided under any Purchase Agreement or Statements of Work, unless otherwise agreed. All confidentiality and non-disclosure obligations shall survive any such termination.
- D. Customer shall have the right to terminate this Agreement, according to the terms provided herein, by returning or destroying the Software and all portions and copies thereof and certifying in writing as to the destruction or return of the same.
- E. If Customer wishes to terminate this Agreement prior to the end of the term of this Agreement as identified above or in the appropriate Purchase Agreement, Customer must provide Cartegraph with written notice of such intent to terminate at least ninety (90) days prior to such termination. Any such termination by Customer shall subject Customer to the cancellation fee identified below.
- F. If Customer terminates before the date set in the Purchase Agreement, Customer shall pay a cancellation fee equal to 80% of the remainder of licensing fees, Support charges and Hosting charges due under this Agreement. There shall be no cancellation fee for Services not yet performed. However, no matter the reason, Customer's termination shall not relieve it of the obligation to pay any amounts already due under this Agreement.
- G. If Software, Support, Services or Hosting are not funded for future fiscal years under the City's legal budgeting process for such governmental entity, City may terminate for future fiscal years with the cancellation fee identified in the previous paragraph reduced from 80% to 20%. There shall be no cancellation fee for Services not yet performed. However, no matter the reason, Customer's termination shall not relieve it of the obligation to pay any amounts already due under this Agreement.
- H. Cartegraph shall have the right to terminate Hosting, if Hosting services are being provided, by giving at least ninety (90) days written notice that Cartegraph cannot meet its obligations of availability of the Host Computer System.
- I. In addition to the right of termination provided to Cartegraph under other sections of this Agreement, Cartegraph shall have the right to terminate the Software license, Support, Services and/or Hosting upon the occurrence of any of the following events:
 - 1. Customer's oldest invoice is ninety (90) days past due. Support hold will be initiated when customer's oldest invoice is thirty (30) days past due or,
 - 2. Subject to applicable law, the appointment of a receiver, trustee in bankruptcy or similar officer for the equity or assets of Customer, or
 - 3. There is an assignment of this Agreement without the prior written consent of Cartegraph.
- J. Termination shall not be Cartegraph's exclusive remedy and termination shall not adversely affect any claim for damages against Customer.

11. Limited Warranty.

- A. Cartegraph warrants that it has the right to sublicense the Software being licensed hereunder pursuant to the terms provided herein.
- B. Cartegraph warrants that the Software will conform to Cartegraph's published specifications until Support ends.
- C. Provided that the Software is used in a manner for which it was designed as set forth in the Software, Cartegraph's sole obligation and liability hereunder for the Software shall be to use reasonable efforts to remedy any substantial non-conformance which is reported to Cartegraph. In the alternative, Cartegraph may refund amounts paid by Customer pursuant to Purchase Agreements for such Software products.
- D. THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT WITH RESPECT TO THE SOFTWARE LICENSED HEREUNDER.
- E. SUPPORT, SERVICES AND HOSTING SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SUPPORT, SERVICES AND HOSTING PROVIDED UNDER THIS AGREEMENT DO NOT ASSURE THE UNINTERRUPTED OPERATION OF THE SOFTWARE.
- F. CUSTOMER'S SOLE AND EXCLUSIVE REMEDY SHALL BE TO TERMINATE THE SOFTWARE LICENSE, SUPPORT OR SERVICES. THE REMEDY SET FORTH IN THIS SECTION IS CARTEGRAPH'S SOLE LIABILITY, AND CUSTOMER'S SOLE AND EXCLUSIVE REMEDY, IN LIEU OF ALL OTHERS, FOR ANY BREACH BY CARTEGRAPH OF ITS SOFTWARE, SUPPORT, SERVICES AND HOSTING WARRANTIES HEREUNDER. IN THE EVENT OF TERMINATION OF THE AGREEMENT DUE TO BREACH, THE CITY SHALL NOT BE LIABLE FOR ANY CANCELLATION FEES, INCLUDING, BUT NOT LIMITED TO, THE CANCELLATION FEE SET FORTH IN SECTION 10.F

12. Limitation of Liability. TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW:

- A. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR LOSS OF DATA, HOWEVER ARISING, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES;
 - B. EXCEPT FOR DAMAGES RESULTING FROM BODILY INJURY OR PATENT OR COPYRIGHT INFRINGEMENT, AS DISCUSSED BELOW, IN NO EVENT SHALL THE MAXIMUM CUMULATIVE LIABILITY OF EITHER PARTY TO THE OTHER UNDER THIS AGREEMENT, UNDER ANY CAUSE OF ACTION OR THEORY OF LIABILITY, EXCEED THE TOTAL AMOUNT OF COMPENSATION TO CARTEGRAPH, AS SET FORTH IN SECTION 4(a) OF THE AGREEMENT
13. **U.S. Government Restricted Rights.** The Software is commercial software and the Software is provided with restricted rights. Use, duplication or disclosure by the Government is subject to restrictions as set forth in paragraph (c)(1)(ii) of the Rights in Technical Data and Computer Software Clause at DFARS 252.227-7013 of subparagraphs (c)(1) and (2) of the Commercial Computer Software-Restricted Rights at 48 CFR 52.227-19, as applicable.
14. **Proprietary Rights and Confidential Information of Cartegraph.**
- A. Certain information and materials supplied by Cartegraph with the Products, such as, without limitation, deliverables, manuals, diagrams, drawings, plans, flowcharts, software, technical processes and formulae, source codes, product designs, sales, costs and other unpublished financial information, product and business plans, usage rates, relationships, projects and data, are Cartegraph's or Third Party Licensors' confidential or proprietary trade secrets (the "Confidential Information") and Cartegraph furnishes them solely to assist Customer in the installation, operation and use of Software. Customer must not reproduce, copy or disclose such Confidential Information except as is reasonable and necessary to properly use Software. Nothing herein shall restrict Customer from complying with its obligations under any law requiring disclosure, but Customer shall give Cartegraph five days prior notice before any release of Confidential Information.
 - B. Customer acknowledges and agrees that Cartegraph or Third Party Licensors shall suffer irreparable injury not compensable by money damages and therefore shall not have an adequate remedy at law in the event of an unauthorized use of proprietary rights or an unauthorized use or disclosure of any Confidential Information in breach of the provisions of this Agreement. Accordingly, Cartegraph or Third Party Licensors shall be entitled to injunctive relief to prevent or curtail any such breach, threatened or actual. The foregoing shall be in addition and without prejudice to such rights that Cartegraph or Third Party Licensors may have at law or in equity.
15. **Proprietary Information of Customer.**
- A. In order to provide Products under this Agreement, Customer may, from time to time, disclose to Cartegraph certain information respecting Customer's technical, financial, statistical and personnel data, (hereinafter "Information"). Any such Information which is submitted in writing to Cartegraph by the Customer and which is clearly and conspicuously marked as confidential shall be protected by Cartegraph against unauthorized disclosure by using the same degree of care and discretion that Cartegraph uses with similar Information which Cartegraph does not want disclosed to third parties. However, Cartegraph shall not be required to protect Information which (a) is or becomes publicly available, (b) is already in Cartegraph's or its related companies' possession, (c) is independently developed by Cartegraph outside the scope of this Agreement, or (d) is rightfully obtained from third parties. Cartegraph's obligations under this Section shall cease immediately upon return to Customer or destruction by Cartegraph of such information.
 - B. Cartegraph shall not be required to protect any Ideas, concepts, know-how, or techniques relating to data, electronic document processing and image processing developed or resulting from the Information or the Services provided under this Agreement.
16. **Infringement Indemnification.**
- A. Cartegraph or Third Party Licensors will defend any action, suit or proceeding brought against Customer if based on a claim that Products infringe any United States patent or copyright of any third party ("Intellectual Property") provided that Customer promptly notifies Cartegraph or Third Party Licensors immediately and gives Cartegraph or Third Party Licensors full authority, information and assistance for the action's defense. Cartegraph or Third Party Licensors will pay all damages and costs awarded therein against Customer, but shall not be responsible for any compromise made without its consent. Cartegraph or Third Party Licensors may, at any time it is concerned over the possibility of such an infringement, at its option and expense, replace or modify Products so that infringement will not exist. In the alternative, Cartegraph may remove a component of Products involved and refund to Customer the price as depreciated by an equal annual amount over five (5) years.
 - B. Cartegraph and Third Party Licensors shall have no liability to Customer if any Intellectual Property infringement or claim thereof is based upon the use of Products in connection or in combination with equipment, devices, or software not supplied by Cartegraph or used in a manner not expressly authorized by this Agreement or in a manner for which Products were not designed, or if the claim of infringement would have been avoided but for Customer's use of software other than the latest, unmodified release of Software made available to Customer by Cartegraph.

- C. Customer shall indemnify and hold Cartegraph and Third Party Licensors harmless from any loss, cost or expense suffered or incurred in connection with any claim, suit or proceeding brought against Cartegraph or Third Party Licensors so far as it is based on a claim that the use, sale or licensing of any Products delivered hereunder and modified or altered or combined with any products, device, or software not supplied by Cartegraph hereunder constitutes an infringement because of such modification, alteration or combination.

17. Miscellaneous.

- A. Taxes. Customer shall pay all taxes, levies and similar governmental charges, however designated, and all liabilities with respect thereto which may be imposed by any jurisdiction, including, without limitation, customs, privilege, excise, sales, use, value-added and property taxes levied or based on gross revenue or operation of this Agreement, except those taxes based upon Cartegraph's net income.
- B. Export. Customer agrees that the Software, Support, Services and Hosting purchased hereunder will not be exported directly or indirectly, separately or as part of any system, without first obtaining a license from the U.S. Department of Commerce or any other appropriate agency of the U.S. Government, as required.
- C. Force Majeure. If any cause beyond Cartegraph's/the City's reasonable control prevents Cartegraph/the City from performing under this Agreement by a given date or time, Cartegraph's performance will be automatically postponed.
- D. Customer gives Cartegraph permission to use customer's organization name and/or logo for promotional purposes, including, but not limited to industry announcements, public press releases, and customer stories.

Cartegraph hereby pledges to issue software licenses in the agreed upon quantities specified in your Investment Summary. The "Software," as defined in Master Agreement #MA185, consists of developed and supported technology products available from Cartegraph.

In addition to full access to Cartegraph licensed software, your organization will receive:

1. Support

- a. ***Campus – www.cartegraph.com/campus***
Our User Assistance area is a convenient and easily-shareable resource designed to help you and your co-workers better understand the functions and capabilities of your Cartegraph applications. Instantly access user tips, step-by-step guides, videos, and more.
- b. ***Dedicated, Unlimited, Toll-free Phone Support - 877.647.3050***
When questions need answers and difficulties arise, count on our industry-leading Support team to provide the guidance and assistance you need. Reach us as often as you need Monday-Friday, 7:00 am-7:00 pm CT.
- c. ***Secure, Live Remote Support***
If your challenge requires a more hands-on approach, we have the remote support tools to fix it. Let one of our Support Team members directly interact with your system to find a fast, effective solution.

2. Training & Education

- a. ***Convenient Online Resources***
All the information you need, one click away. Take advantage of online training opportunities, tutorial videos, upcoming event information, and more.
- b. ***Regional User Groups***
Meet and network with similar Cartegraph users in your region. Our smaller, more personalized User Groups allow you to find out what other organizations are doing to get more from their Cartegraph Systems.

3. Software Releases & Upgrades

- a. ***New Software Releases***
Be the first to know about all new Cartegraph releases, enhancements, and upgrades. Gain immediate access to the latest features and functionality, and increased system performance.
- b. ***Hot Fixes***
If an issue is determined to be a software defect and falls outside the standard release cycle, Cartegraph will issue a hot fix and provide application specialists with detailed levels of product knowledge to work with you in achieving a timely and effective resolution.

Cartegraph Systems, Inc.

Field Services (Fee for Service)

The Fee for Field Service Implementation Services as listed in the *Investment Summary* of the Purchase Agreement are specific Cartegraph services which will be delivered to the Customer based on the descriptions below and any descriptions that may be found in the Purchase Agreement's Exhibits. Cartegraph will coordinate with the Customer on service delivery expectations and timeframes. This is an addendum to Customer's Master Agreement #MA185.

Cartegraph OMS – Implementation Scope of Work

Implementation of the Operations Management System (OMS) includes the following professional services:

Setup

- Cartegraph will setup a hosted, production OMS environment. If a test or sandbox environment is purchased, Cartegraph will also setup a hosted, test OMS environment.
- Cartegraph will provide an overview, up to two (2) hours, of Cartegraph and ArcGIS Online user-based logins and User/Role functionality.
- Cartegraph will provide a template file to be utilized by your staff to populate Roles and Users to be utilized for OMS.
- Cartegraph will utilize the template to create users and roles in OMS. (Note: Subsequent User and/or Role changes will be your administrator's responsibility.)
- Cartegraph will provide documentation and guidance, up to four (4) hours, for your technical GIS staff to configure Esri Basemap Services for OMS integration. Guidance will be geared towards OMS/Esri integration functionality and requirements.
- Cartegraph will setup the OMS Platform, including the Request, Work, Resource, and Asset Management areas of the software. Asset Management solutions will be setup for all solutions referenced in the Assets section of the scope unless otherwise noted.

Consulting

- Cartegraph will provide up to two (2) remote requirement gathering workshops, a total of four (4) hours, to increase our understanding of your business and functional goals. Through workshops and interviews, Cartegraph will identify best fit scenarios for OMS and provide a brief including any challenges as well as recommendations for OMS best practices relevant to your implementation.

Training

- Cartegraph will provide remote train-the-trainer training, up to four (4) hours, on overall system navigation and functionality to help familiarize your staff with the software environment and its common functions. Training topics include:
 - Home Screen
 - Logins/Permission
 - Layers
 - Filters

- Maps
 - Grids
 - System Navigation
 - Views (List & Detail)
 - Standard Reports
 - Attachments
 - Requests, Work, Assets, Resources, Reports, and Administrator Tabs
- Cartegraph will provide remote train-the-trainer training, up to two (2) hours, on OMS Esri integration functionality. Training topics include:
 - OMS Esri integration configuration options
 - Integration functionality (basemap and feature)
 - Overall Esri integration requirements, considerations, and Cartegraph recommended best practices
 - Cartegraph will provide remote train-the-trainer training, up to four (4) hours, on OMS Request functionality. Training topics include:
 - Requests
 - Requesters
 - Task Creation from Requests
 - Issue library (including settings such as Applies to Asset and Non-Location)
 - Cartegraph recommended best practices for Request and Requester Management
 - Cartegraph will provide remote train-the-trainer training, up to four (4) hours, on OMS Work functionality. Training topics include:
 - Create Task(s) (Asset/Non-Asset)
 - Assignments (Add, Edit, Remove)
 - Task Menu Actions
 - Related Work Items
 - Create Work Order
 - Associate Task to WO
 - Repeat Work Orders
 - Work Order Menu Actions
 - Enter Resources
 - Timesheets
 - Activity library (including settings such as Applies to Asset, Inspection, Key Dates, Cost, and Productivity)
 - Cartegraph recommended best practices for Work Management
 - Cartegraph will provide train-the-trainer training on OMS Asset functionality as it relates to the assets referenced within the Asset section of the scope. Training topics include:
 - Asset Details
 - Inspections
 - Linked assets (if applicable)
 - Container/Component Relationships (if applicable)
 - Cartegraph recommended best practices for Asset Management

To avoid redundancy, and to utilize service time efficiently, training may cover a subset of the assets listed in the Asset section of the scope.

- Cartegraph will provide remote "train-the-trainer" training, not to exceed four (4) hours, on OMS Fleet functionality. Training topics include:
 - Fleet Management in OMS
 - Preventative Maintenance Schedules
 - Task Management
 - Vehicle Replacement Ratings (VRR) Equipment Detail information
 - Fleet Reports

- Cartegraph will provide remote train-the-trainer training, up to four (4) hours, on OMS Resource functionality. Training topics include:
 - Resource Details
 - Labor/Equipment Rates
 - Material Management (Stock, Usage, Adjustments)
 - Vendor Price Quotes
 - Cartegraph recommended best practices for Resource Management

- Cartegraph will provide remote train-the-trainer training, up to two (2) hours, on Cartegraph for iPad functionality. Training topics include:
 - Overall system functionality (Navigation, Interface, Maps, Attachments, Sorting)
 - Work Management
 - Create and Update Tasks (Asset/Non-Asset)
 - Assign Tasks
 - Enter Resources
 - Inspections
 - Asset Management
 - Create and Update Assets
 - Request Management
 - Create and Update Requests
 - View Requester information
 - Create Task from Request
 - Cartegraph recommended best practices for mobile device use

- Cartegraph will provide remote train-the-trainer training, up to four (4) hours, on OMS Administrator functionality. Training topics include:
 - Administrator:
 - User Administration, Role Administration, Import/Export, Error Log
 - Settings:
 - System Settings, Base Map Administration, Geocode Settings, GIS Integration Settings, Background Task Scheduler, Asset Color Manager
 - Manager:
 - Layout Manager, Library Manager, Preventative Maintenance, Asset Condition Manager, Notification Manager, Structure Manager
 - Cartegraph Administrator Application
 - Report Creation

- Cartegraph will provide remote train-the-trainer training, up to four (4) hours, on Advanced Request functionality. Training topics include:
 - Internal Requests
 - YourGOV
 - Requester Notifications

- Issue Library settings and management
- YourGOV web and smartphone functionality, including Create Request, View Request, and View Status
- Cartegraph recommended best practices for advanced request management

Go-Live Support

- Cartegraph will provide up to two (2) remote web conferences (not to exceed 4 hours total) to be utilized for Go-Live Support. The agenda will be defined, and agreed upon, by both your and Cartegraph's project managers. Topics may include any of the following:
 - Refresher training for items listed in the scope of work
 - Software and process support for staff during production roll out
 - Field, Layout, and Report configuration guidance, if applicable

Data Services

- Cartegraph will provide one test and one production data load service through standard import/export functionality. Cartegraph will provide template documents for data population. Once populated by your staff, Cartegraph will load the data into your test or production OMS environment. Data loads may include data such as:
 - Parent level asset records
 - Asset location (spatial x/y) attributes
 - Parent level resource (Labor, Equipment Material, Vendor) records
 - Resource Rate (Labor, Equipment, Material) records
 - Standard system libraries

Assets

Asset implementation includes the following professional services:

- Cartegraph will provide installation and training on the following thirty (30) asset types:
 - Transportation (7)
 - Light Fixture, Marking, Sidewalk, Pavement, Pavement Area, Sign, and Support
 - Sewer (7)
 - Sewer Cleanout, Sewer Facility, Sewer Force Main, Sewer Lateral, Sewer Main, Sewer Manhole, and Sewer Pump
 - Storm (9)
 - Storm Basin, Storm Channel, Storm Culvert, Storm Facility, Storm Inlet, Storm Manhole, Storm Outlet, Storm Pipe, and Storm Pump
 - Facility (7)
 - Facilities, Electrical Generators, Facility Lighting, Fire Protection, HVAC Equipment, Plumbing Fixtures, and Roofing Systems

- Cartegraph will provide up to five (5) field configurations for each asset type listed above.

Cartegraph will provide all services remotely via audio, video, and web conferences unless otherwise noted.

Customer Responsibility

For the project, you will be responsible for appointing a dedicated project manager that will be responsible for:

- Reviewing the implementation scope of work
- All internal aspects of the project including, but not limited to, internal change management, internal documentation, staff coordination, task completion, and schedule commitment
- Ensuring all scheduled meetings are attended by invited staff
- Partnering with the Cartegraph Project Manager to ensure project success
- Providing leadership and insight on all relevant internal issues such as policy/procedure, organizational structure, project stakeholders, technical architecture, data, and current systems

Exclusions

The following service items are not included in the scope of this project:

- Implementation of any custom modification or integration developed by Cartegraph, your internal staff, or any third-party is not included in the scope of this project unless specifically listed above.
- Data conversion services from other software system(s) or sources (including Cartegraph Navigator databases) are not included in the scope of this project unless specifically listed above.
- Any service items discussed during demonstrations, conference calls, or other events are not included in the scope of this project unless specifically listed above.

Customer/Cartegraph Responsibilities

Project representatives from Customer and Cartegraph accepts responsibility for all aspects of project planning, management, and execution not specifically identified as the responsibility of Cartegraph in the Master Agreement or in this Purchase Agreement. Ongoing management of the day-to-day allocation of Customer and Cartegraph resources and management of project tasks is the responsibility of the Customer and Cartegraph project representatives. Customer and Cartegraph project representatives will provide overall guidance and direction for the project and will direct the project accordingly. Further, and with regard to the Cartegraph obligations listed in this Purchase Agreement, Customer understands that it is vital to the success of the project that Customer provides assistance in the following matters:

1. For those services listed under Field Services, Cartegraph personnel will conduct information gathering and evaluation sessions with various Customer users and management. While Cartegraph respects the time and workload of Customer staff, dedicated time on the part of the appropriate Customer resources is necessary to complete these exercises.

2. The installation process requires the assistance of Customer personnel and suitable access to hardware and systems (e.g., security clearance). Customer is required to supervise the installation process while systems are accessible to Cartegraph. All hardware and software, for both Personal Computers and servers, is expected to be available, installed, and operating as specified in Cartegraph's System Requirements documentation such that delivery and execution of Cartegraph Field Services will not be impeded.
3. Customer and Cartegraph understand that the successful performance of Field Services depends upon Customer fulfilling its responsibilities. The Project assumes that Customer will provide all personnel required to achieve a successful implementation.
4. Customer will provide Internet access and IT staff support as required. For those services that are web-based, Cartegraph utilizes WebEx Meeting (or similar) technology.

Customer shall ensure that their workstation platform and database meet Cartegraph system requirements as specified in the Cartegraph System Requirements documentation. Cartegraph Software will be supported within new versions of these workstation platforms and databases within a reasonable period of time from their release from their manufacturer. Cartegraph will discontinue support of its Software within older versions of these workstation platforms and databases as their support is discontinued by their manufacturers.

5. Customer agrees to work with Cartegraph to schedule Field Services in a timely manner. All undelivered Field Services shall expire 365 days from the execution of this Purchase Agreement, however, Cartegraph shall provide the City with a summary of available Field Services six months from the Effective Date of this Agreement. In the event Cartegraph fails to provide the City with the summary, the Field Services shall expire upon termination of this agreement. Upon expiration of services, the project may be cancelled at Cartegraph's discretion.

EXHIBIT B

RATE SCHEDULE

CARTEGRAPH PURCHASE AGREEMENT #PA275

Purchase Agreement

Investment Summary

Cartegraph's for this project are included in the summary below.

Date: March 18, 2016

Purchase Agreement No.: #PA275

	Purchase Type	Qty.	Total Price
YEAR 1			
SOFTWARE PRODUCTS			
Cartegraph OMS – Platform - Enterprise	Per-citizen Subscription, Cartegraph Cloud Deployment	1	\$5,000.00
Cartegraph OMS – Hosting	Cartegraph Cloud Shared Hosting Subscription, Included in Enterprise	1	\$5,000.00
Cartegraph OMS Extension	Advanced Assets per-citizen Subscription	1	\$1,500.00
Cartegraph OMS Extension	Advanced Requests per-citizen Subscription	1	\$1,000.00
Cartegraph OMS Users	Esri User Pack Subscription – 50 Named Users	1	\$10,000.00
Cartegraph OMS Users	User Pack Subscription – 50 Named Users	1	\$10,000.00
<i>Discount</i>			<i>(\$500.00)</i>
FIELD SERVICES			
Implementation Services	Fixed Fee Service	1	\$26,800.00
YEAR 1 SUB-TOTAL			\$58,800.00

YEAR 2			
SOFTWARE PRODUCTS			
Cartegraph OMS – Platform - Enterprise	Per-citizen Subscription, Cartegraph Cloud Deployment	1	\$5,000.00
Cartegraph OMS – Hosting	Cartegraph Cloud Shared Hosting Subscription, Included in Enterprise	1	\$5,000.00
Cartegraph OMS Extension	Advanced Assets per-citizen Subscription	1	\$1,500.00
Cartegraph OMS Extension	Advanced Requests per-citizen Subscription	1	\$1,000.00
Cartegraph OMS Users	User Pack Subscription – 50 Named Users	1	\$10,000.00
<i>Discount</i>			<i>(\$500.00)</i>
YEAR 2 SUB-TOTAL			\$22,000.00
YEAR 3			
SOFTWARE PRODUCTS			
Cartegraph OMS – Platform - Enterprise	Per-citizen Subscription, Cartegraph Cloud Deployment	1	\$5,000.00
Cartegraph OMS – Hosting	Cartegraph Cloud Shared Hosting Subscription, Included in Enterprise	1	\$5,000.00
Cartegraph OMS Extension	Advanced Assets per-citizen Subscription	1	\$1,500.00
Cartegraph OMS Extension	Advanced Requests per-citizen Subscription	1	\$1,000.00
Cartegraph OMS Users	User Pack Subscription – 50 Named Users	1	\$10,000.00
<i>Discount</i>			<i>(\$500.00)</i>
YEAR 3 SUB-TOTAL			\$22,000.00
TOTAL COST (3-YEAR TERM)			\$102,800.00

Payment Terms and Conditions

In consideration for the Services and Products provided by **Cartegraph** to **Customer**, **Customer** agrees to pay **Cartegraph** Software Costs and Professional Service Fees in U.S. Dollars as described below:

1. **Delivery:** Software Products shall be licensed upon acceptance of this Purchase Agreement. If applicable, Services will be scheduled and delivered upon your acceptance of this Purchase Agreement, which will be considered as your notification to proceed.
2. **Services Scheduling:** **Customer** agrees to work with **Cartegraph** to schedule Services in a timely manner. All undelivered Services shall expire 365 days from the effective date of this Agreement.
3. **Software Invoicing:** The Software Subscription Licenses fee will be due in annual installments 15 days prior to the anniversary of the initial term as follows:
 - a. \$32,000.00 due upon execution of the Purchase Agreement.
 - b. \$22,000.00 due 15 days prior to 1st year anniversary of term start date.
 - c. \$22,000.00 due 15 days prior to 2nd year anniversary of term start date.
4. **Field Services Invoicing:** Invoicing for the Field Services fee shall occur upon the acceptance of this Purchase Agreement and shall be invoiced as follows:
 - a. Invoicing for the Field Services shall be 50% upon execution of the Purchase Agreement and the remaining 50%, 2 months from execution of Purchase Agreement, whichever is sooner.
5. **Expenses:** In providing the services included in this Purchase Agreement, **Cartegraph** shall be reimbursed for any reasonable out-of-pocket costs, including, but not limited to, travel, lodging, and meals. Out-of-pocket expenses are billed based on actual costs incurred and are due separately. **Cartegraph** shall not incur any out-of-pocket expenses without the prior written approval of the City.
6. **Payment Terms:** All payments are due Net 30 days from date of invoice. Subject to the provisions of Section 4 (c) of the agreement.

EXHIBIT C
INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS

Without limiting Consultant's indemnification of City, and prior to commencement of the Services, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to Agency.

General liability insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Professional liability (errors & omissions) insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

Workers' compensation insurance. Consultant shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000.00).

Consultant shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of Agency, its officers, agents, employees and volunteers.

Proof of insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Services hereunder by Consultant, his agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant, or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the Agency nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Notice of cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass Through Clause. Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

Self-insured retentions. Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City.

Timely notice of claims. Consultant shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

EXHIBIT B

**Amendment No. 1 to the Professional Services Agreement with Cartegraph
Systems, Inc., dated June 9, 2016**

[Attached]

**AMENDMENT NO. 1
TO THE CARTEGRAPH SYSTEMS, INC., PROFESSIONAL SERVICES
AGREEMENT**

This Amendment No. 1 to the Cartegraph Systems, Inc., Professional Services Agreement (“Agreement”), is made and entered into this 9th day of June, 2016, by and between the City of Industry, a California municipal corporation (“City”) and Cartegraph Systems, Inc., an Iowa corporation (“Cartegraph”). The City and Cartegraph are hereinafter collectively referred to as the “Parties.”

RECITALS

WHEREAS, in or about March 2016, the Agreement was entered into and executed between the City and Cartegraph Systems, Inc., (“Cartegraph”) to provide work order geographic information system software; and

WHEREAS, the City is in the process of obtaining insurance through the California Joint Powers Insurance Authority (“JPIA”), and as part of that process, JPIA conducted a risk management evaluation of the City; and

WHEREAS, JPIA released its Draft Initial Risk Management Evaluation on April 18, 2016; and

WHEREAS, the JPIA noted specific Action Item no. 2016-028 requiring that the City develop a formal ADA Transition Plan outlining the steps necessary to complete structural changes to facilities to achieve required accessibility; and

WHEREAS, the JPIA noted specific Action Item no. 2016-033 requiring that the City develop and implement a Tree Inspection and Maintenance Program; and

WHEREAS, the JPIA noted specific Action Item no. 2016-034 requiring that the City develop and implement formal inspection and repair standards to guide the inspection and maintenance of sidewalks and related infrastructure features; and

WHEREAS, the JPIA noted specific Action Item no. 2016-035 requiring that the City develop and implement a formal program for periodic inspection, repair and replacement of sidewalks in order to better manage the overall sidewalk maintenance program; and

WHEREAS, the JPIA noted specific Action Item no. 2016-036 requiring that the City annually inspect streets, traffic control devices, and sidewalks in an effort towards risk reduction; and

WHEREAS, Cartegraph submitted a proposal to provide data collection, extraction and asset module services for the following assets: sign, support, sidewalk, ADA ramp, median, landscape, trees, parcel, water, bus stop and pavement inspection; and

WHEREAS, Cartegraph’s data collection will support staff in developing and implementing a formal inspection programs to maintain, repair and replace City assets and

infrastructure, and

WHEREAS, in order to comply with JPIA's requirements and best practices, the City desires to amend its agreement with Cartegraph to include asset module services for sign, support, sidewalk, ADA ramp, median, landscape, trees, parcel, water, bus stop and pavement inspection; and

WHEREAS, for the reasons set forth herein, the City and Consultant desire to enter into this Amendment No. 1, as set forth below.

AMENDMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, it is agreed the aforesaid Agreement, a copy of which is attached hereto as Exhibit A, and incorporated herein by reference, shall remain in full force and effect except as otherwise hereinafter provided:

Section 4. Payment

The third sentence of Section 4 is hereby amended to read in its entirety as follows:

This total amount shall not exceed Three Hundred Forty-Two Thousand Two Hundred Forty Dollars (\$342,240.00) for the total Term of the Agreement including any additional requested training or conversion services, unless additional payment is approved as provided in this Agreement.

Exhibit A Scope of Services

The Scope of Services shall be amended to include the information set forth in Attachment 1, attached hereto and incorporated herein by reference.

Exhibit B Rate Schedule

The Rate Schedule shall be amended as follows:

	Purchase Type	Qty.	Unit Price	Total Price
YEAR 1				
SOFTWARE PRODUCTS				
360 Imagery	Imagery	1	\$2,000.00	\$2,000.00
DATA SERVICES				
Data Services	Fixed Fee Service	1	\$174,100.00	\$174,100.00
FIELD SERVICES				
Implementation Services	Fixed Fee Service	1	\$33,900.00	\$33,900.00

The Payment Terms and Conditions set forth in the Rate Schedule shall be amended to include the following:

Data Services Invoicing: Invoicing for the Data Services fee shall occur upon the acceptance of

this Purchase Agreement and shall be invoiced as follows:

- a. **Installment 1 due upon commencement of pavement and/or street level mapping services-** 100% of General Data Collection Services and 50% of pavement and/or street level mapping services, \$47,900.00.
- b. **Installment 2 due upon field completion of pavement and/or street level mapping services - 40% of** pavement / street level mapping services, \$31,120.00.
- c. **Installment 3 due upon completion of all GIS Asset Inventory / Inspection Services - 100% of GIS** Asset Inventory / Inspection Services, \$87,300.00.
- d. **Installment 4 due upon final delivery of data - 10%** pavement and/or street level mapping services, \$7,780.00.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 to the Agreement as of the Effective Date.

“CITY”
City of Industry

“CONSULTANT”
Cartegraph Systems, Inc.

By: _____
Paul Philips, City Manager

By: 
Randy Skemp,
Executive Vice President/CRO

Attest:

By: _____
Cecelia Dunlap, Deputy City Clerk

APPROVED AS TO FORM

By: _____
James M. Casso, City Attorney

ATTACHMENT 1

Cartegraph Systems, Inc.

Field Services (Fee for Service)

The Fee for Field Service Implementation Services as listed in the *Investment Summary* of the Purchase Agreement are specific Cartegraph services which will be delivered to the Customer based on the descriptions below and any descriptions that may be found in the Purchase Agreement's Exhibits. Cartegraph will coordinate with the Customer on service delivery expectations and timeframes. This is an addendum to Customer's Master Agreement #MA185.

Cartegraph OMS – Implementation Scope of Work

Implementation of the Operations Management System (OMS) includes the following professional services:

Setup

- Cartegraph will setup the Asset Management area of the software for the asset types listed in the Assets section below.

Training

- Asset Management:
 - Asset Details
 - Inspections
 - Linked assets (if applicable)
 - Container/Component Relationships (if applicable)
 - Cartegraph recommended best practices for Asset Management

To avoid redundancy, and to utilize service time efficiently, training may cover a subset of the assets listed in the Asset section of the scope.

- Cartegraph will provide up to four (4) remote web conferences (not to exceed 8 hours total) to be utilized for Training and Support. The agenda for each web conference will be defined, and agreed upon, by both your and Cartegraph's project managers. Topics may include any of the following:
 - Training on existing implementation of OMS
 - Review and training related to collected data
 - Field, Layout, and Report configuration guidance, if applicable

Assets

Asset implementation includes the following professional services:

- Cartegraph will provide installation and training on the following nine (9) asset types:
 - Water (4)
 - Water Hydrant, Water Main, Water Meter, and Water Valve
 - Other (5)
 - Tree, Parcel, ADA Ramp, Bus Stop, Landscape Area, and Median
- Cartegraph will provide up to ten (10) field configurations for each asset type listed above.

Cartegraph Systems, Inc.

Data Services (Fee for Service)

The Fee for Service Data Services as listed in the *Investment Summary* of the Purchase Agreement are specific Cartegraph services which will be delivered to the Customer based on the descriptions below and any descriptions that may be found in the Purchase Agreement's Exhibits. Cartegraph will coordinate with the Customer on service delivery expectations and timeframes. This is an addendum to Customer's Master Agreement #MA185.

Cartegraph Data Collection Services – Scope of Work

Cartegraph Data Collection Services include the following:

Project Initiation, Planning, and Management

Project Orientation

The Cartegraph project manager will schedule a remote project orientation meeting with the customer project team. During this meeting the entire project team will review the proposed project work plan, including scope of work, budget, schedule, and deliverables. The meeting will include:

- Introduction of the project team and their respective responsibilities
- Review the scope of work
- Review the work plan and schedule including milestone dates for data review, delivery, and acceptance
- Review the proposed Quality Management Plan (QMP) and expectations
- Information Exchange – (gathering history, background, levels of service measures, decision making framework, and review/discuss all available information and data)
- Identification of the Customer's best practices on pavement/asset management. This component will provide an understanding of project success for both the Customer and Cartegraph team.
- Follow up documentation summarizing discussions and decisions. This may include meeting minutes, final work plan deliverables, and mutually agreed upon adjustments to scope and delivery timelines.

Regular Progress Updates

These monthly or bi-weekly updates will summarize and provide a status of the project progress. The progress updates may include the following:

- Survey Schedule and percentage (%) complete of the project
- Details of validation surveys completed during recent week including upcoming field schedules
- Major issues faced on field operation, and accidents or incidents that occurred, health and safety issues and traffic management and remedial measures taken to resolve these issues
- Quality control and assurance practices
- Data validation / control / acceptance measures

Executive Summary Report

The executive summary report will include a brief overview of the project activities, statistical outputs and achievements, delivery results, and any future recommendations for distributing to wider audience such as senior management or the general public.

Pavement Collection

Development and Implementation

Roadway Network Inventory - Build/Define Roadway Database

The first step in a roadway management process is definition of the roadway network. A roadway network is comprised of an inventory of the different physical characteristics of the roadways being managed by the agency. This inventory may either be gathered by estimating the data or physically collecting the required information. The exact type of inventory information required by an agency depends on what data will be used by the agency to support its management decisions.

During the process of building the roadway network the inventory properties are broken into management sections, typically "block to block" and will contain (but not limited to) the items listed in the table below. The Responsible Party field identifies the party responsible (Cartegraph or Customer) for providing and populating the information.

Name	Roadway Network Item Description	Responsible Party
OBJECTID (GIS ID)	Cartegraph generated unique record number from customer provided GIS	Cartegraph
Cartegraph ID	Cartegraph generated unique Roadway ID for each roadway section record. Note: This ID will be used to link all associated roadway section related tables	Cartegraph
Street	Roadway section street name - Cartegraph generated from GIS roadway centerline provided	Cartegraph
Street Back	Cartegraph generated route back street name limit from GIS street centerline provided	Cartegraph
Street Ahead	Cartegraph generated route ahead street name limit from GIS street centerline provided	Cartegraph
Functional Classification	Roadway Traffic Functional Classification - customer desired input i.e. Arterial, Collector, Local.	Customer
Pavement Type	Pavement Surface Type - gathered from Cartegraph field data collection	Cartegraph
Section Length	Roadway Section Length will be gathered from Cartegraph field data collection and/or customer's GIS street centerline file.	Cartegraph
Pavement Width	Cartegraph will collect or populate this item as part of the Pavement Width Survey service listed below.	Cartegraph
Average Daily Traffic	Annual daily traffic - customer desired input - "if available"	Customer
Last Construction Date	Customer required input.	Customer
Owner Jurisdiction	Customer desired input "i.e. State, County, City, Private - if available"	Customer

Task Assumptions:

- a) Customer must provide GIS street centerline identifying the roads network to be inventoried.

Pavement Width Survey

In order to determine overall pavement area, at minimum, length and width of a particular roadway section is required. Cartegraph can obtain length from the GIS street centerline or from equipment during field surveys. However, the width of each roadway section must be conducted under a separate survey. Under this task the Cartegraph team will measure the average roadway width for every management section (to the nearest whole foot).

Task Assumptions:

- a) Measurement conducted (in feet) from pavement edge to pavement edge
- b) Average measurement for entire section (to the nearest foot)

GIS Link

Cartegraph will provide a 1-to-1 relationship (GIS link) between an Esri geodatabase or Shapefile and the agency's roadway management database.

Task Assumptions:

- a) Customer provided GIS street centerline identifying roads to be inventoried
- b) Polyline or Polygon feature class

Pavement Management Program (PMP) Pavement Condition Assessment

Pavement Surface Distress

Pavement inspection technicians will identify all required pavement distress data utilizing Cartegraph's pavement inspection guidelines, the US Department of Transportation's Federal Highway Administration (FHWA) distress rating manual FHWA-RD-03-031, as well as, the American Society for Testing and Materials; ASTM Standard D 6433 -11.

The evaluation of the pavement surface distress is always based on two components:

- **Severity** is defined as 'How bad is the defect?' in terms of the measurement or degree of wear associated with the condition.
- **Extent** refers to quantity/percentage or 'How much?' of the pavement sample area is affected by a particular distress.

The identification of pavement surface distresses to calculate the pavement condition may include:

Asphalt Concrete (AC) Rating System		
Distress Description	Extent Criterion	Severity Criterion
Patching (AC)	Area %	Condition
Corrugation & Shoving	Area %	Roughness
Weathering & Raveling	Area %	Appearance
Flushing & Bleeding	Area %	Appearance
Deformation & Distortions	Area %	Profile Deviation "
Progressive Edge Cracking	Length	Width "
Alligator Cracking	Area %	Crack Width "
Potholes (AC)	Count/Area	Width "/Depth "
Map (Block) Cracking	Area %	Crack Width "
Longitudinal Cracking	Crack length "	Crack Width "
Transverse Cracks	Crack length "	Crack Width "
Wheel-Track Rutting	Area %	Rut Depth "

Portland Cement Concrete (PCC) Rating System		
Distress Description	Extent Criterion	Severity Criterion
Patching	% / Slab Count	Condition
Scaling	% / Slab Count	Surface Peeling
Polished Aggregate	% / Slab Count	Appearance
Blow up / Buckling	% / Slab Count	Profile Deviation "
Corner/Durability Cracking	% / Slab Count	Crack Width "
Coarse Aggregate Loss	% / Slab Count	Pocked Areas
Popouts	% / Slab Count	Width "/Depth "
Joint Sealant Loss	Joints / Sample	Exposed Sealant %
Linear Cracking	Crack / Sample	Crack Width "
Punchouts	% / Slab Count	Crack Width "
Joint/ Corner Spalling	Joints / Sample	Crack Progress "
Joint Faulting/Stepping	Joints / Sample	Displacement "

Field Verification – Roadway Network

Additional information that is collected and verified during the pavement condition survey includes, length of the section, roadway surface type, number of travel lanes, and one way or divided roadways). A short report highlighting the collected data elements from the field survey will be provided to the agency team for their review. Upon authorization and validation by the agency, any corrected and/or updated values will be inserted into the final roadway network database.

Pavement Roughness Profile Survey

Pavement smoothness is a key factor in determining roadway user satisfaction. To adequately represent drivers' opinions of roadway conditions, Cartegraph uses a laser road profiling device to measure roughness or ride quality.

Cartegraph's laser roadway profiling device meets the Class 1 ASTM E 950-98 designation for measuring the longitudinal profile of traveled surfaces. The results of our Class 1 laser precision profilers produce what is called an International Roughness Index (IRI). Since its introduction in 1986, IRI has become the road roughness index most commonly used worldwide for evaluating and managing road systems and is required for data provided to the United States Department of Transportation's Federal Highway Administration (FHWA).

Pavement Management Program (PMP) Optimization & Deployment

PMP - Pavement Condition Data Load

All required pavement condition data will be loaded into the PMP by the Cartegraph team. Upon receiving the program data from Cartegraph, the customer must review all condition data supplied and issue a 'Data Acceptance Certificate' in less than 30 calendar days provided no discrepancy or issue is found with the supplied data.

PMP Overall Condition Index (OCI) Analysis

The condition of a road is based on the data collected by our automated collection vehicle and pavement inspection team. The Overall Condition Index (OCI) is derived from a combination of the Pavement Condition Distress Index (PCI/DI) (per ASTM D6433) and Ride Index (RI/ International Roughness Index per ASTM E950) collected field data. Under this task, the Cartegraph team will calculate the Overall Condition Index (OCI), Ride Index (RI) and Pavement Condition /Distress Index (PCI/DI) for each roadway section in the pavement database.

Review gaps in Cartegraph OMS Pavement data –

In order to take full advantage of the pavement management system's functionality, and in order for customer staff to have confidence in the system-generated results and recommendations, it is imperative that the program contains the most complete, accurate, and up-to-date network data available.

Cartegraph will conduct a full review of the data available within the pavement management system and provide recommendations for necessary changes.

Cartegraph's review may include the following:

- Basic inventory information, (i.e. Functional Classification, Length, Width, Area, Surface Type, etc.)
- Prediction Groups and Minimum Condition Groups
- Historical condition information, if any
- Status of survey history, if any
- Construction and maintenance history
- Review of maintenance and rehabilitation treatments, unit costs, and protocols

PMP Program Optimizing - Work Planning -

Cartegraph will assist customer staff in generating a work plan within the PMP software by utilizing the basic inventory data combined with inspection information, maintenance policies, and future maintenance predictions regarding the condition of the pavement.

The work planning optimizing exercise will help to determine:

- Which streets should I fix?
- When should I fix them?
- What treatments should I apply?
- How much will it cost?

PMP Transportation Asset Management Report

Cartegraph's project team will provide a pavement management program technical report to include:

- **Network Summary Statistics** ~ Summary of roadway network by functional class
- **Condition (Present Status)** ~ listing of every roadway section, latest performance (OCI/PCI), & inspection date.

- **Performance Prediction & Needs Analysis**

Future performance of each pavement section tested will be analyzed to determine annual pavement performance and potential service needs over the next x-year period. The needs analysis answers the questions:

- Which streets should I fix?
- When should I fix them?
- What treatments should I apply?
- How much will it cost?

- **Performance Budget Scenarios**

Multiple funding scenarios may be performed to answer "what-if" questions. To determine how much funding is needed, the agencies pavement management system priority programming tools will be utilized to generate alternative pavement work plan programs for various budget stream scenarios. Our team will perform up to four (4) budget scenario runs based on input from the Customer. Typical funding scenarios include:

- Existing (current) funding levels
- Do Nothing (No Funding)
- Funding levels required to maintain/ increase/ decrease the OCI/PCI over time
- Funding levels to maintain (or decrease) backlog over time

Street Level Mapping

High Resolution 360° Spherical Imagery

Mobile data collection units will gather high-resolution 360 degree geo-referenced right-of-way (ROW) digital images. This mobile mapping system gives the ability to inventory infrastructure assets (such as signs, drainage, and curb ramps) with a high level of accuracy. These images will be provided with viewing software to allow road right-of-ways to be viewed in the office environment ("virtual field trip"), thus reducing lengthy field trips required for site investigations.

Overall Scope Assumptions

- Includes one time mobilization to City of Industry, CA
- Up to 175 centerline miles of data capture at street level of publically accessible maintained roadways.
- High resolution 360 degree spherical imagery and point cloud data capture will be provided via cloud-based software. The proposal includes viewing software and hosting services for one (1) year.
- Capture interval 10 meter
- The current scope of work includes delivery of processed imagery and asset inventory and attributes listed below.

Asset Type	Shape	Attributes *
Sign Inventory	Point	MUTCD Code, Support Type, and Spatial Location
Support Inventory	Point	Type, Spatial Location
Sidewalk Inventory	Linear	Length, Width, Type, Material, and Spatial Location
ADA Ramp Inventory	Point	Type, Class, and Spatial Location
Median Inventory	Linear	Length, Type, Material and Spatial Location
Pavement Markings Inventory	Point/Linear	MUTCD Code and Spatial Locations Linear and Point (Stenciling)
Pavement Markings Inspection	Point/Linear	Visual Day Time Inspection Method - Good, Fair, Poor (Condition will be applied to overall Marking segment)
Tree Inventory	Point	Species (Coniferous or Deciduous), Size, and Spatial Location
Bus Stop Inventory	Point	Type and Spatial Location

* Additional attributes can be collected for any asset type above. Additional attribute collection may impact effort and service cost.

Customer Responsibility

For the project, you will be responsible for appointing a dedicated project manager that will be responsible for:

- Reviewing the implementation scope of work
- All internal aspects of the project including, but not limited to, internal change management, internal documentation, staff coordination, task completion, and schedule commitment
- Ensuring all scheduled meetings are attended by invited staff
- Partnering with the Cartegraph Project Manager to ensure project success
- Providing leadership and insight on all relevant internal issues such as policy/procedure, organizational structure, project stakeholders, technical architecture, data, and current systems

Exclusions

The following service items are not included in the scope of this project:

- Implementation of any custom modification or integration developed by Cartegraph, your internal staff, or any third-party is not included in the scope of this project unless specifically listed above.
- Data conversion services from other software system(s) or sources (including Cartegraph Navigator databases) are not included in the scope of this project unless specifically listed above.
- Any service items discussed during demonstrations, conference calls, or other events are not included in the scope of this project unless specifically listed above.

CITY COUNCIL

ITEM NO. 5.3



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager *Paul J. Philips*

Staff: Alex Gonzalez, Director of Development Services & Administration *AG*

Date: June 9, 2016

SUBJECT: Consideration to include Pest Control Management Services under the existing County of Los Angeles General Services Agreement dated June 1, 2012 and to authorize the City Manager as a designee for the Los Angeles County General Services Agreement

On June 1, 2012, the City of Industry ("City") entered into a General Services Agreement ("GSA") with the County of Los Angeles. The GSA requires that "no function or service shall be performed hereunder by any County office or department unless such function or service shall have been requested in writing by the City on order of the City Council thereof or such officer as it may designate." Staff is requesting, at this time, that the City Manager be designated as the designee for the County's GSA. The City Manager will then be able to request services be provided under the GSA by written request to the County.

The City currently has a separate Pest Control Agreement for weed abatement with the County of Los Angeles, Department of Agricultural Commissioner/Weights and Measures ("ACWM") for weed abatement services on various roadways, as needed. Staff recommends that the City Manager authorize the work to be included under the current GSA in order to consolidate the County's general services under one agreement.

Exhibits

- A: County of Los Angeles General Services Agreement dated June 1, 2012
- B: Letter to Jim Hartman, Deputy Agricultural Commissioner, Los Angeles County, Pest Management Division dated June 9, 2016

PJP:AG:kw

EXHIBIT A

County of Los Angeles General Services Agreement dated June 1, 2012

[Attached]

GENERAL SERVICES AGREEMENT

THIS GENERAL SERVICES AGREEMENT ("Agreement"), dated for purposes of reference only, June 1, 2012, is made by and between the County of Los Angeles, hereinafter referred to as the "County", and the City of Industry, hereinafter referred to as the "City."

RECITALS:

(a) The City is desirous of contracting with the County for the performance by its appropriate officers and employees of City functions.

(b) The County is agreeable to performing such services on the terms and conditions hereinafter set forth.

(c) Such contracts are authorized and provided for by the provisions of Section 56½ of the Charter of the County of Los Angeles and Section 51300, *et seq.*, of the Government Code.

THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. The County agrees, through its officers and employees, to perform those City functions, which are hereinafter provided for.

2. The City shall pay for such services as are provided under this Agreement at rates to be determined by the County Auditor-Controller in accordance with the policies and procedures established by the Board of Supervisors.

These rates shall be readjusted by the County Auditor-Controller annually effective the first day of July of each year to reflect the cost of such service in accordance with the policies and procedures for the determination of such rates as adopted by the Board of Supervisors of County.

3. No County officer or department shall perform for said City any function not coming within the scope of the duties of such officer or department in performing services for the County.

4. No service shall be performed hereunder unless the City shall have available funds previously appropriated to cover the cost thereof.

5. No function or service shall be performed hereunder by any County officer or department unless such function or service shall have been requested in writing by the City on order of the City Council thereof or such officer as it may designate and approved by the Board of Supervisors of the County, or such officer as it may designate, and each such service or function shall be performed at the times and under circumstances which do not interfere with the performance of regular County operations.

6. Whenever the County and City mutually agree as to the necessity for any such County officer or department to maintain administrative headquarters in the City, the City shall furnish at its own cost and expense all necessary office space, furniture, and furnishings, office supplies, janitorial service, telephone, light, water, and other utilities. In all instances where special supplies, stationery, notices, forms and the like must be issued in the name of the City, the same shall be supplied by the City at its expense.

It is expressly understood that in the event a local administrative office is maintained in the City for any such County officer or department, such quarters may be used by the County officer or department in connection with the performance of its duties in territory outside the City and adjacent thereto provided, however, that the performance of such outside duties shall not be at any additional cost to the City.

7. All persons employed in the performance of such services and functions for the City shall be County employees, and no City employee as such shall be taken over by the County, and no person employed hereunder shall have any City pension, civil service, or other status or right.

For the purpose of performing such services and functions, and for the purpose of giving official status to the performance hereof, every County officer and employee engaged in performing any such service or function shall be deemed to be an officer or employee of said City while performing service for the City within the scope of this agreement.

8. The City shall not be called upon to assume any liability for the direct payment of any salary, wages or other compensation to any County personnel performing services hereunder for the City, or any liability other than that provided for in this agreement.

Except as herein otherwise specified, the City shall not be liable for compensation or indemnity to any County employee for injury or sickness arising out of his employment.

9. The parties hereto have executed an Assumption of Liability Agreement approved by the Board of Supervisors on December 27, 1977 and/or a Joint Indemnity Agreement approved by the Board of Supervisors on October 8, 1991. Whichever of these documents the City has signed later in time is currently in effect and hereby made a part of and incorporated into this agreement as set out in full herein. In the event that the Board of Supervisors later approves a revised Joint Indemnity Agreement and the City executes the revised agreement, the subsequent agreement as of its effective date shall supersede the agreement previously in effect between the parties hereto.

10. Each County officer or department performing any service for the City provided for herein shall keep reasonably itemized and in detail work or job records covering the cost of all services performed, including salary, wages and other compensation for labor; supervision and planning, plus overhead, the reasonable rental value of all County-owned machinery and equipment, rental paid for all rented machinery or equipment, together with the cost of an operator thereof when furnished with said machinery or equipment, the cost of all machinery and supplies furnished by the County, reasonable handling charges, and all additional items of expense incidental to the performance of such function or service.

11. All work done hereunder is subject to the limitations of the provisions of Section 23008 of the Government Code, and in accordance therewith, before any work is done or services rendered pursuant hereto, an amount equal to the cost or an amount 10% in excess of the estimated cost must be reserved by the City from its funds to insure payment for work, services or materials provided hereunder.

12. The County shall render to the City at the close of each calendar month an itemized invoice which covers all services performed during said month, and the City shall pay County therefore within thirty (30) days after date of said invoice.

If such payment is not delivered to the County office which is described on said invoice within thirty (30) days after the date of the invoice, the County is entitled to recover interest thereon. Said interest shall be at the rate of seven (7) percent per annum or any portion thereof calculated from the last day of the month in which the services were performed.

13. Notwithstanding the provisions of Government Code Section 907, if such payment is not delivered to the County office which is described on said invoice within

thirty (30) days after the date of the invoice, the County may satisfy such indebtedness, including interest thereon, from any funds of any such City on deposit with the County without giving further notice to said City of County's intention to do so.

14. This Agreement shall become effective on the date herein-above first mentioned and shall run for a period ending June 30, 2017, and at the option of the City Council of the City, with the consent of the Board of Supervisors of County, shall be renewable thereafter for an additional period of not to exceed five (5) years.

15. In the event the City desires to renew this Agreement for said five-year period, the City Council shall not later than the last day of May 2017, notify the Board of Supervisors of County that it wishes to renew the same, whereupon the Board of Supervisors, not later than the last day of June 2017, shall notify the City Council in writing of its willingness to accept such renewal. Otherwise such Agreement shall finally terminate at the end of the aforescribed period.

Notwithstanding the provisions of this paragraph herein-above set forth, the County may terminate this Agreement at any time by giving thirty (30) days' prior written notice to the City. The City may terminate this Agreement as of the first day of July of any year upon thirty (30) days' prior written notice to the County.

16. This Agreement is designed to cover miscellaneous and sundry services which may be supplied by the County of Los Angeles and the various departments thereof. In the event there now exists or there is hereafter adopted a specific contract between the City and the County with respect to specific services, such contract with respect to specific services shall be controlling as to the duties and obligations of the parties anything herein to the contrary notwithstanding, unless such special contract adopts the provisions hereof by reference.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

Executed this 6th day of June 2012.

The City of Industry

By [Signature]
Mayor

ATTEST:

City Clerk

By [Signature]
Deputy

THE COUNTY OF LOS ANGELES

By [Signature]
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer/Clerk
of the Board of Supervisors

By [Signature]
Deputy



JUN 25 2012

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By [Signature]
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

17

JUN 06 2012

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER

EXHIBIT B

**Letter to Jim Hartman, Deputy Agricultural Commissioner, Los Angeles County,
Pest Management Division dated June 9, 2016**

[Attached]



CITY OF INDUSTRY

Incorporated June 18, 1957

June 9, 2016

Mr. Jim Hartman
Deputy Agricultural Commissioner, Pest Management Division
Agricultural Commissioner/Weights & Measures
12300 Lower Azusa Road
Arcadia, CA 91006-5872

Re: County of Los Angeles General Services Agreement with the City of Industry

Dear Mr. Hartman:

The City of Industry ("City") entered into a General Services Agreement with the County of Los Angeles ("County") on June 1, 2012. The City would like to continue contracting with the County, Department of Agricultural Commissioner/Weights and Measures ("ACWM") for weed control services on various roadways, as needed, pursuant to the General Service Agreement between the City and the County.

Please also be advised that the City's mailing address has changed to P.O. Box 3366, City of Industry, CA 91744-0366. The City looks forward to continuing to work with you.

Sincerely,

Paul J. Philips
City Manager

Enclosure: General Services Agreement dated June 1, 2012

PJP:kw

CITY COUNCIL

ITEM NO. 5.4



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

TO: Honorable Mayor and Council Members

FROM: Paul J. Philips, City Manager

A handwritten signature in blue ink that reads "Paul J. Philips".

STAFF: Susan Paragas, City Controller

Handwritten initials in blue ink, possibly "SP".

DATE: June 9, 2016

SUBJECT: First Amendment to the Professional Services Agreement with the Audit Firm, The Pun Group, to Extend their Contract to Conduct the Year-End Annual Audit for the City of Industry

BACKGROUND:

The City is subject to annual financial statement audits by certified public accountants ("CPAs") that are independent of the City's fiscal affairs. The purpose of the audit on the City's financial statements is to obtain an opinion from the CPAs to verify the City's conformance with Generally Accepted Accounting Principles and related government accounting standards and requirements.

The City of Industry solicited bid proposals from several audit firms to conduct the audit for its component units. At the City Council meeting of September 16, 2015, Council approved the professional services agreement for The Pun Group to perform audit for the year-ended June 30, 2016.

DISCUSSION:

The City is due for its annual financial statements audit for the coming fiscal year ending June 30, 2016. The Pun Group performed the audit of the City's financial statements for the year ended June 30, 2015 and provided reliable technical expertise and assistance to City staff. The firm has gained a thorough understanding of the City's internal controls and attained a comprehensive perspective of the City's financial processes. Given the

involvement of the Finance Department in the undertakings to address the State Controller's Office findings and the complexities involved in the various component units of the City that include: the Civic-Recreational-Industrial Authority, Industry Public Utilities Commission and the Successor Agency to the former Industry Urban-Development Agency, it would be beneficial to utilize The Pun Group for the subsequent annual audits.

Therefore, it is recommended that the City increase the period of the contract for The Pun Group for two additional years with the option of two one-year extensions, making the contract for a total of a five-year term. To comply with its procurement policy, the City will issue a request for proposal at the end of the contract to ensure the City is receiving the best value in their services.

In addition to the extension of the terms, the contract is amended to include additional scope of work for The Pun Group to prepare the City's basic financial statements. The table below contains the description of services and the proposed fees:

Description of Services	Estimated Hours	Optional Years			
		2015-2016	2016-2017	2017-2018	2018-2019
Audited Financial Statements of the City and its component units, Report on Internal Controls Over Financial Reporting, Auditor's Communication with City Council	462	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564
Preparation of the City's Financial Statements	38	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464
Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheets (GANN Limit Review)	5	\$ 600	\$ 618	\$ 637	\$ 656
Audited Financial Statements of the Successor Agency to the Industry Urban-Development Agency, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	76	\$ 9,600	\$ 9,888	\$ 10,185	\$ 10,490
Preparation of the Successor Agency to the Industry Urban Development Agency's Financial Statements	4	\$ 500	\$ 515	\$ 530	\$ 546
Audited Financial Statements of the Civic Recreational-Industrial Authority, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	46	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556
Preparation of the CCivic Recreational-Industrial Authority's Financial Statements	4	\$ 500	\$ 515	\$ 530	\$ 546
Audited Financial Statements of the Industry Public Facilities Authority, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	46	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556
Preparation of the Industry Public Facilities Authority's Financial Statements	4	\$ 500	\$ 515	\$ 530	\$ 546
Maximum Fees	685	\$ 88,700	\$ 91,361	\$ 94,102	\$ 96,925
Optional Services					
Uniform Grant Guidance Single Audit of Federal Grants of the City, for 1 major program. (If required)	25	\$ 3,500	\$ 3,570	\$ 3,677	\$ 3,787

FISCAL IMPACT:

The proposed all-inclusive fixed fees for the General Fund will be as follows and will be included in the appropriate fiscal year budgets:

<u>Year Ending</u>	<u>Fees</u>
June 30, 2016	\$65,600
June 30, 2017	\$67,568
June 30, 2018	\$69,596
June 30, 2019	\$71,684

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Approve the First Amendment to the Professional Services Agreement with The Pun Group for the extension for two years, years ending June 30, 2016 and June 30, 2017 with a two one-year option for years ending June 30, 2018 and June 30, 2019.
- 2) Authorize the City Manager to execute the amendment on behalf of the City.

ATTACHMENTS:

1. First Amendment to Professional Services Agreement between the City of Industry and The Pun Group for Professional Auditing Services

**FIRST AMENDMENT TO PROFESSIONAL SERVICES
AGREEMENT BETWEEN THE CITY OF INDUSTRY AND THE PUN
GROUP FOR PROFESSIONAL AUDITING SERVICES**

ARTICLE 1. PARTIES AND DATE

This first amendment to the Professional Services Agreement (“Amendment”) is entered this 9th day of June, 2016 by and between the City of Industry (“City”) and The Pun Group (“Consultant”).

ARTICLE 2. RECITALS

2.1 WHEREAS, the City and Consultant entered into a Professional Services Agreement dated September 24, 2015 (“Agreement”), Attachment 1, for Consultant to provide professional auditing services (“Services”) to the City; and

2.2 WHEREAS, the current Agreement with Consultant provides services for the year ended June 30, 2015; and

2.3 WHEREAS, the Services are described in Exhibit A of the Agreement; and

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE TO THE FOLLOWING:

ARTICLE 3. TERMS

3.1 Terms. Section 1 of the Agreement is hereby amended to include the following: The Agreement is extended for two years, years ending June 30, 2016 and June 30, 2017 with the option to two one-year extensions for years ending June 30, 2018 and June 30, 2019 ; and

3.2 Scope of Services. Attachment 1-Section III (Approach of the Agreement) is amended to include the preparation of the City’s financial statements as stated in Section VI (Specific Audit Approach) of Attachment 2; and

3.3 Fees and Payments. Section 4 of the Agreement is hereby amended to include the fees in the Attachment 2, Section VIII (Cost Proposal); and

3.4 Continuing Effect of Agreement. Except as amended by this First Amendment, all provisions of the Agreement shall remain unchanged and in full force and effect. From and after the date of this First Amendment, whenever the term “Agreement” appears in the agreement, it shall mean the Agreement as amended by this First Amendment; and

3.5 Affirmation of Agreement. City and Consultant each ratify and reaffirm each and every one of their respective rights and obligations arising under the Agreement. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement; and

3.6 Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to the First Amendment; and

3.7 Counterparts. This First Amendment may be executed in counterparts, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

[Signatures on following page]

**“CITY”
City Of Industry**

**“CONSULTANT”
The Pun Group, LLP**

By: _____
Paul J. Philips, City Manager

By: _____
Kenneth H. Pun, Managing Partner

Attest:

By: _____
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: _____
James M. Casso, City Attorney

Attachments: Attachment 1 – Professional Services Agreement, September 24, 2015 - The Pun Group
Attachment 2 – The Pun Group Proposal to Perform Professional Auditing Services, May 19, 2016

CITY OF INDUSTRY
PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICES AGREEMENT ("Agreement"), is made and effective as of September 24, 2015 ("Effective Date"), between the City of Industry, a municipal corporation ("City"), and The Pun Group, LLP, a California Limited Liability Partnership ("Consultant"). The City and Consultant are hereinafter collectively referred to as the "Parties".

RECITALS

WHEREAS, City desires to engage Consultant to perform the services described herein, and Consultant desires to perform such services in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

1. TERM

This Agreement shall commence on the Effective Date, and shall remain and continue in effect until tasks described herein are completed, but in no event later than March 31, 2016, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

(a) Consultant shall perform the tasks ("Services") described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. ("Scope of Services"). Tasks other than those specifically described in the Scope of Services shall not be performed without prior written approval of the City. The Services shall be performed by Consultant, unless prior written approval is first obtained from the City. In the event of conflict or inconsistency between the terms of this Agreement and Exhibit A, the terms of this Agreement shall prevail.

(b) City shall have the right to request, in writing, changes to the Services. Any such changes mutually agreed upon by the Parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

(c) Consultant shall perform all Services in a manner reasonably satisfactory to the City and in a first-class manner in conformance with the standards of quality normally observed by an entity providing professional auditing services, serving a municipal agency.

(d) Consultant shall comply with all applicable federal, state, and local laws, regulations and ordinances in the performance of this Agreement, including but not limited to, the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*). During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working on the Effective Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute or law; and (ii) City has not consented in writing to Consultant's performance of such work. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.* Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee,

agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve (12) months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et. seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for Services performed pursuant to this Agreement, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

(e) Consultant represents that it has, or will secure at its own expense, all licensed personnel required to perform the Services. All Services shall be performed by Consultant or under its supervision, and all personnel engaged in the Services shall be qualified and licensed to perform such services.

3. MANAGEMENT

City's Finance Director shall represent the City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but shall have no authority to modify the Services or the compensation due to Consultant.

4. PAYMENT

(a) The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B ("Rate Schedule"), attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed Sixty Thousand Five Hundred Dollars (\$60,500.00) for the total Term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

(c) Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. Any final payment under this Agreement shall be made within 45 days of receipt of an invoice therefore.

(d) In the event the City is required to undergo a single audit in accordance with the Federal Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, the Contractor shall charge an additional fee of Three Thousand Dollars (\$3,000.00) for each major program audit. The number of programs determined to be a major program will be based on the determination required by OMB Circular A-133 and will be discussed with the City prior to commencement of any audit work. Any work performed under this Section shall be provided only upon the prior written approval of the City.

5. SUSPENSION OR TERMINATION OF AGREEMENT

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant shall submit an invoice to the City pursuant to Section 5 of this Agreement.

6. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to review such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts or copies therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files, Consultant shall make available to the City, at the Consultant's office, and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, copying and/or printing computer files. Consultant hereby grants to City all right, title, and interest, including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by Consultant in the course of providing the services under this Agreement. All reports, documents, or other written material developed by Consultant in the performance of the Services pursuant to this Agreement, shall be and remain the property of the City.

7. INDEMNIFICATION

(a) Indemnity for professional liability

When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless the City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees

or Subconsultants (or any agency or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

(b) DUTY TO DEFEND. In the event the City, its officers, employees, agents and/or volunteers are made a party to any action, claim, lawsuit, or other adversarial proceeding arising from the performance of the services encompassed by this Agreement, and upon demand by City, Consultant shall have an immediate duty to defend the City at Consultant's cost or at City's option, to reimburse the City for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters.

Payment by City is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Consultant and City, as to whether liability arises from the sole negligence of the City or its officers, employees, or agents, Consultant will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating the City as solely negligent. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

8. INSURANCE

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit C attached hereto and incorporated herein by reference.

9. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to the City a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultants exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against the City, or bind the City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

10. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

11. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of the City in connection with the award, terms or implementation

of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

12. NO BENEFIT TO ARISE TO LOCAL OFFICERS AND EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

13. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City, unless otherwise required by law or court order.

(b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City, unless Consultant is prohibited by law from informing the City of such Discovery, court order or subpoena. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless City is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Consultant in such proceeding, Consultant agrees to cooperate fully with the City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

14. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City:

City of Industry
15625 E. Stafford Street, Suite 100
City of Industry, CA 91744
Attention: City Manager

With a Copy To: James M. Casso, City Attorney
P.O. Box 4131
West Covina, CA 91791

To Consultant: Kenneth H. Pun
The Pun Group, LLP
200 E. Sandpointe Avenue, Suite 600
Santa Ana, CA 92707

15. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City.

Before retaining or contracting with any subconsultant for any services under this Agreement, Consultant shall provide City with the identity of the proposed subconsultant, a copy of the proposed written contract between Consultant and such subconsultant which shall include and indemnity provision similar to the one provided herein and identifying City as an indemnified party, or an incorporation of the indemnity provision provided herein, and proof that such proposed subconsultant carries insurance at least equal to that required by this Agreement or obtain a written waiver from the City for such insurance.

Notwithstanding Consultant's use of any subconsultant, Consultant shall be responsible to the City for the performance of its subconsultant as it would be if Consultant had performed the Services itself. Nothing in this Agreement shall be deemed or construed to create a contractual relationship between the City and any subconsultant employed by Consultant. Consultant shall be solely responsible for payments to any subconsultants. Consultant shall indemnify, defend and hold harmless the Indemnified Parties for any claims arising from, or related to, the services performed by a subconsultant under this Agreement.

16. GOVERNING LAW/ATTORNEYS' FEES

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court in Los Angeles County, California. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the Services provided by Consultant under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

17. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written and pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the

representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

18. SEVERABILITY

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

19. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20. CAPTIONS

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and shall have no significance in the interpretation of this Agreement.

21. WAIVER

The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

22. REMEDIES

Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies.

23. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date.

“CITY”
City of Industry

“CONSULTANT”
The Pun Group, LLP

By: Paul J. Phillips 9/20/2015
Paul Phillips, City Manager

By: K.H.P.
Kenneth H. Pun, Managing Partner

Attest:

By: Cecelia Dunlap
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: James M. Casso
James M. Casso, City Attorney

Attachments: Exhibit A Scope of Services
 Exhibit B Rate Schedule
 Exhibit C Insurance Requirements

EXHIBIT ASCOPE OF SERVICES

Consultant shall audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended June 30, 2015.

Accounting standards generally accepted in the United States of America provide for certain Required Supplementary Information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the City's 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. Consultant shall apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to Consultant's inquiries, the basic financial statements, and other knowledge Consultant obtained during our audit of the basic financial statements. Consultant shall not express an opinion or provide any assurance on the information because the limited procedures do not provide Consultant with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules – General Fund and All Major Special Revenue Funds
- 3) Schedule of Funding Progress – Other Postemployment Benefits (OPEB)
- 4) GASB Statement No. 68 Required Schedules

Consultant shall report on Supplementary Information other than RSI that accompanies the City's financial statements. Consultant will subject the following Supplementary Information to the auditing procedures applied in Consultant's audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining and Individual Fund Financial Statements
- 2) Budgetary Comparison Schedules – All Other Adopted Funds

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in Consultant's audit of the financial statements, and Consultant's auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Section

Audit Objectives

The objective of the audit is the expression of opinions as to whether City's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Consultant's audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures we consider necessary to enable Consultant to express such opinions. Consultant shall issue a written report upon completion of its audit of the City's financial statements. Consultant's report will be addressed to Mayor and Members of the City Council of the City. Consultant cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for Consultant to modify its opinions or add emphasis-of-matter or other-matter paragraphs. If Consultant's opinions on the financial statements are other than unmodified, Consultant will discuss the reasons with City in advance. If, for any reason, Consultant is unable to complete the audit or are unable to form or have not formed opinions, Consultant may decline to express opinions or issue reports, or may withdraw from this engagement.

Consultant shall provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during Consultant's audit Consultant becomes aware that the City is subject to an audit requirement that is not encompassed in the terms of this engagement, Consultant shall communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, Consultant's audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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. Consultant will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because Consultant will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, Consultant will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. Consultant will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Consultant's responsibility as auditors is limited to the period covered by Consultant's audit and does not extend to later periods for which Consultant is not engaged as auditor.

Consultant's procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. Consultant will request written representations from your attorneys as part of the engagement, and they may bill the City for responding to this inquiry. At the conclusion of Consultant's audit, Consultant will require certain written representations from the City about the City's responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Consultant's audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that Consultant considers relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Consultant's tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, Consultant will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, Consultant will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of Consultant's audit will not be to provide an opinion on overall compliance and Consultant will

not express such an opinion in its report on compliance issued pursuant to *Government Auditing Standards*.

Other Nonaudit Services

Consultant may also assist in preparing the financial statements and related notes of the City in conformity with U.S. generally accepted accounting principles based on information provided by the City. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

City's Responsibilities

The City is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. The City is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. The City is also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

The City is also responsible for making all financial records and related information available to Consultant and for the accuracy and completeness of that information. The City is also responsible for providing Consultant with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that Consultant may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom Consultant determines it necessary to obtain audit evidence.

City's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to Consultant in the written representation letter that the effects of any uncorrected misstatements aggregated by Consultant during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The City is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing Consultant about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. The City's responsibilities include informing Consultant of its knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, Consultant is responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that Consultant reports.

Consultant is responsible for the preparation of the supplementary information, which it has been engaged to report on, in conformity with U.S. generally accepted accounting principles. The City

agrees to include Consultant's report on the supplementary information in any document that contains and indicates that Consultant has reported on the supplementary information. City also agrees to include the audited financial statements with any presentation of the supplementary information that includes Consultant's report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with Consultant's report thereon. The City's responsibilities include acknowledging to Consultant in the written representation letter that (1) the City is responsible for presentation of the supplementary information in accordance with GAAP; (2) the City believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) the City has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

The City is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. The City is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to Consultant corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. The City is also responsible for providing management's views on Consultant's current findings, conclusions, and recommendations, as well as City's planned corrective actions, for the report, and for the timing and format for providing that information.

The City agrees to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services Consultant provides. The City will be required to acknowledge in the management representation letter Consultant's assistance with preparation of the financial statements and related notes and that the City has reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, the City agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Third-Party Service Providers

Consultant may from time to time, and depending on the circumstances, use third-party service providers in serving the City's account, upon receiving prior written consent from the City, in accordance with Section 15 of the Agreement. Consultant may share confidential information about the City with these service providers, but remain committed to maintaining the confidentiality and security of the City's information. Accordingly, Consultant maintains internal policies, procedures, and safeguards to protect the confidentiality of the City's personal information. In addition, Consultant will secure confidentiality agreements with all service providers to maintain the confidentiality of the City's information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of the City's confidential information to others. In the event that Consultant is unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, Consultant will remain responsible for the work provided by any such third-party service providers, in accordance with the provisions of Section 15 of the Agreement.

Assistance By City Personnel

Consultant will ask that the City's personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to Consultant's staff. This assistance by the City's personnel will serve to facilitate the progress of Consultant's work and minimize Consultant's time requirements.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any of The Pun Group, Inc. professionals assigned to the audit, during the one year period prior to the commencement of the year-end audit. Should such an offer of employment be made, or employment commences during the indicated time period, Consultant will consider this an indication that Consultant's independence has been compromised. As such, Consultant may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at Consultant's standard hourly rates, as set forth in Exhibit B.

Report Distribution

Consultant will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Access to Working Papers

The audit documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the Oversight Agency for Audit or Pass-through Entity. If Consultant is aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, Consultant will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Consultant is required to undergo a "peer review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work Consultant performed for you may be selected. The City signing this letter represents the City's acknowledgement and permission to allow such access should the City's engagement be selected for review. As a result of Consultant's prior or future services to the City, Consultant may be required or requested to provide information or documents to the City or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which Consultant is not a party. If this occurs, Consultant's efforts in complying with such request or demands will be deemed a part of this engagement and Consultant shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand, unless Consultant is the defendant, subject, or target of the legal or administrative proceeding. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of Consultant's profession.

Appropriation Limit

Consultant will apply the agreed-upon procedures to the appropriation limit schedule of the City, for the year ended June 30, 2015. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-Upon Procedures Applied to the Appropriation Limitation Prescribed by Article XIII-B of the California Constitution*) are solely to assist the City in meeting the requirement of Section 1.5 of the Article XIII-B of the California Constitution and will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, Consultant makes no representation regarding the sufficiency of the procedures described herein either for the purpose for which this report has been requested or for any other purpose. If, for any reason, Consultant is unable to complete the procedures, Consultant will describe any restrictions on the performance of the procedures in the report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed do not constitute an examination, Consultant will not express an opinion the City's appropriation limit schedules. In addition, Consultant has no obligation to perform any procedures beyond those listed herein.

City is responsible for presentation of the City's appropriations limit schedule in accordance with Article XIII-B of the California Constitution and for selecting the criteria and determining that such criteria are appropriate for its purposes.

The agreed upon procedures are as follows:

1. Obtain completed worksheets used by the City to calculate its appropriations limit for the year ended June 30, 2015, and verify that the limits and annual calculation factors are adopted by resolution of the City Council. Also, determine that the population and inflation options are selected by a recorded vote of the City Council.
2. For the Appropriations Limit Schedules, Consultant will add the prior year's limit to the total adjustments, and verify the resulting amount to the current year's limit.
3. Verify the current year information presented in the accompanying Appropriation Limit Schedule to corresponding information in worksheets used by the City.
4. Verify the appropriations limit presented in the accompanying Appropriations Limit Schedules matches the appropriations limits adopted by the City Council during the year.

EXHIBIT B
RATE SCHEDULE

<u>Total by Class</u>		<u>Rate</u>
Partners		\$ 225.00
Managers		\$ 200.00
Supervisory		\$ 175.00
Senior Accountants		\$ 150.00
Staff Accountants		\$ 125.00
Clerical		\$ 100.00

EXHIBIT CINSURANCE REQUIREMENTS

Without limiting Consultant's indemnification of City, and prior to commencement of the Services, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to Agency.

General liability insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Professional liability (errors & omissions) insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

Workers' compensation insurance. Consultant shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000.00).

Consultant shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of Agency, its officers, agents, employees and volunteers.

Proof of insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Services hereunder by Consultant, his agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant, or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the Agency nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Notice of cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass Through Clause. Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

Self-insured retentions. Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City.

Timely notice of claims. Consultant shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.



PROPOSAL

CITY OF INDUSTRY

CITY OF INDUSTRY, CALIFORNIA

Proposal to Perform Professional Auditing Services

For the Fiscal Years Ending June 30, 2016 and 2017
with option to extend for two (2) additional years

MAY 19, 2016

Kenneth H. Pun, CPA, CGMA

Managing Partner

200 East Sandpointe Avenue, Suite 600, Santa Ana, CA 92707

Phone: (949) 777-8801 | **Fax:** (949) 777-8850 | **Email:** ken.pun@pungroup.com

California CPA License Number: PAR 7601

Federal Identification Number: 46-4016990



CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

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May 19, 2016

City of Industry
 Ms. Susan Paragas | Controller
 15625 East Stafford Street, Suite 100
 City of Industry, California 91744

Dear Ms. Susan Paragas:

Please allow us to introduce our Firm and share our qualifications and proposed audit plan for the City of Industry (the "City") pursuant to your Request for Proposal for Professional Auditing Services for the Fiscal Years Ending June 30, 2016 and 2017 with option to extend for two (2) additional years. The Pun Group, LLP has the knowledge and experience necessary to continue as the City's public accounting firm, and the work plan to ensure a smooth audit process.

This letter is an acknowledgement of the Firm's understanding of the work to be performed. **We hereby offer our commitment to perform all of the required work, complete the audit, and issue the necessary auditor's report within the time periods outlined by the City.** We are secure in affirming our commitment because we have:

1. A lengthy legacy of serving California cities.
2. Prodigious experience serving governmental entities, including the City of Industry.
3. An efficient, lower-cost approach to auditing that focuses on high-risk areas.

I will serve as your primary contact for contract negotiations. I am the managing partner of the Firm and have been authorized to legally bind the Firm. My contact information follows:

Name: Mr. Kenneth H. Pun, CPA, CGMA
 Position: Managing Partner
 Address: 200 East Sandpointe Avenue, Suite 600
 Santa Ana, California 92707
 Telephone: (949) 777-8801
 Email: ken.pun@pungroup.com

You may also contact the following partner, who is authorized to represent the Firm:

Name: Mr. Gary M. Caporicci, CPA, CGFM, CFF
 Position: Partner
 Address: 200 East Sandpointe Avenue, Suite 600
 Santa Ana, California 92707
 Telephone: (949) 777-8802
 Email: gary.caporicci@pungroup.com

The Pun Group is the right choice for the City of Industry because we are experienced and focused in your industry.

- We have audited and consulted many California cities and performing similar scope of work to the City's request.
- We have assisted many clients in earning the GFOA Certificate of Achievement for Excellence in Financial Reporting.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Toll Free: 855-276-4272 • Fax: 949-777-8850
www.pungroup.com

City of Industry
Ms. Susan Paragas | Controller
Page 2

- Our depth of resources and specific government experience are substantial, and we are committed to deploying these resources and our experience on behalf of the City. Simply put, the City will continue as one of our most important clients, and will receive the priority service it deserves.
- We have assigned Gary Caporicci, our GASB Implementation Specialist, who is appointed to the State Retirement Advisory Committee by the State Controller, in assisting the City in the implementation of GASB's new standards.

Our goal for this audit is to complete the process in accordance with regulations while minimizing disruption to the City's daily operations. The Firm will:

- Take advantage of its solid familiarity with the City's operations.
- Create a detailed audit plan during initial stages of the audit.
- Maintain an open communication line between the Engagement Team and the City's Management.
- Assign duties to qualified staff members.

This method ensures that the audit process will be performed steadily, communicated clearly, and completed efficiently.

The Firm is an Equal Opportunity Employer and complies with all Federal and State hiring requirements.

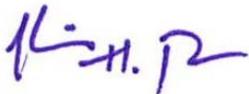
This proposal meets the requirements of the City's Request for Proposal. This letter and the accompanying proposal represent a *firm and irrevocable offer valid for a period of 90 days*.

Proof of current General Liability, Business Auto Liability, Professional Liability, and Workers' Compensation insurance can be found at the Appendices section under this proposal. We will provide a copy of our Certificate of Insurance with coverages and amounts specified in the contract with the City within 10 calendar days after the notice of contract award.

If you have any questions about the proposal or the Firm, do not hesitate to contact us. We look forward to speaking with you.

Sincerely,

The Pun Group, LLP
Certified Public Accountants and Business Advisors



Kenneth H. Pun, CPA, CGMA
Managing Partner

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

SECTION I – INDEPENDENCE

The Pun Group, LLP (the “Firm”) requires all employees to adhere to strict independence standards in relation to the Firm’s clients. These independence standards exceed, in many instances, the standards promulgated by the American Institute of Certified Public Accountants (AICPA).

The Pun Group, LLP certifies that it is independent of the City of Industry (the “City”). The Firm meets independence requirements defined by the United States Government Accountability Office’s (U.S. GAO’s) *Government Auditing Standards*, and the American Institute of Certified Public Accountants (AICPA).

SECTION II – LICENSE TO PRACTICE IN CALIFORNIA

The Firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO’s *Government Auditing Standards* to perform the proposed audits.



CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

SECTION III – FIRM QUALIFICATIONS AND EXPERIENCE

About The Pun Group, LLP

The Pun Group, LLP, *formerly known as Pun & McGeady LLP*, Certified Public Accountants and Business Advisors, founded in 2012, is a limited liability partnership. We are a full-service accounting firm that is comprised of forty (40) professionals who work on a *full-time basis* and provide auditing, accounting, and advisory services. **Our Partners Group have served governmental agencies since 1989**, under the umbrella of its predecessor firm, Caporicci & Larson, where all key personnel assigned provided outstanding services to governmental entities throughout California. Out of the forty (40) professionals, thirty (30) of them are focused in the Government Assurance Practice. The Firm has offices in Orange County, San Diego, Palm Desert (California) and Phoenix (Arizona).

The combination of hands-on experience and practical knowledge exercised by our audit professionals makes the Firm unique in our field. Our technical knowledge and thorough understanding of current regulations and issues—along with the Firm’s commitment to hard work, integrity, and teamwork on every engagement—enable us to help our clients succeed.

Our Governmental Partners Group—which include Kenneth H. Pun, Gary M. Caporicci, Paul J. Kaymark, Lisa B. Lumbard and Jack F. Georger—provide auditing, accounting, and advisory services to numerous governmental entities throughout the United States. With more than one hundred-fifty (150) years of combined experience in the governmental industry we have become a trusted business partner, and well-respected as one of the most socially responsible accounting firms.

In addition to annual financial audits, team members undertake special studies in financial management, accounting, cost-accounting-system analysis, internal audit services, and internal control documentation and testing. By participating in industry associations and activities, we are always up to date on the latest industry changes and the impact they will have on your operations. We will keep you and our colleagues in the Firm, fully informed of these developments. Our team is committed to bringing the full breadth and depth of our expertise to the audit of the City offering an outstanding value.

Our *Orange County* office, located at 200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707 will perform the requested services for the City. In this location we count on 6 partners, 2 senior managers, 1 manager, 2 supervisors, 4 seniors, 6 professional staff and 4 administrative staff. However, we may assign additional staff from our San Diego or Palm Desert (California) offices to the engagement, at no additional cost to the City. No subcontractors will be used.

While many accounting Firms can perform an audit, not all can build a great working relationship with their clients. The Pun Group, LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and highly beneficial to the City.

Our Firm has:

- Extensive experience in audits of local governments as well as experience with preparation of Comprehensive Annual Financial Reports, and comprehensive assistance with the implementation of new GASB Pronouncements.
- Strong work ethic and willingness to respond to the City of Industry requirements and needs.

Staff Consistency

The Firm is committed to maintaining staff continuity throughout audit engagements. While we cannot guarantee that our staff members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. We also offer benefits including retirement plans, medical plans, profit-sharing programs, and continuing education. The Firm is an equal-opportunity employer and complies with all federal and state hiring requirements. **The Firm also supports affirmative-action philosophies and works hard to provide opportunities for self-enhancement to members of disadvantaged groups.**

We guarantee that the partners assigned to this audit will be involved throughout the entire engagement term, and that assigned staff members will return to the City in future years if they are still with the firm. One of our primary audit concerns is staff continuity, and our hands-on partner involvement ensures that qualified and experienced professionals will perform audits efficiently and effectively every year of the engagement.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Other Services Offered by the Firm

Auditing and Accounting

The Pun Group, LLP provides all levels of attestation services, including audits, reviews, and special examinations on specific accounts, items, and transactions. Additionally, we provide the following: preparation of financial statements, projections, and forecasts; practical analysis of financial information on ratios, inventory, revenues, and expenses; SEC compliance; IFRS conversions.

Business/Tax Consulting

We provide guidance to closely held, emerging, and family-owned businesses. Our extensive experience with privately held businesses during their entire life cycle allows us to assist our clients to create value, increase profitability, secure financing, and reach goals.

Business Valuation

We provide many business valuation services, including, but not limited to, the following: mergers and acquisitions, joint-venture agreements, goodwill impairment, fairness opinions, restructuring from public to private entities, and allocation of purchase price.

Our multi-disciplinary team includes JDs, and MBAs who have expertise in economics, financial modeling, business management, marketing, psychology, law, competitive analysis, consumer behavior, and market research. Professional designations held by our members include CFE, CVA, CGMA, CIA, CGFM, CFF and MFAA.

Financial Recovery/Forensic Services

We provide many forensic accounting services, including, but not limited to the following: fraud and mismanagement, fraudulent transfers, stockbrokerage churning, fraud risk assessment, safeguarding of assets, organizational reviews.

Our forensic accounting and fraud investigation team excels in solving complex economic crimes. We provide guidance on the prevention and detection of fraud. Members of the team speak as leading experts at forensic accounting and fraud investigation conferences around the nation.

Tax Services

Our Firm provides many tax services, including, but not limited to the following: planning/consulting, compliance, IRS and state representation, estate planning and valuation.

We have specialists in international, federal, state and local taxes. Through careful planning, we can assist our clients with tax strategies for all levels of taxation.

Local Office's Information Technology (IT) Audit Capabilities

In order to promote audit efficiency, the Firm uses the following technology in providing auditing services:

- The Firm uses ProSystem fx® Engagement for audit documentation. It allows real time synchronization of the workpapers and real time quality control review.
- Citrix Receiver allows the engagement team to access the Firm's secure network through internet anywhere they are.
- The Firm uses ProSystem fx® Portal for file sharing with the client. Provided by client, items are uploaded to this secured site and are downloaded and reviewed prior to the fieldwork.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Most Recent External Quality Control Review

The Firm participates in the AICPA Peer Review Program, which is designed to identify weaknesses in accounting-service policies, practices, and procedures.

In 2015, an independent reviewer assessed the Firm's quality-control policies, reviewed administrative records, interviewed professional personnel, and inspected the Firm's working papers and reports from a representative sample of accounting and auditing engagements, including governmental audits. The reviewer concluded that the Firm fully complies with the AICPA's stringent standards for quality control.

A quality-control reviewer considers, among other things, a firm's policies regarding hiring, training, supervision, delegation of responsibilities, and access to technical resources.

The reviewer determined that the Firm's accounting and auditing work and internal quality-control system meet the AICPA's guidelines for professional standards.

The Firm's participation in the Peer Review Program demonstrates our commitment to quality. We also affirm our dedication to excellent client service through our voluntary memberships in the AICPA—including the AICPA's Governmental Audit Quality Center—and CalCPA.



GYL DeCaauwer LLP
Certified Public Accountants Business Consultants

JOHN LEBIAS, CPA
STEPHEN C. WILLIAMS, CPA
JOSEPH O. ROMERO, CPA

System Review Report

The Pun Group, LLP
Santa Ana, California;
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of The Pun Group, LLP (the firm) in effect for the year ended December 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of The Pun Group, LLP in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. The Pun Group, LLP has received a peer review rating of *pass*.

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www.gyldcauwer.com



GYL DeCaauwer LLP
Ontario, California
October 13, 2015

*your
Success
is our
DESTINATION*



CPA MERICA
INTERNATIONAL
Crowe Horwath International

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services



California Society of CPAs
1800 Gateway Dr., Ste. 200
San Mateo, CA 94404

February 4, 2016

Kenneth Hing-Kwong Pun
The Pun Group LLP
200 E Sandpointe Ave
Suite 600
Santa Ana, CA 92707

Dear Mr. Pun:

It is my pleasure to notify you that on January 27, 2016 the California Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is June 30, 2018. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Linda McCrone, CPA
Director, Peer Review Program

cc: John Lerias

Firm Number: 8192426 Review Number 372240



Administered in California by the California Society of CPAs

T: (650) 522-3094 | F: (650) 522-3080 | peerreview@calcpa.org

Federal or State Desk Review

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

Disciplinary Action

No disciplinary action has been taken by state regulatory bodies or professional organizations against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the City of Industry.

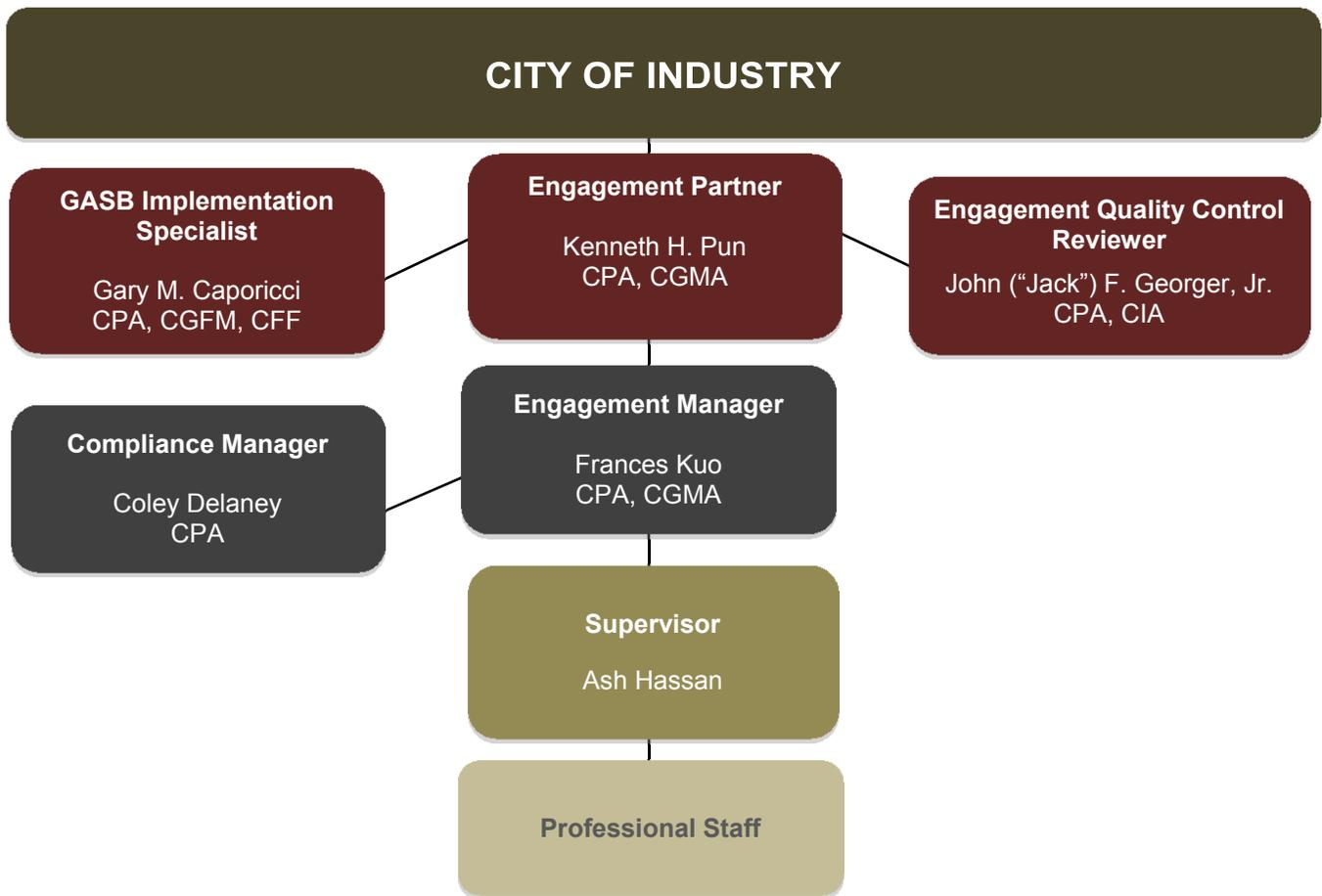
CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

SECTION IV – PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Proposed Engagement Team

The Engagement Team is carefully chosen to provide the City with all the services needed to successfully complete the audit. The Engagement and Concurring Partners are personally involved in the audit, and the Engagement Team has significant experience in governmental auditing. Our broad experience and technical capabilities allow us to provide technical support, interpret findings, and offer effective solutions to any issues that may arise.



The personnel assigned to this engagement are fully qualified to perform an efficient audit of the City, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to, all GASB pronouncements, the Single Audit Act, Uniform Grant Guidance (formerly known as OMB Circular A-133), and fund operations.

If the Firm changes key personnel we will provide the City with a written notification. Engagement personnel will only be changed with the express prior written permission from the City. Audit personnel may be replaced only by those with similar or better qualifications and experience.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Kenneth H. Pun, CPA, CGMA | *Engagement Partner*

With over fifteen years of public accounting experience, Kenneth Pun is the Assurance Partner and the Partner In-Charge of the Governmental and Not-for-Profit Practice at the Firm. He specializes in audits and management consulting for governmental organizations. Ken will actively act as the Engagement Partner with the assigned task of directly overseeing the Engagement Team. He will be responsible for the speedy delivery of services for the City of Industry. In addition, he will manage engagement planning and fieldwork, review for quality and approve work papers and reports.

John (“Jack”) F. Georger, Jr., CPA, CIA | *Engagement Quality Control Reviewer*

Throughout his forty years of experience, Jack has worked diligently alongside numerous governmental municipalities, including cities, counties, and transportation agencies, as well as not-for-profit entities, providing clients with financial and compliance auditing as well as consultation services. As an Assurance Partner in our Firm, he advises clients with their complex accounting questions, and supports the engagement team with audit issues. Jack is responsible for the review of all reports issued by the Firm to ensure the utmost quality and compliance with professional standards. He is responsible for the final quality-control review within the engagement.

Gary M. Caporicci, CPA, CGFM, CFF | *GASB Implementation Specialist*

Gary Caporicci is an ***appointed member of the State Controller’s Retirement Advisory Committee***. Mr. Caporicci will utilize his expertise in providing advice and consultation during the implementation of the new GASB standards. As an assurance partner with over forty years of experience, Gary has provided financial and compliance audit and consultation services to governmental clients including cities, counties, transportation agencies, and school districts, as well as various not-for-profit entities. Gary will be responsible in providing advice and consultation for the implementation of these new standards.

Frances Kuo, CPA, CGMA | *Engagement Manager*

Frances Kuo will bring her attention to detail and commitment to delivering a high quality audit to the City of Industry. Frances will work closely with the Assurance partners directing the audit team in its daily activities and tasks. She is an Assurance Services/Audit Manager who has extensive experience in auditing local governmental entities including cities, counties, transportation agencies, special districts, and not-for-profit entities.

Coley Delaney, CPA | *Compliance Manager*

Working as a Compliance Manager, Coley will direct the audit team in all compliance-related matters. He is an Assurance Services/Audit Manager in the Firm whose extensive auditing experience includes cities, counties, special districts, and not-for-profit entities.

Ash Hassan | *Supervisor*

Ash will direct the audit staff and coordinate with the City of Industry personnel to create a seamless transition during the auditing process, and will secure the effective implementation of the audit approach.

Professional Staff

All governmental-audit members are qualified to perform financial and compliance audits of governmental agencies. This ensures that the staff quality will be consistent throughout the engagement term. Because we support both staff development and engagement continuity, we encourage senior and staff accountants to take increased responsibilities on their previous engagements as they advance professionally.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Quality-Control System

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group LLP is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group LLP works exclusively with those who share the same moral integrity and values.

Our quality-control system was crafted with excellence in mind. It not only meets AICPA standards, but also matches our own elevated standards, which includes the following professional-development activities.

Professional Development

Each Engagement Team member is up-to-date with continuing professional education requirements. The Firm encourages staff members to participate in the continuing education programs offered by the AICPA and the CalCPA Education Foundation in order to always keep our staff well versed in the changing field and any new regulations. These classes include, among others:

- Basic Concepts of Governmental Accounting, Financial Reporting and Auditing
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Grant Guidance (formerly known as OMB Circular A-133)
- Governmental and Nonprofit Annual Update
- Governmental Accounting and Auditing: The Annual Update
- Auditing Standards: A Comprehensive Review

In addition, the Firm provides comprehensive in-house training for all levels of staff. The program includes seminars developed by the Firm, educational programs developed by the AICPA and CalCPA, and on-the-job training.

Every year, all professional and administrative staff members receive an annual overview and review of topics such as these:

- Principles of accounting and financial reporting for state and local governments
- Governmental fund types
- Newly issued U.S. generally accepted auditing standards and government auditing standards
- Internal control evaluation approaches, including COSO Internal Control Framework
- Updates on recent governmental accounting and reporting guidelines and pronouncements
- Single Audit requirements and approaches
- Risk based audit approaches
- Working paper techniques
- Current issues facing the governmental community

These ongoing continuing education activities and training programs ensure that the Engagement Team is always receiving the most current and pertinent information; we believe that an educated staff is a necessity when providing the most efficient and effective audit of the City.

Engagement Team Resumes

City of Industry deserves experienced professionals who work as a team. The Pun Group, LLP will provide qualified employees to perform the audit; no subcontractors will be used. Resumes for key Engagement Team members follow.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Kenneth H. Pun, CPA*, CGMA Engagement Partner



Kenneth H. Pun is the Managing Partner and the Director of the Governmental and Not-for Profit Practice of the Firm.

Prior to founding his own practice, Ken was employed by Caporicci & Larson, a specialty CPA firm recognized as one of California's foremost experts in governmental and not-for-profit accounting, auditing, and advisory service. He started with the firm in 2001 and was promoted to Partner in 2008. He has performed numerous audits for cities, counties, transportation agencies, community college districts, other special districts, and not-for-profit healthcare entities of various sizes.

By leveraging more than fifteen years of public accounting experience with a high level of expertise, Ken is often engaged by clients as a result of premier level of service he provides, his commitment, and his innovative methods of increasing operational efficiencies and reducing costs. Ken is a trusted advisor and a leader of accounting services to governmental and not-for-profit organizations.

In addition to working with clients, Ken provides the audit teams with direction and technical guidance to ensure adherence to The Pun Group's quality controls, and he assists with the development of the Assurance Services practice. Ken also speaks on topics related to audits and quality control and shares his expertise with clients through annual educational seminars.

EDUCATION

- ✓ BS Degree in Business Administration, emphasis in Accounting from the University of California, Riverside

**Licensed by the State of California*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)
- ✓ Member, CalCPA Governmental Accounting and Auditing Committee
- ✓ Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- ✓ Member, Government Finance Officers Association (GFOA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)
- ✓ Speaker, CSMFO Conference (2014)
- ✓ Instructor, CalCPA Fall Series (2014) – Long Beach and Orange County Chapter

PROFESSIONAL EXPERIENCE

• City of Arvin	• City of Arcadia
• City of Bradbury	• City of Calexico
• City of Carpinteria	• City of Cerritos
• City of Chula Vista	• City of Clearlake
• City of Clovis	• Town of Danville
• City of Desert Hot Springs	• City of Encinitas
• City of Fairfield	• City of Gardena
• City of Hemet	• City of Hermosa Beach
• City of Huntington Park	• City of Industry
• City of Lakewood	• City of Monterey Park
• City of Morro Bay	• City of National City
• City of Placerville	• City of Poway
• City of Ridgecrest	• City of San Bernardino
• City of Solana Beach	• City of Shafter
• City of Stockton	• Alliance Medical Center
• Anderson Valley Health Clinic	• Centro Medico Community Clinic
• Desert Hot Springs Health and Wellness Foundation	• Family Health Centers of San Diego
• Industry Convalescent Hospital	• Marin City Health and Wellness Center
• McCloud Healthcare Clinic	• Mountain Valleys Health Centers
• Redwood Coast Medical Services	• Shingletown Medical Center

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Email: Ken.Pun@pungroup.com | **Phone:** (949) 777-8801 | **Fax:** (949) 777-8850

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

• Tulare Community Health Clinic	• United Health Centers of San Joaquin Valley
• Gold Coast Transit	• North County Transit District
• San Diego Metropolitan Transit System	• Shasta Regional Transportation Agency
• SunLine Transit Agency	• Las Virgenes Municipal Water District
• Las Virgenes-Triunfo Joint Powers Authority	• Encinitas Ranch Golf Authority
• Fallbrook Healthcare District	• Marina Coast Water District
• Menlo Park Fire Protection District	• Newport Coast Elementary School District
• Riverside County Flood Control and Water Conservation District	• Southwestern Community College District

OTHER RELEVANT EXPERIENCE

City of Stockton

The City of Stockton filed a petition for Chapter 9 bankruptcy protection with the United States Bankruptcy Court on June 28, 2012, the largest municipality bankruptcy at the time. The Firm was engaged as audit liaison and advisor in 2012 for the City's 2011 audit. The City also engaged the Firm to help drafting the Comprehensive Annual Financial Report in accordance with U.S. GAAP and in compliance with GFOA guidelines for the certificate of achievement for excellence in financial reporting program.

With the superb services provided, the City of Stockton also engaged the Firm to provide audit service for the years ending June 30, 2012 through 2015 due to the early termination of the contract from its predecessor firm. Mr. Kenneth H. Pun has been assigned as the engagement partner who facilitated the audit process since then. The engagement team completed the audit and issued the audit reports for the year ended June 30, 2012 and 2013 within the one year timeframe.

City of Desert Hot Springs

The City of Desert Hot Springs engaged the Firm to provide professional auditing services since June 30, 2013. During the audit, certain deficiencies were noted that the City cited as the cause of their financial hardship. The City reduced its overall workforce resulting in many positions unfilled. However, our firm was still able to complete the engagement in a timely manner and provide valuable recommendations to the City Council in addressing their deficiencies.

In addition, during the year ended June 30, 2013, the City entered into a very complicated financial arrangement, New Market Tax Credit financing, for the construction of the Desert Hot Springs Health and Wellness Center. Our firm has provided guidance to the City in addressing complex accounting issues and helped drafting the stand-alone financial statements to fulfil the addition reporting requirements under the New Market Tax Credit financing.

San Diego Metropolitan Transit System ("MTS")

On January 1, 2003, California Senate Bill 1703 (SB 1703) became effective. SB 1703 required the consolidation of the planning and programming functions of MTS and the North County Transit District (NCTD) into the San Diego Association of Governments (SANDAG) in an initial transfer to take place prior to July 1, 2003. SB 1703 also required the consolidation of certain project development and construction functions of MTS and NCTD into SANDAG in a subsequent transfer to take place prior to January 30, 2004. The initial transfer occurred on July 1, 2003, and the subsequent transfer occurred on October 13, 2003. With these actions, employees were transferred from MTS and NCTD to SANDAG, and certain planning, development, and construction functions were also transferred.

After the enactment of SB 1703, Mr. Kenneth H. Pun was able to convert MTS financial model from general-purpose government to stand-alone business-type activities government under GASB Statement No. 34 in 2007. By doing so, MTS has significantly improved their financial reporting.

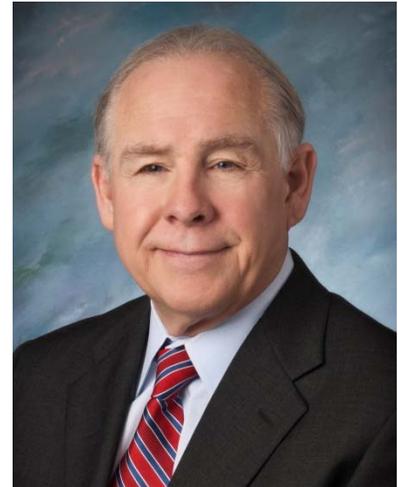
CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

John F. Georger, Jr., CPA*, CIA Engagement Quality Control Reviewer



Jack Georger is the Partner of the Governmental Division by leveraging more than forty years of public accounting and auditing experience in the government, agribusiness, financial services, manufacturing and non-profit sectors. Mr. Georger brings an in-depth knowledge and practical expertise to each client engagement. Mr. Georger coordinates, plans, and manages financial audit activities, consulting activities, federal and state compliance audit activities, performance audits and numerous quality control and internal control reviews for a broad mix of governmental agencies and programs throughout the United States.

Jack is a continuing professional education course instructor for the AICPA. Annually, he instructs over 300 hours on accounting and auditing subjects. He has coauthored training material in governmental accounting and auditing for the AICPA and is the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits.

Mr. Georger is licensed to practice as a certified public accountant in the states of California, New York, Virginia, Maryland, District of Columbia, Georgia, South Carolina, Missouri, Connecticut (inactive), and Wyoming (inactive), and is a Certified Internal Auditor (CIA).

EDUCATION

- ✓ Bachelor of Science, George Mason University Fairfax, Virginia

**Licensed by the State of California, New York, Virginia, Maryland, District of Columbia, Georgia, South Carolina, Missouri and Connecticut (inactive) and Wyoming (inactive)*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, Institute of Internal Auditors
- ✓ Member, California Society of Certified Public Accountants (CalCPA)
- ✓ Member, CalCPA Government Accounting and Auditing Committee
- ✓ Member, New York Society of Certified Public Accountants (NYSSCPA)
- ✓ Chairman, NYSSCPA Government Accounting and Auditing Committee
- ✓ Member, NYSSCPA Auditing Standards Committee
- ✓ Member, NYSSCPA Financial Accounting Standards Committee
- ✓ Member, NYSSCPA Not-for-Profit Committee
- ✓ Member, Missouri Society of Certified Public Accountants (MSCPA)
- ✓ South Carolina Association of Certified Public Accountants (SCACPA)
- ✓ Member, Government Finance Officers Association (GFOA) – CAFR Reviewer

KEY CLIENTS

- Local Governments:
 - Town of Andrews, South Carolina
 - County of Isle of Wight, Virginia
 - City of Richmond, Virginia

CONTINUING PROFESSIONAL EDUCATION

- ✓ Instructor of over 300 hours of municipal accounting courses offered by the AICPA
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Gary M. Caporicci, CPA*, CGFM, CFF
GASB Implementation Specialist



Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. In addition, he authors white papers for the California Committee on Municipal Accounting.

Prior to working with the Firm, Gary founded his own accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Prior to that, Gary held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

EDUCATION

- ✓ BS Degree in Accounting and Finance from the Armstrong University

**Licensed by the State of California*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, Author and Instructor, California Society of Certified Public Accountants (CalCPA)
- ✓ Past Chair, CalCPA Governmental Accounting and Auditing Committee
- ✓ Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- ✓ Member, CalCPA Council
- ✓ Chair, California Committee on Municipal Accounting (CCMA)
- ✓ Member, Government Finance Officers Association (GFOA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)
- ✓ Member, Governmental Accounting Standards Board (GASB),
- ✓ Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- ✓ National Reviewer and Speaker, Government Finance Officers Association
- ✓ Adjunct Professor, National University
- ✓ Past Member, Texas Governmental Accounting and Auditing Committee
- ✓ GFOA Certificate for Excellence in Financial Reporting – Reviewer

CONTINUING PROFESSIONAL EDUCATION

- ✓ Author and instructor of various municipal accounting courses offered by CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Frances Kuo, CPA*, CGMA
Engagement Manager



Frances Kuo is a Senior Manager in The Pun Group, LLP's Assurance division. Frances has over ten years of accounting and auditing experience working with governmental agencies, not-for-profit entities, and employee benefit plans. Frances also has particular expertise in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Grant Guidance (formerly OMB Circular A-133).

Frances has performed audits and other attestation services for several municipalities throughout California including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special Districts. She has assisted these clients with publishing their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

Ms. Kuo is the in-house instructor who provides training, both theoretical and on-the-job training, to lower level staff. She has developed training materials on the risk based audit approach, GASB Statement No. 34 reporting, Single Audits, and employee benefit plan audits.

EDUCATION

- ✓ BS Degree in Business Administration, Emphasis in Accounting, from the University of California, Riverside
- ✓ BA Degree in Economics from the University of California, Riverside

**Licensed by the State of California, Arizona and Virginia.*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)

RELEVANT PROJECT EXPERIENCE

• City of Arcadia	• City of Bradbury
• City of Cerritos	• City of Carpinteria
• City of Desert Hot Springs	• City of Gardena
• City of Huntington Park	• City of Huntington Beach
• City of Hermosa Beach	• City of Hemet
• City of Industry	• City of Monterey Park
• City of Ridgecrest	• Conejo Recreation and Park District
• Las Virgenes Municipal Water District	• Marina Coast Water District
• Mountains Recreation and Conservation Authority	• San Diego Transit Corporation Retirement Plan
• Tulare Community Health Clinic	• San Diego Metropolitan Transit System
• San Diego Association of Governments	• Southwestern Community College District
• Valley Sanitary District	• Shanghai Jiao Tong University Foundation of America

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Coley Delaney, CPA* Compliance Manager



Coley Delaney is a Senior Manager within The Pun Group, LLP's Assurance division. In his nine years of accounting and auditing experience, Coley has worked with governmental agencies, not-for-profit entities and private for-profit entities. Coley specializes in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Grant Guidance (formerly known as OMB Circular A-133).

Coley has performed audits and other attestation services for several governmental agencies throughout California including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts, and he has helped them publish their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

Mr. Delaney develops training materials and shares his expertise internally with other Firm professionals. Coley is a frequent speaker at in-house seminars on topics related to government auditing standards and Single Audits.

EDUCATION

- ✓ BA Degree in Business Economics Emphasis in Accounting from the University of California, Santa Barbara.

**Licensed by the State of California*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT PROJECT EXPERIENCE

• City of Arvin	• City of Arcadia
• City of Chula Vista	• City of Clearlake
• City of Clovis	• Town of Danville
• City of Fairfield	• City of Encinitas
• City of Gardena	• City of Hermosa Beach
• City of Industry	• City of Monterey Park
• City of Poway	• City of National City
• City of Solana Beach	• City of San Bernardino
• City of Stockton	• City of Shafter
• Redwood Coast Medical Services	• Family Health Centers of San Diego
• San Diego Metropolitan Transit System	• United Health Centers of San Joaquin Valley
• SunLine Transit Agency	• North County Transit District
• Fallbrook Healthcare District	• Southwestern Community College District

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Ash Hassan Supervisor



Ash Hassan is a Supervisor of The Pun Group, LLP. He has more than eight (8) years of governmental experience that ranges from GASB audit/reporting, Internal Controls/, Single Audit, not-for-profit organizations, employee benefit plans, Corporate Financial Reporting, and Data Analysis.

In various engagements, Ash has been involved in providing significant services to various governmental entities and actively contributed and participated in the planning process, implementation of the audit work plan, supervision of staff, compliance testing for the Single Audit Concept and preparation of the Comprehensive Annual Financial Reports. Ash has experience in both private and public sectors.

EDUCATION

- ✓ BS Degree in Accounting from Cairo University.

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT PROJECT EXPERIENCE

• City of Covina	• City of Rancho Mirage
• City of Lawndale	• City of Woodland Hills
• City of Compton	• City of Hughson
• City of Seal Beach	• City of Fullerton
• City of Simi Valley	• City of Santa Fe Springs
• Orange County Transportation Authority (OCTA)	• City of Oxnard
• Santa Barbara County Association of Governments	• Midway City Sanitary District
• Southeast Area Social Services Funding Authority (SASSFA)	• West San Gabriel Valley Consortium.
• Friends of Oasis Senior Center	• California Community Economic Development Association
• Costa Mesa Senior Center	• Spring Board Nonprofit Consumer Credit Management
• Newport Beach Public Library Foundation	• Tony Hawk Foundation
• Neighborhood Housing of Orange County	• Realty World ,Inc.
• Haralambos Beverage Company, Inc.	• Suzuki Motor Corporation 401K
• View tech Financial Services	• Alta Marketing 401k
• Aluratek, Inc.	• Fisher & Paykel 401K

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

SECTION V – REFERENCES

The following five clients are examples of some of the engagements that are similar to the requirements in the City's proposal. Additional references are available upon request. Please feel free to contact these governmental agencies to learn more about their experiences working with us.

Reference 1:

Name of Client: City of Stockton
 Service Period: June 30, 2012 to Present
 Scope of Work: The Firm has provided professional auditing services to the City of Stockton which includes the audit of the City's CAFR, Single Audit, and Measure W. In addition, the firm has performed agreed-upon procedures of the Appropriation Limit.

GFOA Award: Yes
 Engagement Partner: Kenneth H. Pun | Concurring Partner: Gary M. Caporicci
 Engagement Manager: Coley Delaney | Compliance Manager: Frances Kuo
 Total Hours: Average 2,500 hours per year
 Principle Client Contact: Mr. Edwin Gato
edwin.gato@stockton.ca.gov
 Accounting Manager
 425 N. El Dorado Street
 Stockton, CA 95202
 (209) 937-8499

Reference 2:

Name of Client: San Diego Metropolitan Transit System
 Service Period: June 30, 2005 to Present
 Scope of Work: The Firm has provided professional auditing services to the San Diego Metropolitan Transit System, since 2005, which includes the audit of the CAFR and Single Audit. In addition, the Firm has performed agreed-upon procedures on the Indirect Cost Rates, compliance with California Transportation Development Act for MTS, San Diego Transportation Corporation and San Diego Trolley Incorporated, compliance on National Transit Database and compliance audit on Public Transportation Modernization Improvement and Service Enhancement Account.

GFOA Award: Yes
 Engagement Partner: Kenneth H. Pun | Concurring Partner: Gary M. Caporicci
 Engagement Manager: Coley Delaney | Compliance Manager: Frances Kuo
 Total Hours: Average 1,850 hours per year
 Client Contact: Ms. Erin Dunn
 Controller
erin.dunn@sdmts.com
 1255 Imperial Avenue, Suite 1000,
 San Diego, CA 92101
 (619) 557-4536

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Reference 3:

Name of Client: City of Desert Hot Springs
 Service Period: June 30, 2013 to Present
 Scope of Work: The Firm has provided professional auditing services to the City of Desert Hot Springs which includes the audit of the City's Basic Financial Statements, and Single Audit. In addition, the firm has performed agreed-upon procedures of the Appropriation Limit and Transient Occupancy Tax (TOT).

GFOA Award: N/A
 Engagement Partner: Kenneth H. Pun | Concurring Partner: Gary M. Caporicci
 Engagement Manager: Frances Kuo | Compliance Manager: Coley Delaney
 Total Hours: Average 500 hours per year
 Principle Client Contact: Ms. Linda Kelly
lkelly@cityofdhs.org
 Financial Specialist
 65-950 Pierson Blvd.
 Desert Hot Springs, CA 92240
 (760) 329-6411 ext. 289

Reference 4:

Name of Client: City of Clovis
 Service Period: June 30, 2006 to Present
 Scope of Work: The Firm has provided professional auditing services to the City of Clovis which includes the audit of the City's CAFR, Successor Agency and Single Audit. In addition, the firm has performed agreed-upon procedures of the Appropriation Limit.

GFOA Award: Yes
 Engagement Partner: Kenneth H. Pun | Concurring Partner: Gary M. Caporicci
 Engagement Manager: Coley Delaney | Compliance Manager: Frances Kuo
 Total Hours: Average 400 hours per year
 Principle Client Contact: Ms. Jamie Hughson
JamieH@ci.clovis.ca.us
 Finance Director
 1033 Fifth Street
 Clovis, CA 93612
 (559) 324-2106

Reference 5:

Name of Client: Town of Danville
 Service Period: June 30, 1999 to Present
 Scope of Work: The Firm has provided professional auditing services to the Town of Danville which includes the audit of the City's CAFR, Financing Authority, the Lighting and Landscaping Assessment District's Basic Financial Statements, and Single Audit. In addition, the firm has performed agreed-upon procedures of the Appropriation Limit.

GFOA Award: Yes
 Engagement Partner: Kenneth H. Pun | Concurring Partner: Gary M. Caporicci
 Engagement Manager: Coley Delaney | Compliance Manager: Frances Kuo
 Total Hours: Average 300 hours per year
 Principle Client Contact: Ms. Lani Ha
LHa@danville.ca.gov
 Accounting Manager
 510 La Gonda Way
 Danville, CA 94526
 (925) 314-3358

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Firm's Municipal Clients

The Pun Group, LLP has performed numerous audits of governmental organizations subject to financial and compliance audits. These audits were performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Grant Guidance (formerly known as OMB Circular A-133) and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts. **A list of current engagements is as follows:**

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Engagement Partner	Total Hours
City of Arvin	2013 – Present	Yes	Yes	N/A	Kenneth H. Pun	400
City of Bradbury	2012 – Present	Yes	N/A	N/A	Kenneth H. Pun	150
City of Calexico	2007 – Present	Yes	Yes	N/A	Kenneth H. Pun	750
City of Cerritos	2009 – Present	Yes	Yes	Yes	Kenneth H. Pun	400
City of Clovis	2006 – Present	Yes	Yes	Yes	Kenneth H. Pun	400
Town of Danville	1999 – Present	Yes	Yes	Yes	Gary Caporicci	300
City of Desert Hot Springs	2013 – Present	Yes	N/A	N/A	Kenneth H. Pun	500
City of Encinitas	2014 – Present	Yes	Yes	Yes	Kenneth H. Pun	350
City of Gardena	2007 – Present	Yes	Yes	Yes	Gary Caporicci	700
City of Hemet	2015 – Present	Yes	Yes	N/A	Kenneth H. Pun	380
City of Hermosa Beach	2004 – Present	Yes	N/A	Yes	Kenneth H. Pun	200
City of Huntington Park	2015 – Present	Yes	Yes	N/A	Kenneth H. Pun	650
City of Industry	2015 – Present	Yes	Yes	Yes	Kenneth H. Pun	710
City of Laguna Niguel	2016 – 2020	Yes	Yes	Yes	Kenneth H. Pun	400
City of Lakewood	2013 – Present	Yes	Yes	Yes	Kenneth H. Pun	380
City of Monterey	2016 – 2020	Yes	Yes	Yes	Kenneth H. Pun	626
City of Morro Bay	2015 – Present	Yes	Yes	N/A	Kenneth H. Pun	400
City of National City	2013 – Present	Yes	Yes	Yes	Kenneth H. Pun	600
City of Placerville	2008 – Present	Yes	Yes	N/A	Kenneth H. Pun	350
City of Ridgecrest	2009 – Present	Yes	Yes	Yes	Kenneth H. Pun	300
City of San Bernardino	2015 – Present	Yes	Yes	N/A	Kenneth H. Pun	3,000
City of Stockton	2012 – 2020	Yes	Yes	N/A	Kenneth H. Pun	2,500
Gold Coast Transit System	2015 – Present	Yes	Yes	Yes	Paul J. Kaymark	150
San Diego Metropolitan Transit System	2005 – Present	Yes	Yes	Yes	Kenneth H. Pun	1,850
Shasta Regional Transportation Agency	2015 – Present	Yes	N/A	N/A	Kenneth H. Pun	200
Ventura County Railroad Company, LLC	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	60

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Engagement Partner	Total Hours
Ventura County Transportation Commission	2015 – Present	Yes	Yes	Yes	Kenneth H. Pun	400
Altadena Library District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	90
Antelope Valley State Water Contractors Association	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	40
Barstow Heights Community Services District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	40
Big Bear City Airport District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	120
Big Bear City Community Services District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	200
Bodega Bay Fire Protection District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	140
Casitas Municipal Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	230
Desert Recreation District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	150
Desert Recreation Foundation	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	40
Diablo Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	350
East Orange County Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	130
El Toro Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	270
Encinitas Ranch Golf Authority	2015 – Present	Yes	N/A	N/A	Kenneth H. Pun	100
Fallbrook Healthcare District	2008 – Present	Yes	N/A	N/A	Kenneth H. Pun	75
Golden Hills Community Services District	2016 – 2018	Yes	N/A	N/A	Paul J. Kaymark	180
Las Virgenes Municipal Water District	2014 – Present	Yes	N/A	N/A	Kenneth H. Pun	300
Marina Coast Water District	2012 – Present	Yes	N/A	Yes	Kenneth H. Pun	240
Menlo Park Fire Protection District	2015 – Present	Yes	Yes	Yes	Kenneth H. Pun	240
Newport Coast Elementary School Foundation	2010 – Present	Yes	N/A	N/A	Kenneth H. Pun	20
North Coast Fire Protection District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	120
North County Dispatch JPA	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	60
North of the River Municipal Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	150
Orange County Coastkeeper	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	60
Palmdale Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	180
Palos Verdes Library District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	110
Port of Hueneme - Oxnard Harbor District	2015 – Present	Yes	N/A	Yes	Kenneth H. Pun	250
Rancho Santa Fe Fire Protection District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	120
Riverside County Flood Control and Water	2015 – Present	Yes	N/A	Yes	Kenneth H. Pun	250

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Engagement Partner	Total Hours
San Diego Coastkeeper	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	75
San Mateo Mosquito and Vector Control District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	130
San Elijo Joint Powers Authority	2016 – 2020	Yes	N/A	N/A	Kenneth H. Pun	146
South Bay Regional Public Communications Authority	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	100
Southwestern Community College District	2009 – Present	Yes	Yes	N/A	Kenneth H. Pun	720
Stallion Springs Community Services District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	220
San Bernardino County Fire Protection District	2016 – 2020	Yes	N/A	N/A	Paul J. Kaymark	200
The Farm Mutual Water Company	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	170
Trabuco Canyon Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	200
TwentyNine Palms Water District	2016 – 2020	Yes	N/A	N/A	Paul J. Kaymark	160
Valley Sanitary District	2015 – Present	Yes	N/A	Yes	Kenneth H. Pun	140
West County Agency	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	55
West County Wastewater District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	240
West Valley Water District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	320
West Valley Mosquito and Vector Control District	2016 – 2020	Yes	N/A	N/A	Paul J. Kaymark	100
Wilmington Cemetery District	2015 – Present	Yes	N/A	N/A	Paul J. Kaymark	65
Alliance Medical Center	2013 – Present	Yes	N/A	N/A	Kenneth H. Pun	300
Anderson Valley Health Clinic	2012 – Present	Yes	N/A	N/A	Kenneth H. Pun	200
Centro Medico Community Clinic	2015 – Present	Yes	N/A	N/A	Kenneth H. Pun	80
Desert Hot Springs Health and Wellness Foundation	2013 – Present	Yes	N/A	N/A	Kenneth H. Pun	100
Family Health Centers of San Diego	2009 – Present	Yes	Yes	Yes	Kenneth H. Pun	600
Industry Convalescent Hospital	2015 – Present	Yes	N/A	N/A	Kenneth H. Pun	230
Marin City Health and Wellness Center	2010 – Present	Yes	Yes	N/A	Kenneth H. Pun	110
McCloud Healthcare Clinic	2013 – Present	Yes	Yes	N/A	Kenneth H. Pun	200
Mountain Valleys Health Centers	2015 – Present	Yes	Yes	N/A	Kenneth H. Pun	200
Redwood Coast Medical Services	2008 – Present	Yes	Yes	N/A	Kenneth H. Pun	200
Shingletown Medical Center	2013 – Present	Yes	Yes	N/A	Kenneth H. Pun	190
Tulare Community Health Clinic	2008 – Present	Yes	Yes	N/A	Kenneth H. Pun	200
United Health Centers of San Joaquin Valley	2010 – 2016	Yes	Yes	N/A	Kenneth H. Pun	300

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

SECTION VI – SPECIFIC AUDIT APPROACH

Scope of Work

The City of Industry is requesting an opinion as to the fair presentation of its basic financial statements in accordance with generally accepted accounting principles (GAAP) and applicable laws and regulations. These audits are to be performed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
- The standards applicable to financial audits contained in the most current version of the Generally Accepted Government Auditing Standards (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of U.S. Office of Management and Budget (OMB) Uniform Grant Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-Profit Organizations and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

To accomplish this task, the Firm will:

- ✓ Perform an audit of the financial statements of the City and its component units. The City's blended component units are:
 - Successor Agency to the Industry Urban-Development Agency ("SA")
 - Civic Recreational-Industrial Authority ("CRIA")
 - Industry Public Facilities Authority ("PFA")
 - Industry Public Utilities Commission ("IPUC")
 - Industry Property and Housing Management Authority ("IPHMA")
- ✓ **Preparation of the Financial Statements** of the following entities. The financial statements will be fully compliant with all current and proposed GASB pronouncements:
 - City's Basic Financial Statements
 - Successor Agency to the Industry Urban Development Agency
 - Civic Recreational-Industrial Authority
 - Industry Public Facilities Authorities
- ✓ Issue financial statements for the Successor Agency to the Industry Urban-Development Agency, Civic Recreational-Industrial Authority and Industry Public Facilities Authority. The individual component unit financial statement will be issued with no MD&A.
- ✓ Review the City's Annual Financial Report (AFR), in full compliance with all current and proposed GASB statements, which will include both Government-Wide Financial Statements and Fund Financial Statements. Apply limited audit procedures to MD&A and required supplementary information pertaining to the General Fund and each major fund of the City.
- ✓ Apply limited procedures to the *management discussion and analysis* as required by the auditing standards to be applied to required supplementary information. The Firm will apply an understanding of the method of preparation, the source and basis for the information presented, comparing for consistency to the audited data, and ascertaining that the *management's discussion and analysis* contains all of the information required by GASB 34 and does not contain information prohibited to be presented in the *management's discussion and analysis*.
- ✓ When required, prepare a separate Single Audit Report, to include the following:
 - Report on compliance and on internal control over financial reporting based on audit of financial statements performed in accordance with *Government Auditing Standards*.
 - Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with OMB Uniform Grant Guidance, "Audits of State and Local Governments", and the Single Audit Act of 1984 (Public Law 98-502).
 - Schedule of Expenditures of Federal Awards.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

- Notes to Schedule of Expenditures of Federal Awards.
 - Schedule of Findings and Questioned Costs.
 - Any other required schedules or reports.
 - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.
- ✓ Prepare Agreed-upon Procedures Applied to the Appropriations Limitation (GANN Limit) report prescribed by Article XIII-B of the California Constitution.
 - ✓ Prepare year-end adjusting journal entries as needed.
 - ✓ Issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the City Manager.

The Firm will be available for consultation by phone on accounting and financial issues during the year at no extra cost. The Firm will also serve as auditor for certain addition projects and studies as may be deemed necessary by the City.

The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City.

Supplemental reports, audits, or agreed-upon procedures must be added in a written agreement prior to commencing audit work. The Firm and the City will discuss and approved the scope and associated costs of these tasks.

Working Paper Retention and Access to Working Papers

The Firm will retain, at its own expense, all working papers and reports for a minimum of (7) seven years, unless the City notifies the Firm in writing of the need to extend the retention period. Upon request, the Firm will make working papers available to City of Industry or other governmental agencies included in the federal or state grant audits. The Firm will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

Objectives of Our Services

Our primary objective for the proposed audit is to examine the City's financial statements and express our opinion on their fairness of presentation, in accordance with generally accepted accounting principles. Other objectives that will benefit the City include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls
- To identify opportunities to make City operations more efficient and reduce costs
- To perform the audit efficiently and effectively, so disruption to office operations is minimized
- To provide continuing advisory services to help the City implement recommendations
- To meet these objectives at no additional cost to the City

The Engagement Team will perform the audit in accordance with the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work.

The Firm will supply portable computers to the onsite staff members.

Our audit approach emphasizes careful planning, open communication, and proper assignment of responsibilities. This method ensures that audit requirements will be met with minimal disruption of the City's daily operations, and that the audit will proceed efficiently with full understanding between the Engagement Team and the City.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Proposed Segmentation of the Engagement and Timeline

The audit will be performed in four phases:

Initial Planning Meeting | During a mutually acceptable time frame, normally July of each year.

The Engagement Partner and Manager will meet with City's Management to get up to speed with City policies and procedures, establish any specific requirements Management may have, identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement.

Interim | May commence August/September of each year.

The Engagement Team—including the Engagement Partner—will assess accounting policies adopted by the City, obtain an understanding of the City and its operating environment, review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal control, perform preliminary analytical procedures, evaluate Single Audit compliance (if needed), identify any audit issues, and prepare confirmation correspondence. The Engagement Team and City Management will establish expectations including responsibilities and assignments for the year-end audit, and will hold a progress status meeting at the end of the Interim phase.

Year-End | May commence during the last week of September or the first week of October of each year.

The Engagement Team—including the Engagement Partner—will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform preliminary analytical procedures, search for unrecorded liabilities, perform substantive analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The Engagement Team and City Management will hold an exit conference at the end of the Year-End phase.

Reporting | Draft copies of reports will be provided in by November of each year; Final reports and management letter will be provided no later than Mid-November of each year.

The Firm will review and prepare audit reports and perform quality control procedures in accordance with the Quality Control Standards issued by the AICPA. We will also review reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be issued in a letter to Management. At the City's request, the Engagement Partner and Manager will present the audit to the City's governing body.

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal City circumstances delay the audit.

Level of staff and number of hours to be assigned to each proposed segment of the engagement

The Pun Group, LLP understands that the City is not only looking to employ our auditing services, but is also seeking to receive value within that professional relationship. We believe that our value is derived from our in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize "employ", because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the City and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature, from various government entities and cities to develop an effective plan for all major areas.

Example of Major Areas (not limited to):

- Audit of the City's financial statements and the related notes to financial statements
- Single Audit procedures and required reporting (if applicable)
- Agreed-upon procedures on Appropriations Limit calculation
- Communication with those charged with governance
- Internal Control and Management Letters (if applicable)

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Total Hours:

Staff Classification Performing Work	Estimated Hours Annually
Partners	85
Managers	130
Supervisory	155
Senior Accountants	170
Staff Accountants	240
Clerical	20
Total Annual Hours:	800

Hours by Audit Phase	Hours
Phase I - Planning	110
Phase II - Interim	250
Phase III - Year End	320
Phase IV - Reporting	120
Total Annual Hours:	800

Sample size and the extent to which statistical sampling is to be used in this engagement

In our audit approach, statistical sampling is used in conjunction with our skilled judgment and knowledge of each situation. The population size and assurance level needed from any given test will determine the sample size used in our testing.

Extent of use of EDP software in the engagement

We use EDP Software in our engagement to increase our efficiency and quality of our work and meet the new professional requirements regarding fraud and internal control. Our engagement team will import data from the City's financial software and extract useful data for the purpose of testing and analytical procedures particular in the following areas:

- Successful Fraud Test
- Questionable Invoices
- Phantom Vendor Schemes
- Kickback or Conflict-of-Interest Schemes
- Dormant Account Schemes
- Money Laundering Schemes

Type and extent of analytical procedures to be used in the engagement

We use analytical procedures during the interim phase to set up expectations for the year-to-date results and balances and compare them with budgeted and prior-year amounts. This allows us to forecast year-end amounts, reducing the workload during the year-end phase and allowing us to focus on areas of concern.

We also use trend and ratio analysis to identify any uncertain or unusual events. In order to perform these analysis, our firm performs a survey of cities and counties and develops benchmarks on certain key financial indicators, such as cost of services to tax revenues ratios, average general fund balance, capital assets, debt per capital, general fund unassigned fund balance to total general fund expenditures, etc. Our staff members have previous experience in successfully implanting analytical procedures to the City's benefit.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Approach to be taken to gain and document an understanding of the City's internal control structure

Audit risk assessment will be established by an internal control review, combined with the Engagement Team's understanding of the City's operations and accounting software. Using the Committee of Sponsoring Organizations (COSO) Framework, staff members will evaluate the City's processes and identify any control deficiencies. These diagnostic review procedures allow the Engagement Team to evaluate the City's systems and controls and to provide constructive feedback to City Management.

The Engagement Team will perform a walkthrough of the City's accounting systems, including processes for financial reporting, revenue recognition and cash receipts, purchasing/contract management and cash disbursements, and payroll and related liabilities, etc. Auditors will document the process with a flowchart or narrative summary.

Approach to be taken in determining laws and regulations that will be subject to audit test work

The Firm stays continually up to date with audit requirements—including new regulations, compliance supplements, state guidelines, and pertinent contracts—to ensure that we conduct audits in accordance with applicable laws and regulations. We test transactions for compliance with the Single Audit Act, California Government Code, GANN Appropriations Limit, provisions of applicable grant guidelines, requirements of local measures, etc.

For example, the Single Audit Act requires that we determine which grants to include in our audit and select transactions from those grants for detailed testing. While most transactions are tested as part of the Interim phase, we cannot determine which grants to test for the Single Audit until the Year-End phase of audit.

Our compliance audits of cash, investments, debt covenants, and other areas are performed in accordance with the California Government code, which has many provisions and regulations covering investments.

Approach to be taken in drawing audit samples for purposes of tests of compliance

To test compliance, we follow the AICPA's *Audit Sampling Considerations of Uniform Grant Guidance Compliance Audits*. We will select an appropriate sample size based on our professional judgment and knowledge. Any deviations from control and compliance requirements will be documented.

GASB Implementation Specialist

Gary M. Caporicci, the Firm's *GASB Implementation Specialist*, is an **appointed member to the State Retirement Advisory Committee by the State Controller** and has tremendous expertise in assisting clients with the implementation of GASB pronouncements.

For more than 40 years, Mr. Caporicci has successfully provided professional auditing, accounting, financial reporting and management advisory/consulting services to a broad spectrum of governmental entities.

Caporicci is a leader in the new GASB standards going into effect in the coming years. He will actively assist the City during the process of implementation and compliance related to new accounting standards.

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Client Training Seminar

Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. The day-long session—held in Clovis, San Diego, Cerritos, and Danville—qualifies for **eight hours of CPE** with the California Board of Accountancy.

Participants of this year's training seminar will receive a high-level examination of numerous technical issues, including the following:

- ✓ Fiscal Policies
- ✓ The Latest & Greatest on Pension, OPEB, Local Initiatives and the Future of the Defined Benefit Plan
- ✓ GASB 74 & 75 - Implementation of the New OPEB Standards
- ✓ A Look Back on the Implementation of GASB 68 and 71
- ✓ Uniform Grant Guidance
- ✓ Survey of Cities and Counties

Importantly, all of our clients are invited to attend the Pun Group, LLP client training seminar **FREE OF CHARGE.**

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

SECTION VII – IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

While we do not expect any problems with the audit, we will carefully investigate and monitor the following relevant accounting issues:

- Investments:
 - Compliance with GASB 31 and GASB 34
 - Authorization and approval process for City investments
 - Controls to assure City's compliance with investment limitations and types of specific investments
 - Monitoring by the City of its investments
- Financial Reporting:
 - CAFR compliance with current reporting and disclosure requirements issued by GASB
 - CAFR eligibility for financial reporting conformance awards issued by GFOA
 - Compliance with the various GASBs in effect, especially the implementation of GASB 68 and 71 related to pension accounting
 - Compliance with infrastructure obligations and regulatory provisions
- Internal Control Structure:
 - City's internal control functions and compliance with proper internal control philosophies
 - Computer-system processes and controls, and adequacy of the control environment

Over the period of the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to the following new and upcoming pronouncements, and any others that become effective during the proposal period, in order to determine proper implementation procedures:

- GASB 72 – *Fair Value Measurement and Application*
- GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB 76 – *The Hierarchy of Generally Accepted Account Principles for State and Local Governments*
- GASB 77 – *Tax Abatement Disclosures*
- GASB 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB 79 – *Certain External Investment Pools and Pool Participants*
- GASB 80 – *Blending Requirements for Certain Component Units—an amendment of GASB Statement 14*

Discussion of Relevant Accounting Issues

Over the period of the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to the following new and upcoming pronouncements, and any others that become effective during the proposal period, in order to determine proper implementation procedures. Based on our understanding through our study of the City's financials, we have determined the following GASB pronouncements may have some impact to the City's financial statements:

- GASB 72 – *Fair Value Measurement and Application*
- GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB 77 – *Tax Abatement Disclosures*
- GASB 79 – *Certain External Investment Pools and Pool Participants*

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. To determine a fair value measurement, a government should consider the unit of account of the asset or liability. The unit of account refers to the level at which an asset or a liability is aggregated or disaggregated for measurement, recognition, or disclosure purposes as provided by the accounting standards. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replace the requirements of GASB Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The Firm believes the following pronouncement has minimal impact to the City's financial statements:

- GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB 80 – *Blending Requirements for Certain Component Units—an amendment of GASB Statement 14*

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

SECTION VIII – COST PROPOSAL

Certification

We are committed to the performance of a high quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed, at no additional cost to the City of Industry.

Name of Firm: The Pun Group, LLP
 Certified Public Accountants and Business Advisors
 200 Sandpointe Avenue, Suite 600
 Santa Ana, California 92707

Certification: Kenneth H. Pun is entitled to represent the Firm, empowered to submit the bid, and authorized to sign a contract with the City of Industry.

Kenneth H. Pun, CPA, CGMA | Managing Partner
 The Pun Group, LLP

Total All-Inclusive Maximum Price

Following are our total fixed fees the Fiscal Years Ending June 30, 2016 and 2017 with option to extend for two (2) additional years.

ATTACHMENT A Audit Work Cost Proposal Form

Description of Services	Estimated Hours	Optional Years			
		2015-2016	2016-2017	2017-2018	2018-2019
Audited Financial Statements of the City and its component units, Report on Internal Controls Over Financial Reporting, Auditor's Communication with City Council	462	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564
Preparation of the City's Financial Statements	38	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464
Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheets (GANN Limit Review)	5	\$ 600	\$ 618	\$ 637	\$ 656
Audited Financial Statements of the Successor Agency to the Industry Urban-Development Agency, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	76	\$ 9,600	\$ 9,888	\$ 10,185	\$ 10,490
Preparation of the Successor Agency to the Industry Urban Development Agency's Financial Statements	4	\$ 500	\$ 515	\$ 530	\$ 546
Audited Financial Statements of the Civic Recreational-Industrial Authority, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	46	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556
Preparation of the CCivic Recreational-Industrial Authority's Financial Statements	4	\$ 500	\$ 515	\$ 530	\$ 546
Audited Financial Statements of the Industry Public Facilities Authority, Report on Internal Controls Over Financial Reporting, Auditor's Communication with Board	46	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556
Preparation of the Industry Public Facilities Authority's Financial Statements	4	\$ 500	\$ 515	\$ 530	\$ 546
Maximum Fees	685	\$ 88,700	\$ 91,361	\$ 94,102	\$ 96,925
Optional Services					
Uniform Grant Guidance Single Audit of Federal Grants of the City, for 1 major program. (If required)	25	\$ 3,500	\$ 3,570	\$ 3,677	\$ 3,787

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

*Based on the information provided by the City of Industry and our understanding of the engagement, the City is subject to the Single Audit Act in accordance with OMB Uniform Grant Guidance. The Single Audit fees are based on (1) one major program. If the City of Industry applies for additional funding subsequent to the preparation of this proposal, the fee to audit additional major programs will be \$3,500 each. The number of programs determined to be "major" will be based on OMB Uniform Grant Guidance. The Engagement Team will discuss this with the City's Management before starting Single Audit work.

Out of Pocket Expenses in the Total Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates in order to meet the needs of clients and help them control costs. In the interest of **continuing** our long-term relationship, we will **absorb all costs** required to familiarize ourselves with the operations and accounting systems, as well as, travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the City of Industry. These **costs** will also be **absorbed** by the Firm.

Rates for Additional Professional Services

Below is the Firm's standard hourly billing rates, delineated by staffing levels:

Auditor's Standard Hourly Billing Rates	
Position	FY 2015-16
Partner(s)	\$ 250
Senior Manager(s)	\$ 225
Manager(s)	\$ 200
Supervisor(s)	\$ 175
Senior Accountant(s)	\$ 150
Staff Accountant(s)	\$ 125
Clerical	\$ 100

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added in a written agreement prior to commencing audit work. The Firm and the City will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the City of Industry, at the rates outlined in the Total All-Inclusive Maximum Price section, in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
For Planning	10%
For Interim work	40%
For Year-End work	40%
At Presentation and Acceptance of Final Reports	10%
Total	100%

CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services

Benefits of Choosing The Pun Group, LLP

The Pun Group, LLP is recognized for its professionalism, integrity, and providing clients with effective resolutions for their unique circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's main objective is always to provide the City with solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allows us to provide a superior level of service.

We trust that this proposal has given you the information you need about the Firm, the Engagement Team members, overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the City of Industry and providing you with the excellent level of service that you expect and deserve.

Thank You

Thank you for giving us the opportunity to introduce the Firm and submit our qualifications to provide you with audit services. Please direct inquiries to:

Mr. Kenneth H. Pun, CPA, CGMA
Managing Partner
200 East Sandpointe Avenue, Suite 600
Santa Ana, California 92707
ken.pun@pungroup.com
(949) 777-8801

Sincerely,

A handwritten signature in black ink that reads "The Pun Group, LLP". The signature is written in a cursive, flowing style.

The Pun Group, LLP
Certified Public Accountants and Business Advisors

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APPENDIX

✓ *Proof of Insurance*

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CITY OF INDUSTRY

Proposal to Perform Professional Auditing Services



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
3/8/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Wood Gutmann & Bogart 15901 Red Hill Ave., Suite 100 Tustin CA 92780		CONTACT NAME: Connie Jones PHONE (A/C, No, Ext): 714-505-7000 FAX (A/C, No): 714-573-1770 E-MAIL ADDRESS: connie@wgbib.com	
INSURED PUN&M-1 The Pun Group, LLP 200 East Sandpointe Avenue, Suite 600 Santa Ana CA 92707		INSURER(S) AFFORDING COVERAGE INSURER A: TRAVELERS CAS INS CO OF AMER NAIC # 19046 INSURER B: Travelers Property Casualty Co of A 25674 INSURER C: Argonaut Insurance Company INSURER D: TRAVELERS CAS INS CO OF AMER 19046 INSURER E: INSURER F:	

COVERAGES

CERTIFICATE NUMBER: 351569536

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		6807G592120-16	3/1/2016	3/1/2017	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$300,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COM/POP AGG \$4,000,000 \$
D	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		BA-8G976703	3/1/2016	3/1/2017	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A	UB4548T41-2-16	3/1/2016	3/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
C	E&O Retro 12/29/11		Pending	3/1/2016	3/1/2017	3,000,000 agg 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Proof Of Insurance Only

CERTIFICATE HOLDER

CANCELLATION

Proof Of Insurance Only	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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CITY COUNCIL

ITEM NO. 6.1



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager 

Staff: Alex Gonzalez, Director of Development Services and Administration 
Susan Paragas, City Controller
Tiffany Bose, RGS, Human Resources Advisor

Date: June 9, 2016

SUBJECT: Consideration of Resolution No. CC 2016-38. A Resolution of the City Council of the City of Industry, California, Establishing Policies and Procedures for Background Checks of New Employees

Public employees often deal with the most vulnerable members of our society (children, elderly, and disabled individuals). Since 2001, an increasing number of laws have been passed which mandate fingerprint checks in numerous occupations in an effort to protect the public's interests. Because it is the City's responsibility to ensure that no person is given the opportunity to take advantage of these people, it is important to embrace a cautious screening process when considering any individual who deals with the public or holds monies in trust for the public we serve. Background checks minimize risk, promote a safe work environment, and protect key organizational assets, such as people, property and information, and enable the hiring authority to make prudent decisions based on more comprehensive information using directly related arrest information. This information can be used to make determinations based on a person's character or general reputation in determining employability or suitability as a service provider.

The California State Controller, Betty T. Yee, conducted a review of the City of Industry Administrative and Internal Accounting Controls from July 1, 2012 through June 30, 2014. As part of the Review Report released January 2016, internal control measures were identified that needed to be addressed by the City in *Appendix – City of Industry Evaluation of Elements on Internal Control*. Under subsection, *A7. Human Resources Policies and Practices* it was noted that the human resources management procedure relating to new hires did not state the requirement of conducting background checks for new employees.

The City of Industry's Employee Handbook, which was last updated on August 23, 2012, through the adoption of Resolution No. CC 2012-16, contains a provision in Section III (I) regarding criminal conduct and eligibility for employment. The purpose of this policy

update is to establish a policy of the City Council to have pre-employment and pre-appointment reference and background checks conducted on all potential new hires for regular and temporary employees, volunteers, contractors (i.e. coaches, youth leaders, caregivers to the elderly), and promotional candidates, for specified high level, executive, and critical function related positions.

On April 14, 2016, the City Council adopted Resolution No. CC 2016-24, adopting State and Federal level criminal background checks for new employees. This item introduces a well-defined and comprehensive background check policy for all new employees. The following positions hired after June 2015 have agreed to voluntarily participate in criminal background checks, or have pre-approved background checks as a condition of their employment: Administrative Analyst (2 positions), City Manager, City Controller, Director of Development Services and Administration, and Field Operations and Asset Superintendent.

To enable appointing authorities to make well-informed selection determination, LiveScan criminal records checks through the Department of Justice (DOJ) will be conducted prior to every new hire for employment with the City. Other components of the pre-employment background check are established by the Human Resources Department, accessing information from 3rd party vendors in accordance with the individual classification, job assignment, and critical function(s) to be performed. Background and reference checks, including LiveScan criminal records checks, are also to be conducted prior to promotion into positions at the City for specified high level, executive, and critical function related positions.

Exhibits

- A. Resolution No. 2016-38
 - B. Personnel Policy #1.3 – Background Check Policy
-

PJP:AG:SP:TB

EXHIBIT A

Resolution No. CC 2016-38

[Attached]

RESOLUTION NO. CC 2016-38

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY,
CALIFORNIA, ESTABLISHING POLICIES AND PROCEDURES FOR
BACKGROUND CHECKS FOR NEW EMPLOYEES**

WHEREAS, On February 12, 2004, the City Council adopted the Employee Handbook for the City employees and officers; and

WHEREAS, the purpose of the Employee Handbook is to set out the City's rules and policies, together with the benefits available to employees and officers. In addition, the Employee Handbook also sets out the policies mandated by State and Federal law; and,

WHEREAS, since adoption of the Employee Handbook there have been a number of amendments to State and Federal law that require updates to the Employee Handbook; and,

WHEREAS, the City has a duty to implement the recommendations noted in the California State Controllers Review Report of January 2016; and,

WHEREAS, the City Council reviewed and carefully considered The City of Industry Administrative and Internal Accounting Controls from July 1, 2012 through June 30, 2014 Review Report released by the California State Controller on January 2016 recommending background checks for new employees; and

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) authorize cities, counties, districts and joint powers authorities to access state and local summary criminal history information for employment, licensing or certification purposes; and

WHEREAS, Penal Code Section 11105(b)(11) authorizes cities, counties, districts and joint powers authorities to access federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation; and

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) require that there be a requirement or exclusion from employment, licensing, or certification based on specific criminal conduct on the part of the subject of the record; and

WHEREAS, Penal Code Sections 11105(b)(11) and 13300(b)(11) require the city council, board of supervisors, governing body of a city, county or district or joint powers authority to specifically authorize access to summary criminal history information for employment, licensing, or certification purposes; and

WHEREAS, the City Council adopted Resolution No. CC 2016-24 on April 14, 2016 adopting State and Federal level criminal background checks for new employees; and

WHEREAS, attached hereto, marked as Exhibit “B” and incorporated herein by this reference, is Personnel Policy #1.3 on Background Check Policy which will be included as an amendment to the City of Industry Employee Handbook upon its pending update, no later than December 31, 2016; and,

WHEREAS, the City will implement Personnel Policy #1.3 on Background Check Policy upon adoption; and,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Industry are hereby authorized to access state and federal level summary criminal history information for employment (including volunteers and contract employees) purposes and may not disseminate the information to a private group or entity.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY DOES HEREBY FURTHER RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1: The City Council finds that all of the facts set forth in the Recitals are true and correct, and are incorporated herein by reference.

SECTION 2: The City of Industry is hereby authorized to access state and federal level summary criminal history information for employment and may not disseminate the information to a private entity.

SECTION 3: The City of Industry shall not consider a person who has been convicted of a violent or serious felony or misdemeanor eligible for employment, licensing or certification; expect that such conviction may be disregarded if it is determined that mitigating circumstances exist, or that the conviction is not related to the employment, volunteer or license in question.

SECTION 4: The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 5: That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED this 9th day of June 2016.

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT:

COUNCIL MEMBERS:

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

EXHIBIT A

**BACKGROUND CHECK POLICY
PERSONNEL POLICY #1.3**

[Attached]

BACKGROUND CHECK POLICY

PURPOSE To establish a policy of the City Council to have pre-employment and pre-appointment reference and background checks conducted on all potential new hires for regular and temporary employees, volunteers, contractors (i.e. coaches, youth leaders, caregivers to the elderly), and promotional candidates, for specified high level and critical function related positions.

POLICY

A pre-employment background check is required for City employment:

All background checks will be conducted in accordance with this policy, and all applicable State and Federal anti-discrimination and privacy laws, in strict compliance with the Fair Credit Reporting Act (FCRA) and the Investigative Consumer Reporting Agency Act (IRCAA).

In accordance with AB 218, an applicant may not be asked about the existence of a prior criminal record on an employment application until an offer of employment has been extended by the City. Once this condition is met, an appropriate pre-employment background check must be conducted for all prospective and promotional applicants in regular and temporary employment, for volunteerism, and when being approved for contracting.

As used in this policy, background checks may include, but are not limited to the following: criminal history checks, employment verification, education verification, Department of Motor Vehicle records check, professional license verification, credit history, professional license, certificate or degree verification, workers' compensation records check, sexual predator lists, LiveScan and other forms of electronic records check such as those conducted through a 3rd party background check vendor. Furthermore, the background check may include any combination or all of the components listed as determined by the Human Resources Department. City employees authorized to access background check information are required to abide by this policy.

A LiveScan criminal record check is required for a limited number of positions within the City of Industry. LiveScan fingerprinting services are available at any approved consumer Department of Justice LiveScan location, for a nominal fee.

Contractors for the City, such as individuals that provide services (i.e. coaches, instructors, or caregivers) on behalf of the City to individuals that are at risk (i.e. youth, elderly, or disabled groups), are also required to complete a background check before employment begins.

A pre-employment background check may include but is not limited to:

LiveScan – DOJ/FBI Records Check
Employment Verification
Education Verification
Professional/Personal References
Workers' Compensation Check
National Sex and Violent Offender Registry Check

Additional background checks for specified positions may include but are not limited to:

Department of Motor Vehicle (DMV) Records Check
Credit History Review
Credential or Professional License Verification

Appropriate Use:

The background check is solely intended for the purpose of determining an individual's initial employability, promotion and/or acceptability as a provider of services to the City. Completed background check reports and materials must be reviewed and approved through the Human Resources Department.

Successfully passing a background check will be a condition of employment for all job applicants that are at or near the final stage of the employment hiring process beginning June 9, 2016. Background checks are also required for existing City employees that transition or promote from one regular City position to another, if the position is identified as a critical function. NOTE: Exceptions may apply when other legal requirements must be met.

Successfully passing a background check will be a condition of employment for all third party employees such as consultants, contractors and temporary staffing agency employees who perform work for the City or represent the City in critical functions, such as volunteers, interns, coaches, instructors, or caregivers (Note: Parental consent must be obtained prior to completing a background check on any minor under the age of 18).

Critical Functions:

Master Key or Sub-Master Key Critical

- Master key access to offices and facilities.

Human Life, Youth, Property Critical

- Controlled Substance & Hazardous Materials Critical.
- Direct responsibility for the care, safety, health and/or security of human life or the safety and security of personal or City owned property.

Cash Critical

- Direct access to City's financial accounts or responsibility for cash and cash equivalents, inventories, or City property disbursements or receipts.

Financial Critical

- Extensive authority for committing the financial resources of the City.

Operation of Vehicles, Machinery, or Toxic Systems Critical

- Responsibility for operating commercial vehicles, machinery or toxic systems that could cause accidental death, injury or health problems.

License, Certificate, Degree Critical

- A requirement for a professional license, certificate, or degree, the absence of which would expose the City to legal liability and/or adverse public reaction.

Protected, Personal, Sensitive Data Critical

- Direct access to and/or responsibility for protected, personal, or other highly confidential or sensitive data. Direct access to and/or responsibility for employee/retiree retirement and insurance data, social security numbers and/or direct deposit banking information.

Individuals Not Covered By This Policy:

Background checks are not required for the following circumstances, unless the individual is considered to be working in a critical position, as in the case of working with minors, or as otherwise identified as being covered by this policy due to the critical nature of the position or close proximity of working near minors.

- Individuals employed by outside staffing agencies (All agencies are required to conduct a background check on their employee prior to placement).
- Individuals providing services requiring specialized skills (e.g. independent contractors, sports officials, etc.) where payment, if any, is provided through a direct invoice and reported to the

individual via Form 1099. Services must be very limited in scope with a contract for services in place that defines the scope of work, beginning and end date of the contract.

- Individuals working for third-party contractors, such as: food and janitorial contractors; and contractors on construction sites considered to be vacant, in a partially closed building (e.g. one floor is vacant while other floors are still in use), or for other reason is mixed in its accessibility the more conservative approach to require third-party compliance with background checks will be required.

Release/Waiver requirements:

Applicants must complete and sign the appropriate release/waiver form(s) prior to the City accessing background check information. Additionally, the applicant must choose whether to receive or not receive a copy of the public records information used to complete the background check. (Note: Only public record information will be provided.) Only Human Resources staff or designated department employees will be authorized to access completed background check reports and materials. Human Resources staff will make employment recommendations based upon the information included in the completed reports.

The City of Industry bears no obligation to take remedial action if an applicant is denied employment based upon errors contained in the applicant's background check report (i.e. if the applicant is a victim of identity theft).

Application:

This policy applies to all employees and to all applicants seeking an employment status with the City of Industry. This policy shall not be interpreted to limit the City of Industry's ability to recruit, hire and retain the best-qualified candidates available on the basis of their relative knowledge, skills and abilities. This policy also applies to any approved consumer or provider of public services. Candidates for employment who fail to participate fully or who provide inaccurate information in a background check will be eliminated from consideration for the position. Candidates may decline to authorize a background check and in such cases, no background check will be performed. As such, the candidate will be deemed as disqualified and withdrawn from further consideration for the position.

Consultant, contractors and temporary staffing agency employees working for or engaged by the City in work must either be covered by a signed contractor's/vendor's agreement that confirms its employees have had background checks that meet or exceed the City's standards for the type of work being performed; obtain a copy of the consumer record background check; or agree to have a background check completed by the City based on the job's requirements, prior to beginning work. Individuals contracted by the City, including those engaged prior to, as of, or after, the effective date of this policy, will be required to self-disclose criminal arrests and/or convictions as outlined in policy by using the Arrest and Self-disclosure form within a 72-hour period of their occurrence to the Human Resources Department representative. This does include arrests or convictions that occurred either between the date of disclosure for a City run background check and the date work begins, or the date of the consumer report and the date work begins. Failure to report such incidents may result in the termination of the individual or the termination of the contract for services.

In every situation, conviction information will only be used if job related (e.g. nature of the position, seriousness of the offense, length of time since it occurred) and does not automatically affect employment or provider of services determinations (See Appendix A). Human Resources will notify the department's designee of an arrest or conviction only when it has been determined the arrest and/or conviction is pertinent to the employee's ability to carry out the duties or functions of his or her position, or in consideration as a continued

provider of services. Prior to a conviction, the City may determine if it is necessary to temporarily or permanently relieve an employee of his/her current duties or find an alternative work solution until all charges have been reduced or dismissed, or a result of conviction has been made. If the conduct underlying an arrest makes the individual unfit for the position or for the individual to remain in the position, such determinations will be deemed consistent with business necessity. If reported to the employee's department, such arrests and/or convictions, depending on the facts and the employee's involvement in the events leading to conviction, may also subject the employee to discipline, up to and including termination.

Convictions that show up on the consumer's record as dismissed, expunged or set aside and dismissed may not be taken into consideration in accordance with the law. Any break in service for employment may require a new background check to be completed.

No job offer may be finalized, for employees or applicants seeking an employment status with the City of Industry, until the individual has successfully passed the background check. The Human Resources department will contact the hiring authority and provide notice of the individual's clearance for hire. All job announcements and offer letters will indicate that the position is contingent upon successfully passing the City's background check.

Notification:

Job applicants are consumers and are entitled to protections under the Fair Credit Reporting Act (FCRA) and the Investigative Consumer Reporting Agency Act (ICRAA).

Federal and State laws require the City of Industry to provide a copy of all public record information obtained in the report to the applicant should he/she elect to receive it; OR should the City of Industry decide not to hire the applicant based upon the information contained in the public records. In such cases, a pre-adverse action letter and a copy of the consumer report is mailed out to the candidate or employee, as official notification of the City's intent to withdraw him/her from further consideration in employment. In cases where the information in a consumer report will result in an adverse employment decision, the City will provide the candidate with a copy of the Consumer Reporting Agency's report, required notifications pursuant to the Fair Credit Reporting Act's Summary of Your Rights and the California Summary of Your Rights brochures informing the candidate or employee of how to dispute a public record. The candidate has seven (7) days to dispute the information contained on the consumer report to submit documentation, absent extenuating circumstances which may extend the time period to submit documents. If supplemental documentation is received a determination will be made as to whether the final candidate may still be considered for the position. If after seven (7) days the candidate or employee does not respond to the pre-adverse action letter that was sent, a final adverse action letter will be mailed out along with: A copy of the Consumer Reporting Agency's report and another copy of the Fair Credit Reporting Act's Summary of Your Rights and the California Summary of Your Rights brochures informing the candidate of how to dispute a public record.

NOTE: LiveScan reports are not considered public records.

Disputes:

Applicants/consumers can dispute the information contained within the public records on appeal. The Reporting Agency must investigate disputed information within 30 days. At the end of the 30 days, the Reporting Agency must remove the disputed information or notify the applicant/consumer the issues were substantiated. NOTE: If disputed public records are determined to be in error, the law does not require the

City of Industry, or any employer, to take remedial action. Applicants may however re-apply for future consideration at any time.

LiveScan - Criminal Records Check

Definition:

LiveScan is an electronic (inkless) fingerprinting process. A computerized system transmits an individual's fingerprints digitally to the central computers at the (DOJ). Where required, the same fingerprint records may be used to conduct a national Federal Bureau of Investigations (F.B.I.) background check.

LiveScan Authorized Personnel

Human Resources personnel may become certified to be operators. LiveScan Administrators have administrative responsibility over the LiveScan process for the City, access to Criminal Offender Records, and providing support and assistance to those requiring fingerprint processing.

The LiveScan Administrator(s) may become a Certified Fingerprint Roller and in such cases is responsible to maintain the security and confidentiality of the documents and records associated with the LiveScan process.

State Forms:

The appropriate state form, Request for LiveScan Services (BCII-8016) must accompany the LiveScan applicant/consumer at the time LiveScan services are initiated. The Human Resources representative shall provide the applicant/consumer with the form with the Employer's section fully completed. At the LiveScan site the rest of the form must be completed by the Contributing Agency and/or consumer at the time of appointment, and are not to be completed by City Human Resources staff. All forms must be legible, complete and include the correct ORI number, Billing Number and/or Mailing Code of the Contributing Agency. Mistakes and omissions can result in the rejection and/or misdirection of the request for the criminal history background check from DOJ.

LiveScan Applicant Responsibility

Applicants are required to provide a valid, non-expired, photographic identification, to verify the identity of the applicant/consumer prior to the transmission of the fingerprints to DOJ. The following is a list of acceptable forms of identification:

California Driver's License

California Identification Card

U.S. Military Identification Card

Passport

Alien Registration Card

Out of State Driver's License

Applicants should schedule an appointment at an authorized LiveScan site location. Applicants must bring a completed "Request for LiveScan Service" form BCII 8016 prepared by the Contributing Agency. All forms must include the correct ORI, Mail Code and/or Billing Number information for the City.

LiveScan Site Rolling Fee:

Most LiveScan sites charge a fingerprint rolling fee typically in the amount of \$25.00 to assist in recovering the cost of providing LiveScan services. The LiveScan site will collect the rolling fee from the applicant and provide the LiveScan applicant/consumer with an official receipt that will need to be provided to the City of Industry's Human Resources representative. Typically, rolling fee payments are only accepted in the form of an **agency check, or money order. Once the applicant has paid the rolling fee a receipt must be submitted to the Human Resources representative to receive reimbursement.**

DOJ Fees:

If the DOJ states they cannot provide a report based on the information received (incomplete, invalid, equipment error, etc.,) and a resubmission becomes necessary, the applicant must return to the originating LiveScan site with the original Request for Live Scan form and request their fingerprints be resubmitted to DOJ. The LiveScan Operator at the site is responsible for including the original Applicant Tracking Identifier (ATI) number at the time of resubmission, so additional DOJ fees are not incurred. **NOTE:** Some LiveScan operators will still require a reduced payment at the time LiveScan services are requested in order to cover their staff's time for rolling the fingerprints again.

Official Receipts:

Use of LiveScan Information, Security and Confidentiality

Confidential report/records/documents:

The City recognizes the need to protect an individual's right to privacy. As such, information attained through LiveScan and other background checking sources is **confidential** and is not distributed to other employees, persons or agencies (unless it is otherwise stated in this policy). When an agency or department of the City of Industry requests a criminal history background check on a prospective regular or temporary employee and the request yields criminal history information, that would preclude City employment, the agency/department will only be told the prospective employee did not successfully pass the criminal records check. Once the information on the CORI report has served its intended purpose, the report shall be destroyed in the same manner any confidential information of this nature is destroyed or kept in a secured, access-restricted file in the Human Resources Department. **This ensures the criminal history background check and the identity of the individual is not revealed.** Only designated and trained Human Resources representatives may access a consumer's record from the Consumer Reporting Agency's electronic database. Designated representatives or persons authorized to examine background check records must also successfully clear a background check and receive training on record handling and interpretation. Under no circumstances will any background check information be kept in the employee's official personnel file.

Administrative Staff:

Staff with access to criminal history background information report results from DOJ must have completed the training and counseling on the handling of this information and have signed an Employment Statement Form acknowledging an understanding of the criminal penalties for misuse of the report results.

Subscriber Agreement

The Human Resources Department is bound by an agreement with DOJ to maintain confidentiality and is required to meet the following conditions as part of the Subscriber Agreement:

CORI data and the information derived therefrom are accessible only to the records custodian and/or the hiring authority charged with determining the suitability of the applicant.

Confidential information received electronically or via mail shall be used solely for the purpose for which it was requested and shall not be reproduced or photocopied for secondary dissemination. LiveScan Criminal Offender Records can never be shared with another agency.

References Welfare and Institutions Code Section 16504.5/ Penal Code 11105, 11142, 11143 & 502/ Labor Code Sections 432.7 & 1051/Title II California Code of Regulations Section 703(D)/California Code of Regulations Section 707(a)/Health and safety code 1522.06.

City of Industry

Vendor or Contractor Background Check Form

Use this form *only* when hiring Consultant, contractors and temporary staffing agency employees working for or engaged by the City in work that is covered by a signed contractor's/vendor's agreement.

In order for Human Resources to begin the process for a background check, this form needs to be completed. This form demonstrates an understanding that the candidate identified below has agreed to provide services for the City, and is aware that his/her placement is contingent upon the completion of a satisfactory background check.

The candidate further understands the vendor will be contacting them to obtain consent to begin the background check process.

Failure to provide consent or information to either the vendor or the City may result in withdrawal of an offer of contract for services or termination of the Agreement with the vendor. Any false information or omissions may result in termination of employment regardless of the date of discovery. All offers of employment are contingent on the review and evaluation of the background check and may also include the Sexual Offender Registry check.

Immediately upon making a verbal and/or written Agreement of employment with a Vendor, and the Vendor or Contractor has presented the individual(s) to be the provider of services, please forward the completed form to: Human Resources Department.

To Be Completed By Hiring Department:

Please Print

New Hire's Last Name: _____ New Hire's First Name: _____

New Hire's Personal E-Mail Address (Required): _____

Vendor or Contractor Name (Individual or Business): _____

Vendor or Contractor Phone Number (Individual or Business): _____

Type of Services Contractor or Vendor Will Provide to City: _____

Check one of the boxes below:

- Intern
 - Coach
 - Instructor
 - Caregiver
 - Other (Explain) _____
-

Name of City's Department Contracting for Services: _____

Name and Title of Department's Hiring Manager: _____

For Human Resources Use Only

Vendor or Contractor Check Completed On: _____ By: _____

City of Industry

Arrest And/or Conviction Self-Disclosure Declaration Form

This standardized form must be completed by completed by employees and individuals (either paid or unpaid who are engaged by the City in any work capacity including volunteers working with minors or the elderly, interns, vendors and contractors, or in other similar positions, to provide written self-report of any arrest (charged with a misdemeanor or felony) or conviction for an offense within seventy-two (72) hours after an arrest (charged with a misdemeanor or felony) or conviction. In addition, this form is required, if for any period of time following such clearances until the date of hire or engagement of services by the City, if you are arrested for a crime and/or convicted.

Individuals completing this form are required to submit the form to the Human Resources Department. Questions regarding to whom the form should be submitted, should be referred to the individual's supervisor, program director, or other person who is hiring and/or engaging the individual's serves. Should an individual be unsure about the applicability of his/her arrest or conviction as a reportable offense, it is the individual's responsibility to disclose the information to the Human Resources Department for further review and determination. Failure to disclose shall be considered as non-compliance, subject to the termination of the individual or the termination of the contract for services.

Personal Information

Last, First, MI: _____

Address (Street/City/Zip): _____

Social Security Number: _____ Date of Birth: _____

Any other names by which you have used or by which you have been identified (including maiden names):

Report of Arrest or Conviction Self-Disclosure

- By checking this box, I state that I have never been arrested (charged with a misdemeanor or felony) or convicted of any crime, since the completion of my most recent background check or verification of a completed background check by the City.

OR

- By checking this box, I report that I have been charged with a crime for which I have been arrested (charged with a misdemeanor or felony) or convicted. As such, I am including the date, location, disposition of my arrest and/or conviction, applicable court, and penal code number.

Date: _____ Location: _____ Charge: _____

- Arrest
- Conviction
- Disposition: _____
- Probationary Information: _____

By signing this form, I declare and certify under penalty of the law that all statements made and all information provided on this Declaration form is true, correct, and complete. I understand that false statements herein, including, without limitation, any failure to accurately report any arrest or conviction for a reportable offense, shall subject me to disqualification, up to and including termination. I agree to release and hold harmless the City and its agents to verify any information related to my Declaration form or continued employments or suitability as an employee or contractor of services, from any and all liabilities associated with this information or action as a result of the City's receipt and decision associated with the use of this information.

Signature: _____ Date: _____

Approved by: _____
Paul Philips, City Manager

CITY COUNCIL

ITEM NO. 6.2



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

To: Honorable Mayor and Members of the City Council

From: Paul J. Philips, City Manager *Paul J. Philips*

Staff: Alex Gonzalez, Director of Development Services and Administration *AG*
Susan Paragas, City Controller
Tiffany Bose, RGS, Human Resources Advisor

Date: June 9, 2016

SUBJECT: Consideration of Resolution No. CC 2016-39, a Resolution of the City Council of the City of Industry, California, amending the City's Employee Handbook regarding policies and procedures for employee leave

BACKGROUND: The terms and conditions of employment for Management, Exempt Employees and Other Employees are governed by Resolution and in some instances by separate written contract for officials (i.e. City Manager). The City has been operating under a Resolution and Employee Handbook governing leave time accruals, which was approved on August 23, 2012, which only provides for 40 hours of vacation leave accrual during the first two (2) years of employment, 80 hours after the 2nd year, 120 hours after the 5th year and 160 hours after the 15th year. And, no additional provisions exist for additional Administrative Leave or Paid Time Off that are commonly found in most public agencies. As such, the City has experienced difficulty when trying to attract qualified candidates to fill openings at the executive and management levels due to its non-competitiveness in this benefit offering when compared to other cities.

DISCUSSION AND ANALYSIS: In March 2016, the City of Industry directed Regional Government Services (RGS) to conduct a comprehensive review of leave time offerings in the local region. This leave time review process was precipitated by City and Regional Government Services staff identifying the following parameters for the study:

- The concern of management that employees should be recognized for the level of work performed and that they be afforded leave time on a fair and competitive basis that allows the City to recruit and retain a high-quality staff, when competing for candidates in possession of the same caliber of education, knowledge and experience;
- The desire to have a plan that addresses the needs of internal City management and executive staff;

- The desire to ensure that decisions are based upon external relationships using objective and non-quantitative evaluation factors that result in equitable offerings across public agencies; and
- The identification of appropriate agencies to use for the purpose of benchmarking data.

In considering the selection of valid agencies for benefit comparator purposes, a number of factors are taken into consideration:

1. Organizational type and structure – Our desire is to use comparator cities that are comprised of similar structures and service offerings. The comparators chosen were comprised of six (6) cities.
2. Similarity of staff duties and operational budgets – Our desire is to use comparator cities that are comprised of similar resources (operations, staff and funding).
3. Scope of services provided and geographic location – Our desire is to use comparator cities that are comprised of similar demographic populations and services provided in “like” cities.

When it comes to executive classifications, common leadership classifications are common across agencies. At the management level, differences in size and scope of services are more critical when considering comparators, as explained above.

4. Labor market – In the reality that is today’s labor market, many agencies are in market competition for qualified workers competing for jobs that are willing to commute. Furthermore, within a geographic proximity to the City, the comparison data generally considers such factors as regional cost of living expense, housing costs, and other characteristics.
5. Compensation philosophy – What is the city’s compensation philosophy and how is this information applied? Many agencies follow compensation practices that follow the market’s median, some to below the market’s average, others may offer compensation at a higher percentile. In addition, compensation alone may be set strictly upon market base salary values whereas others may include the total value of salary and benefits when developing a compensation policy, also commonly referred to as a total compensation philosophy.

All of the above elements should be considered in selecting the group of comparator agencies. RGS initially identified criteria for selection of appropriate comparison agencies and the City agreed to work collaboratively to finalize the list of comparator agencies. This resulted in the following six (6) agencies used as comparators in this market study:

1. City of West Covina
2. City of La Puente
3. City of La Mirada
4. City of Whittier
5. City of La Habra
6. City of Diamond Bar

In addition to identifying comparable benefit data, RGS reviewed the City’s existing Employee Handbook and other information relevant to benefit practices.

The last element requiring discussion prior to beginning a market survey is the specific benefit data that will be collected and analyzed.

Based on the discussion the following data points were collected for all comparator agencies:

1. Leave – Usage-based accruals that translate into a number of paid days off for which the agency is obligated.
 - Vacation – The number of vacation days available to all employees after a predetermined number of year’s employment. This number typically goes up as the employee’s length of service increases.
 - Administrative/Paid Time Off (PTO) Leave – Administrative leave is normally the number of days available to salaried management staff to reward for extraordinary effort (in lieu of overtime). Personal leave may be available to other groups of employees to augment vacation or other time off.
 - Sick Leave – The amount of sick days accumulated on a pay period or monthly basis, available to all employees.

Data was collected by RGS in March 2016, through regional city websites, planned telephone conversations with human resources personnel at comparator agencies, and careful review of agency documentation of their Personnel Rules, budgets and other documents.

All Comparator Agency Data

This represents the difference between the City’s current base for leave time accruals and the base leave time accruals afforded in all comparator agencies.

Classification	Vacation Accruals	Admin/PTO Accruals	Sick Accruals
City of Industry	0 - 2 Years = 40 hours, 2 - 5 Years = 80 hours, 5 - 15 = 120 hours, 15+ Years = 160 hours.	None	8 Hours/Month or 96 Hours/Annually
City of West Covina	1 Year = 80 hours, 2 – 8 Years = 120 hours, 9 Years = 128 hours, 10 Years = 136 hours, 11 Years = 144 hours, 12 Years = 145 hours, 13+ Years = 160 hours.	An additional 25% of annual earned vacation rate.	8 Hours/Month or 96 Hours/Annually
City of La Puente	1 - 4 Years = 80 hours, 5 - 9 years = 120 hours, 10+ = 160 hours. City Managers receives 80 hours 1st Year, 80 hours, 2nd Year 120 hours, 160 hours thereafter.	All employees receive 72 hours annually.	8 Hours/Month or 96 Hours/Annually

Classification	Vacation Accruals	Admin/PTO Accruals	Sick Accruals
City of La Mirada	Management receives: 1 - 4 Years = 80 hours, 5 – 10 Years = 120 hours, 11 - 15 Years = 136 hours, 16 - 18 Years = 160 hours, 19+ Years = 200 hours. Executive Management receives: 1 - 10 Years = 120 hours, 11 - 15 Years = 136 hours, 16 - 18 Years = 160 hours, 19+ Years = 200	Management employees receive 56 hours annually.	6 Hours/Month or 72 Hours/Annually
City of Whittier	After 2 years of service, management and confidential employees receive 8 hours per month or 96 hours per year of vacation pay.	60 hours of middle, senior management, and executive leave; confidential employees receive 40 hours.	8 Hours/Month or 96 Hours/Annually
City of La Habra	Management receives: 1 - 4 Years = 80 hours, 5 - 10 Years = 120 hours, 11 - 15 Years = 136 hours, 16 – 18 Years = 160 hours, 19+ Years = 200 hours. Executive management: 1 - 10 Years = 120 hours, 11 - 15 Years = 136 hours, 16 - 18 Years = 160 hours, 19+ Years = 200 hours.	45 hours each year, use it or lose it.	8 Hours/Month or 96 Hours/Annually
City of Diamond Bar	1 - 4 Years = 80 hours, 5 - 10 Years = 120 hours, 11+ Years = 160 hours.	Executive management = 45 hours, middle management = 36 hours annually.	3.08 Hours per pay period/80.08 Hours Annually

Leave Time Benefits

Further analysis of the market data reveals the differences between the City's leave time benefits versus the comparator agencies:

Vacation Time:

- On average we found that most comparator agencies provided 80 hours of vacation time during the 1st year of employment through the 4th year, 120 hours of vacation during the 5th through 9th year, and 160 hours, on or about the 10th through 12th year of employment, ongoing. The data was conclusive in showing the City of Industry to be an average of 40 hours below the market for each benchmark comparison year.
- In addition, almost all comparison cities have set in place limits on the amount of accrued vacation that may be earned without use and have also set in place buy down schedules on vacation time that has been already accrued. Because vacation time is a guaranteed benefit it is important to control the long-term liability that comes with final payouts that become due at 100% upon separation. Tenured employees often end up with hundreds of hours earned in their vacation bank. To manage this cost and its potential negative impact on the budget, cities frequently allow employees to sell back to the City, at one-for-one cash out, a portion of his or her accumulated vacation time, up to a maximum of number of vacation days each year.

Administrative Leave/Paid Time Off (PTO):

- On average we found that most comparator agencies provided 40+ hours of additional PTO in recognition of being “exempt” from the FLSA overtime provisions. Administrative leave is frequently accrued and used within each fiscal year with a use it or lose it provision in place.

Compensatory Time:

- On average we found that most comparator agencies limit employee eligibility for compensatory overtime. This provision is typically subject to management approval for the accumulation of “comp time” up to a maximum of two hundred and forty (240) hours annually and allows for only up to 80 hours of comp time being carried forward into the next year. Payouts are typically made annually in order to reduce the long-term liability of payouts upon separation. In such event that an exempt employee agrees to receive compensable time in lieu of an overtime payment for regularly scheduled or irregular or occasional overtime work it must be accumulated and paid consistent with the provisions of the Fair Labor Standards Act, with the employee earning one and one-half (1 1/2) hours compensatory time off for each hour of overtime worked.

Sick Time:

- In almost all cases the standard across the board accrual for sick time is 8 hours per month or 96 hours annually. Because sick leave is not a guaranteed benefit and is typically meant to be used for a qualified illness, many cities have moved to reduce the payout of sick leave. As the City retains a small workforce in relation to the workload performed, it is recommended that sick leave provisions be modified to incentivize a reduction in sick leave use, to ensure that sick leave is used only for qualified illnesses. By providing a one to one payout ratio for sick leave, employees will value sick leave accruals as highly as vacation accruals and respond accordingly in its use.

Recommendations

The City has many options regarding what type of compensation plan to implement. Overall, the City has done a good job structuring its current leave benefits model. It is both obvious and worth noting that this model is not static and that changes are both inevitable and beneficial to the organization's long-term effectiveness in recruiting and retaining top talent.

Vacation Time:

- Based on comparator agency data, the City should provide vacation time as follows:

<u>Years of Service Completed</u>	<u>Accrual Rate</u>
0 - 4 years	80 hours
5 - 9 years	120 hours
10+ years	160 hours

- The City should set in place a limit of 240 hours capped annually on the amount of accrued vacation earned for all employees. Employees that reach the 240 hour (30 day) maximum shall cease to accrue vacation leave until they use such leave to bring the amount accrued below the maximum. Vacation leave should only accrue when an employee is in a paid status and not when an employee is on a Leave of Absence for more than thirty (30) days.
- The City should put in place a buy down schedule with payout options over a two year period on vacation time already accrued through present, as follows:
 - 1st Vacation Leave Buy Down: An employee may elect to contribute the value of all unused and/or already accumulated vacation pay in excess of 240 hours, into the City's 457 plan, or to elect to receive a taxable cash distribution. The City shall cash out up to one half of this bank at 100% of its value on or before December 31, 2017. Said distributions may not exceed the normal maximum allowed deferral limits as set forth by the IRS for the 457 plan.
 - 2nd Vacation Leave Buy Down: An employee may elect to contribute the value of all unused and/or already accumulated vacation pay in excess of 240 hours, into the City's 457 plan, or to elect to receive a taxable cash distribution. The City shall cash out the remaining balance of this bank at 100% on or before December 31, 2018. Said distributions may not exceed the normal maximum allowed deferral limits as set forth by the IRS for the 457 plan.
- The City should allow employees to sell back to the City, at one-for-one cash out, a portion of his or her accumulated vacation time by December 31st annually, up to a maximum of number of 12 vacation days each year.

- Upon separation, employees are eligible to receive up to 100% payout with the City Manager's approval and subject to the city's budget.

Administrative/Paid Time Off (PTO):

- In express recognition of being "exempt" from the FLSA overtime provisions, each management and unrepresented employee should receive thirty-six (36) hours of administrative leave each calendar year beginning July 1, 2016. Administrative leave shall be accrued and used within each fiscal year.

Compensatory Time:

- Employees eligible for compensatory overtime under this provision may request, subject to management approval, the accumulation of "comp time" up to a maximum of two hundred and forty (240) hours annually and may only carry forward up to 80 hours of comp time into the next year. Payouts shall be made annually by December 31st of each year. In such event that an exempt employee mutually agrees to receive compensable time in lieu of an overtime payment, and the City Manager approves in writing of the accumulation, the employee may receive "comp time" as time off with pay for regularly scheduled or irregular or occasional overtime work. There shall be no coercion used to obtain mutual agreement. Requests for the use of accumulated compensatory time off shall be reasonably honored, taking into consideration the needs of the department. In such event that an exempt employee agrees to receive compensable time in lieu of an overtime payment for regularly scheduled or irregular or occasional overtime work it must be accumulated and paid consistent with the provisions of the Fair Labor Standards Act, with the employee earning one and one-half (1 1/2) hours compensatory time off for each hour of overtime worked.

Sick Time:

- Based on comparator agency data the City should provide accrual for sick time at 8 hours per month or 96 hours annually. Sick leave is not a guaranteed benefit and shall only be used for a qualified illness. Upon separation, unused sick leave shall be paid out at 100 percent. Upon retirement from the City of Industry, unused sick leave may also be used for additional service credit based on PERS guidelines as documented in the City's most current PERS contract.

Decisions on the City's total compensation philosophy, the level of benefits extended to employees compared to the market, consideration of additional alternative compensation programs, and competitiveness when compared to other agencies in the recruitment of a highly-qualified workforce are important considerations.

The City's leave benefits are but one important factor to consider when recruiting in the local labor market. Adjusting the City's benefit model, and using a comprehensive market analysis to support good decision-making, enhances transparency for both employees and citizens.

Therefore, this report and our findings are meant to be a tool for the City to create and implement equitable total compensation plans. The collected data represents an instrument for the City to make informed compensation decisions. In the future, further data analysis is also required for a full comparison of all of the City's salary and benefit offerings when compared to other agencies in consideration of total compensation.

If approved, the amendments to the employee leave policy are detailed in Exhibit A, which will update Section X of the Employee Handbook.

Exhibits

A. Resolution No. 2016-39

PJP:AG:SP:TB

EXHIBIT A

Resolution No. CC 2016-39

[Attached]

RESOLUTION NO. CC 2016-39

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY,
CALIFORNIA, AMENDING THE CITY'S EMPLOYEE HANDBOOK
REGARDING POLICIES AND PROCEDURES FOR EMPLOYEE LEAVE**

WHEREAS, On February 12, 2004, the City Council adopted the Employee Handbook for the City employees and officers; and

WHEREAS, the purpose of the Employee Handbook is to set out the City's rules and policies, together with the benefits available to employees and officers. In addition, the Employee Handbook also sets out the policies mandated by State and Federal law; and

WHEREAS, since adoption of the Employee Handbook there have been a number of amendments to State and Federal law that require updates to the Employee Handbook; and

WHEREAS, the City has a duty to implement the recommendations noted in the California State Controllers Review Report of January 2016; and

WHEREAS, the City has complied with the recommendations noted in the 2011-2012 Los Angeles County Civil Grand Jury Report regarding an annual review of compensation on employee leave benefits as of May 26, 2016; and

WHEREAS, attached hereto as Exhibit A and incorporated herein by this reference, are amendments to Section X of the City's Employee Handbook, which shall take effect July 1, 2016 ; and

WHEREAS, all legal prerequisites have occurred prior to the adoption of this Resolution.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1: The City Council finds that all of the facts set forth in the Recitals are true and correct, and are incorporated herein by reference.

SECTION 2: The City Council hereby amends Section X of the Employee Handbook, to read in its entirety as set forth in Exhibit A, attached hereto, and incorporated herein by reference. Said amendments shall take effect on July 1, 2016.

SECTION 3: The provisions of this Resolution are severable, and if any provision, clause, sentence, word or part thereof is held illegal, invalid, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses,

sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 4: The City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Industry at a regular meeting held on June 9, 2016, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

EXHIBIT A

**AMENDMENTS TO EMPLOYEE HANDBOOK
SECTION X**

[Attached]

EXHIBIT A: AMENDMENTS TO EMPLOYEE HANDBOOK SECTION X

OMISSIONS IN STRIKETHROUGH, ADDITIONS BRACKETED IN BOLD

X. LEAVES

A. VACATION LEAVE

The City has established a vacation plan for the benefit of its eligible regular full-time employees and regular part-time employees who work at least 30 hours per week. The vacation plan is designed to provide eligible employees a period of rest and relaxation away from work without loss of pay or benefits. Temporary employees, part-time employees who work less than 30 hours per week, and seasonal employees are not eligible for vacation leave.

1. Vacation Accrual.

The amount of an employee's vacation will depend on how long he/she has worked for the City. The length of eligible service is calculated on the basis of a "benefit year." The "benefit year" is the 12-month period that begins when the employee is hired. The amount of benefits will be determined based on the benefit schedules described below:

Length of Service	Work Days Earned Per Year	Hours Equivalent	Hours Earned Per Pay Period
0 — 2 years [4] years	5 [10]	40 [80]	1.67 [3.34]
2 — 5 years	40	80	3.34
5 — 15 years [10] years	15	120	5.00
Over 15 years [10] years	20	160	6.67

2. Cap on Vacation Accrual.

You are encouraged to use all earned vacation pay each benefit year. In the event that available vacation is not used by the end of the benefit year, you may carry over unused vacation time forward to the next benefit year up to ~~twice the annual accrual rate~~ **[a 240 hour (30 day) maximum]**. Vacation time stops accruing after you accrue ~~twice the annual accrual rate~~ **[240 hours]**. ~~For example, a regular full-time employee with four (4) years of service can accrue a maximum of 20 days (or 160 hours of vacation).~~ Once the cap on accrual is reached, you will stop accruing vacation until you use some of your accrued vacation [or sell vacation time back to the City]. Then you will continue to accrue vacation until the cap is reached again. **[Vacation leave will only accrue when an employee is in a paid status and not when an employee is on a Leave of Absence for more than thirty (30) days.]**

3. Using Vacation Leave.

Vacations may be scheduled at any time with the prior written approval of your supervisor. Vacation requests will be reviewed and approved based on business needs and staffing requirements. Vacation requests must generally be approved at least 48 hours in advance. A copy of the approved vacation request will be forwarded to payroll and recorded. ~~You may not receive pay in lieu of taking vacation, except on termination of employment.~~

4. Vacation Advances.

The City does not advance unearned vacation time.

5. Payment on Separation.

Accrued vacation leave that has not been used will be paid at time of resignation or termination. Vacation leave is paid at your final rate of pay at the time of separation.

6. [Vacation Leave Buy Down]

[The city will put in place a buy down schedule with payout options over a two year period on vacation time already accrued through July 1, 2016, as follows:

1st Vacation Leave Buy Down: An employee may elect to contribute the value of all unused and/or already accumulated vacation pay in excess of 240 hours, into the City's 457 plan, or to elect to receive a taxable cash distribution. The City shall cash out up to one half of this bank at 100% of its value on or before December 31, 2017. Said distributions may not exceed the normal maximum allowed deferral limits as set forth by the IRS for the 457 plan.

2nd Vacation Leave Buy Down: An employee may elect to contribute the value of all unused and/or already accumulated vacation pay in excess of 240 hours, into the City's 457 plan, or to elect to receive a taxable cash distribution. The City shall cash out the remaining balance of this bank at 100% on or before December 31, 2018. Said distributions may not exceed the normal maximum allowed deferral limits as set forth by the IRS for the 457 plan.

The city will allow employees to sell back to the City, at one-for-one cash out, a portion of his or her accumulated vacation time by December 31st annually, up to a maximum of number of 12 vacation days each year.

Upon separation, employees are eligible to receive up to 100% payout of unused vacation time with the City Manager's approval and subject to the city's budget.]

B. SICK LEAVE

In order to minimize the economic hardships that may result from an unexpected short-term illness or injury to an employee or his/her family, the City provides regular full-time employees and ~~regular part-time employees~~ who work at least 30 hours per week with sick leave benefits. **[Part-time employees, those employees that work less than 30 hours per week and who work at least 30 days in a calendar year are provided sick leave as noted in Section B(1).]** ~~Temporary employees, part-time employees who work less than 30 hours a week, and seasonal employees are not eligible for sick leave benefits.~~ [Sick leave is not a guaranteed benefit and shall only be used for a qualified illness].

1. **Sick Leave Accrual.**

[For full-time employees,] sick leave is earned at the rate of eight (8) hours per month (96 hours per year) accumulated at the rate of 4 hours per pay period.

[For part-time employees who work at least 30 days in a calendar year, sick leave is earned at a rate of one (1) hour for every thirty (30) hours worked, up to a maximum accrual of twenty-four (24) hours per year].

2. **No Cap on Sick Leave Accrual.**

Unused sick leave accumulates from year to year, with no maximum. ~~Because sick leave is solely intended to assist eligible employees who miss work due to an illness or injury, no sick leave benefits are paid upon retirement or termination from employment for any reason.~~ Sick leave cannot be used as extra vacation. ~~However, unused sick leave on the books at retirement from the City of Industry may be used for additional service credit to the extent permitted by PERS regulations.~~

3. **Sick Leave Advances.**

The City does not advance unearned sick leave.

4. Using Sick Leave.

Sick leave is available only in the case of illness or injury, disability, or medical/dental appointment of an employee or the employee's spouse, parent, child, domestic partner or child of a domestic partner. For purposes of sick leave, a "child" is defined as a biological, foster, adopted child, stepchild or legal ward. A "child" may also be someone for whom the employee has accepted the duties and responsibilities of raising even if he is not the employee's legal child. A "parent" is an employee's biological, foster or adoptive parent, step parent or legal guardian. A "spouse" is the employee's legal spouse under the laws of California, which do not recognize a "common law spouse."

Sick leave benefits are available beginning with the first hour away from the job due to illness, injury or medical/dental appointment. If you are unable to report to work due to a personal or qualified family member's illness or injury, disability or medical/dental appointment, you must contact your supervisor as soon as possible and no later than one hour after your normal starting time. If you cannot reach your supervisor, you must contact Human Resources. You must timely call in each day that you are absent. If you become ill and must leave during the workday, you must notify your supervisor. If you cannot reach your supervisor, you must contact Human Resources unless it is not possible to do so. Failure to follow these procedures will result in treatment of the day as an unexcused absence and can result in disciplinary action as well.

5. Absences of Three Days or More.

The City reserves the right to require a satisfactory statement of a qualified healthcare provider whenever an employee misses work due to an illness, injury or disability. The employee may be asked to provide a statement which verifies that an injury or disability existed, its beginning and ending dates, and/or the employee's ability to return to work without presenting an immediate and significant risk to his/her own health or safety or the health or safety of others. When requested, such verifications and releases may be a condition to receiving sick leave benefits and returning to work. Although a healthcare provider's statement normally will not be requested for absences of less than three working days, the City may request such a statement in situations where it determines that it is warranted.

6. [Payment on Separation.]

[Upon separation, employees may receive 100% of unused sick leave as a cash out. Sick leave is paid at the employee's final rate of pay at the time of separation. Upon retirement from the City of Industry, unused sick leave may also be used for additional service credit based on CalPERS guidelines as documented in the City's CalPERS contract, in lieu of cash out.]

C. [ADMINISTRATIVE / PAID TIME OFF]

[In express recognition of being "exempt" from the FLSA overtime provisions, each management and unrepresented employee will receive thirty-six (36) hours of administrative leave each calendar year beginning July 1, 2016. Administrative leave shall be accrued and used within each fiscal year, and may not be carried over or cashed out.]

D. [COMPENSATORY TIME]

[Employees eligible for compensatory overtime under this provision may request, subject to management approval, the accumulation of "comp time" up to a maximum of two hundred and forty (240) hours annually and may only carry forward up to 80 hours of comp time into the next year. Payouts shall be made annually by December 31st of each year. In such event that an exempt employee mutually agrees to receive compensable time in lieu of an overtime payment, and the City Manager approves in writing of the accumulation, the employee may receive "comp time" as time off with pay for regularly scheduled or irregular or occasional overtime work. There shall be no coercion used to obtain mutual agreement. Requests for the use of accumulated compensatory time off shall be reasonably honored, taking into consideration the needs of the department. In such event that an exempt employee agrees to receive compensable time in lieu of an overtime payment for regularly scheduled or irregular or occasional overtime

work it must be accumulated and paid consistent with the provisions of the Fair Labor Standards Act, with the employee earning one and one-half (1 1/2) hours compensatory time off for each hour of overtime worked.]

E. HOLIDAYS

1. Holidays Observed.

Regular full-time and regular part-time employees are compensated for observance of the following holidays:

New Year's Day	January 1
Martin Luther King Day	Third Monday in January
Presidents' Day	Third Monday in February
Good Friday (1/2 day)	
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veterans' Day	November 11
Thanksgiving Day	Fourth Thursday in November
Day after Thanksgiving	Day after Thanksgiving Day
Christmas Eve (half day)	December 24
Christmas Day	December 25
New Year's Eve (half day)	December 31

2. Floating Holidays.

Some City Hall offices may be required to remain open on some holidays with minimum staffing to provide services to the public. Those holidays are:

Martin Luther King Day
Presidents' Day
Columbus Day
Veterans' Day

Additional holidays may be designated from time to time. When additional holidays are designated, employees will be provided advance notice.

Employees required to work on a holiday shall earn eight (8) hours floating holiday time. If an employee should be required to work on a holiday designated as "half day," then the employee shall earn four (4) hours floating holiday time. Floating holiday time must be used in the same calendar year in which it is earned. Any unused floating holiday time shall be cashed out at the employee's current rate of pay on December 31st of that year.

Floating holiday time off may be scheduled at any time with the prior written approval of your supervisor. Request to use floating time should generally be approved 48 hours in advance and will be reviewed and approved based on staffing needs and business requirements.

F. BEREAVEMENT LEAVE

Subject to approval of the department head, regular full-time employees and regular part-time employees, who work at least 30 hours per week, may be allowed up to four (4) days (or up to five days for out of state) of bereavement leave, which is not chargeable to vacation or sick leave, to be utilized in the event of a death of an employee's spouse, domestic partner, children, stepchildren, parents, domestic partner's or spouse's parents, grandparents, domestic partner's or spouse's grandparents, brothers, sisters, and grandchildren. The City may request reasonable verification of the need for such leave, if abuse of leave is reasonably suspected. The following criteria will be used to determine whether leave should be

granted and length of leave to be granted:

- Relationship of decedent to employee;
- Proximity and travel needs to attend services;
- Whether employee is responsible for arranging for services; or
- Any other relevant criteria as determined by the department head.

In the event an employee requests additional time than is provided above, **[administrative leave,]** up to two (2) days of sick leave or vacation leave may be utilized for bereavement leave, provided the employee has sufficient leave available. If the employee has no leave available, any additional time approved by the department head shall be without pay.

Subject to approval of the department head, employees may also use **[administrative leave or]** up to three (3) days of sick leave due to the death of a family member not defined above.

Notwithstanding anything in this policy to the contrary, regular part-time employees who work less than 30 hours per week, temporary, seasonal and probationary employees shall be eligible for bereavement leave without pay of up to three days (or such longer period as may be necessary) with the prior written approval of his/her department head.

G. TIME OFF TO PARTICIPATE IN ACTIVITIES OF CHILD'S SCHOOL OR FOR TEACHER REQUESTED SCHOOL VISITS

1. Time Off to Participate In School Activities

~~Under certain circumstances, eligible Employees [are] may be entitled to take [administrative or compensatory] time off to participate in activities of their child's school or a licensed day care facility [up to available administrative or compensatory leave balances]. To be eligible for time off under this policy, you must be the parent, guardian, or grandparent of a child who is in kindergarten or a grade between one and 12, inclusive, or attending a licensed child day care facility. In addition, you must provide reasonable notice (generally at least 48 hours in advance) of the planned absence to the department head before taking the time off. You may not take more than 40 hours off for this purpose in any single year or more than eight hours off in any calendar month of the year.~~

~~If both parents of a child are employed by the City at the same work site, only one parent may take time off at a time under this policy. The parent who first gives appropriate notice of the need for time off under this policy will have preference for the time off. In some cases, the City Manager may agree to provide both parents the opportunity to take time off at the same time. However, that may occur only with the advance written approval of the City Manager and in his sole discretion.~~

~~If you take time off under this policy, you must utilize any existing vacation leave, holiday time or [administrative leave or] accrued compensatory time for the absence. If you do not have enough vacation leave, floating holiday leave, [administrative leave] or compensatory time, the time off will be taken without pay if you are non-exempt or if the employee is exempt and takes a full day off. The salary of an exempt employee will not be affected if the employee misses a portion of a day of work under this policy.~~

~~If you take time off under this policy, you must provide documentation from the child's school or licensed child day care facility to substantiate the fact that you participated in a school activity or day care facility activity. The documentation must verify that you participated in the activity on a specific date and at a particular time.~~

2. Time Off for Teacher Requested School Visit Involving Suspension

Employees who are the parents or guardians of a child who is in kindergarten or a grade between one and 12 inclusive, and who have been requested by a teacher to visit the school where the child has been suspended for committing an obscene act, engaging in habitual profanity or vulgarity disrupting school activities or otherwise willfully defying the valid authority of school personnel, may take [administrative leave or compensatory] time off to visit the school. You must give his/her supervisor reasonable notice of the need for time off and submit a copy of the request from the school as well as verification that you visited the school on at a specific time. If you take time off under this policy, you must utilize any existing ~~vacation leave, floating holiday time~~ [administrative leave] or accrued compensatory time for the absence. If you do not have enough ~~vacation leave, floating holiday time~~ [administrative leave] or compensatory time, the time off will be taken without pay if you are non-exempt or if the employee is exempt and takes a full day off. The salary of an exempt employee will not be affected if the employee misses a portion of a day of work under this policy.

H. MILITARY LEAVE

Military Leave shall be provided as put forth in the applicable California and federal law. An employee entitled to military leave shall give his/her supervisor an opportunity within the limits of military regulations to determine when leave shall be taken. Prior to taking military leave, an employee, when possible, shall provide a copy of the employee's military orders to his/her supervisor or shall immediately notify Human Resources of the orders.

I. JURY DUTY LEAVE

It is the City's policy to enable its employees to fulfill their civic obligations. If an employee is called to serve on jury duty, the employee is requested to notify his/her supervisor immediately. All regular full-time and regular part-time employees who have completed their probationary period will be paid their regular wages while on jury duty. Employees serving on jury duty are not required to remit to the City amounts received from other sources for the jury duty service provided their service does not exceed thirty (30) calendar days.

Employees other than regular full-time and regular part-time employees will be provided time off to spend on jury duty but are ineligible for compensation for time spent on jury duty.

In no case will the salary of an exempt employee be reduced for any week in which the employee works and also misses time to serve on a jury.

J. WITNESS DUTY LEAVE

Employees who are required by law to appear in court or at another legal proceeding will be provided time off for that purpose. Deductions will not be made from the salary of an exempt employee for absences caused by attendance as a witness. Non-exempt employees will not be compensated for time off to serve as a witness in non-work related matters. If you are subpoenaed or ordered by a court to appear as a witness please notify your supervisor immediately.

K. TIME OFF FOR VOTING

Employees who are voters may claim necessary time off to vote at statewide elections under the following provisions of the state Elections Code:

"Sec. 14000.

(a) If a voter does not have sufficient time outside of working hours to vote at a statewide election, the voter may, without loss of pay, take off enough working time which when added to the voting time available outside of working hours, will enable the voter to vote.

(b) No more than two hours of the time taken off for voting shall be without loss of pay. The time off for voting shall be only at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from the regular working shift, unless otherwise mutually agreed.

(c) If the employee on the third working day prior to the day of election, knows or has reason to believe that time off will be necessary to be able to vote on election day, the employee shall give the employer at least two working days' notice that time off for voting is desired, in accordance with the provisions of this section.

L. LEAVE FOR VICTIMS OF DOMESTIC VIOLENCE OR SEXUAL ASSAULT

If you are the victim of domestic violence or sexual assault, you may take time off to seek judicial relief to help ensure your health, safety or welfare or that of your child. This may include efforts to obtain restraining orders, restraining orders or other injunctive relief. Victims may also take time off to undergo treatment for mental or physical injuries, obtain services from a domestic violence shelter program or rape crises center, obtain psychological counseling, participate in safety planning or take other actions to increase their safety, including temporary or permanent relocation.

Where possible, you must provide your supervisor or Human Resources with advance notice of the need for time off. To the extent allowed by law, the City will maintain the confidentiality of any such request. If an unscheduled or emergency absence occurs, you must provide documentation of the need for the absence including a police report, court order protecting or separating you from the perpetrator of the domestic violence of assault or other evidence from the court or prosecuting attorney indicating that you have appeared in court, or documentation from a medical professional or healthcare provider, advocate for victims of domestic violence or sexual assault, or counselor certifying that you were undergoing treatment for physical or mental injuries or abuse as a result of domestic violence of sexual assault.

You may use [administrative leave] vacation leave, holiday leave, personal leave or compensatory time off for this purpose. You may also use sick leave for illness, injury or medical/dental appointments. Otherwise, the time off will be without pay.

M. LEAVE FOR VICTIMS OF OTHER SERIOUS CRIMES

Under certain circumstances, employees who are victims of other serious crimes may take time off from work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement. Where possible you must provide your supervisor or Human Resources with advance notice of the need for time off. If an unscheduled or emergency absence occurs, you must provide your supervisor or Human Resources with documentation evidencing the judicial proceeding from (a) the court or government agency setting the hearing; (b) the district attorney or prosecuting attorney's office, or (b) the victim/witness office that is advocating on behalf of the victim.

You may use your [administrative leave,] accrued sick leave, vacation or personal leave, or compensatory time to cover the period of absence in accordance with the provisions of California law. Otherwise, the time off is without pay.

N. LEAVE FOR EMERGENCY DUTY

Employees who require time off to perform emergency duty as a volunteer fire fighter, reserve peace officer, or emergency rescue personnel should immediately inform their supervisor or Human Resources to confirm their eligibility for such leave and so that a contingency plan can be developed for the employee's absence.

O. OTHER LEAVE OF ABSENCE POLICIES

1. General Provisions

a. *Purpose.* The purpose of these policies is to establish guidelines governing leaves of absence and to ensure that leaves of absence are granted on a fair and equitable basis to all eligible employees and consistent with applicable local, state and federal laws.

b. *Policy.* It is the City's policy to grant the following leaves of absence to all eligible employees on a non-discriminatory basis. Unless specifically provided otherwise, all leaves of absence are available only on an unpaid basis.

All regular full-time and part-time employees are eligible for a leave of absence once they have completed their probationary period. In certain circumstances, other employees may also be eligible for leave as provided by law. For example, unpaid leaves of absence may be granted to probationary employees for work-related disabilities or the disabilities caused by pregnancy, childbirth or related medical conditions. If an employee is out for an extended period during the probationary period, the probationary period will be extended by the exact number of days that the employee is out. For the purposes of this policy, an extended period is defined as more than two weeks or more than ten working days (eight-hour days).

c. *Returning from Leave of Absence.* Except as provided below, when an employee is placed on a leave of absence, an effort will be made to hold the employee's position open for the period of the approved leave. However, due to business needs, there may be times when positions cannot be held open. Accordingly, it is not always possible to guarantee reinstatement.

If an employee's former position is unavailable when the employee is ready to return from an approved medical leave, every effort will be made to place the employee in a comparable position for which the employee is qualified. If such a position is not available, the employee will be offered the next suitable position for which he/she is qualified that becomes available. In addition, the City will attempt to reasonably accommodate employees who are released for partial or modified duty to the extent required by law.

An employee who does not accept the position offered after the expiration of leave will be considered to have voluntarily terminated his/her employment, effective the day such refusal is made.

2. Medical Leave of Absence for Non-Pregnancy Related Disability.

a. *Eligibility and Duration.* A request for a medical disability leave of absence may be submitted by any employee who is temporarily disabled and unable to work due to a personal injury or illness. Medical leaves of absence will be granted in writing for the period of the illness or disability, provided such period shall not exceed four months.

b. *Intermittent Leave.* Medical disability leave can be taken on an intermittent or reduced schedule basis when medically advisable, as determined by the employee's healthcare provider. The minimum-medical disability leave increment that can be taken by an employee is one (1) hour. If the intermittent leave is foreseeable based on planned medical treatment or for other reasons, the City may require that you temporarily transfer to an available alternative position for which you are qualified and which provides equivalent pay and benefits and that better accommodates recurring leave periods than your regular position.

c. *Notice.* You should notify your supervisor or Human Resources of the need for medical disability leave as soon as you are aware of the need for such leave.

d. *Foreseeable Events.* You must provide the City with at least thirty (30) days advance notice before the date the leave is to begin, or as soon as is practicable, normally the same business day or next business day if the employee is off work when he/she learns of the need for leave. If you provide less than thirty (30) days advance notice, the City may require explanation of why 30 days

advance notice was not practicable. In any case in which the need for leave is foreseeable based on planned medical treatment, you shall make a reasonable effort to schedule treatment, subject to the approval of the healthcare provider, so as not to unduly disrupt the operations of the City.

e. *Unforeseeable Events.* When it is not practicable under the circumstances to provide thirty (30) days advance notice, you must request leave as much in advance of the date for the leave as possible.

f. *Notice of Intermittent Leave.* In the event that you require intermittent medical disability leave, including, but not limited to, prolonged treatment plans or a series of surgeries, you must notify the City of the anticipated dates for the absences as much in advance as possible.

g. *Failure to Provide Notice.* If you fail to provide the requisite thirty (30) day advance notice for foreseeable events without any reasonable excuse for the delay, the City reserves the right to delay the taking of the leave until at least thirty (30) days after the date you provided notice of the need for medical disability leave.

h. *Notification and Certification Requirements.* It is your responsibility to provide Human Resources with a written certification from your healthcare provider as soon as you become aware of the need for a leave of absence, which states that:

- (1) You are unable to perform any one or more of the essential functions of your job with or without reasonable accommodation due to the employee's serious health condition.
- (2) The date you became disabled due to your serious health condition.
- (3) The probably duration of your serious health condition and when you are expected to be able to return to work.

You must provide periodic updates to your supervisor at least every thirty (30) days during the leave concerning your status, expected date of return and continued intent to return to work after the leave. Should you learn that you will not be able to return to work as scheduled, the employee must immediately notify your supervisor and Human Resources. Any request for an extension of the leave must be supported by an updated certificate from your healthcare provider, which must be submitted to Human Resources.

i. *Accrual of Seniority and Benefits.* You will continue to accrue all benefits, including vacation leave, sick leave, holiday leave, etc., during the first thirty (30) calendar days of an approved leave of absence. However, no seniority or benefits will accrue after thirty (30) days if you are still on leave of absence. Once an initial probationary period is completed, employees returning from an approved leave of absence are not required to complete a second probationary period. Upon return from leave, you will be reinstated without loss of seniority earned PRIOR to the commencement of their leave and within the first thirty (30) calendar days of their approved leave. You will be given credit for the probationary period or any portion thereof completed prior to the commencement of the leave of absence.

j. *Coordination of Benefits.* You must use your accrued sick leave, holiday leave, vacation, and compensatory time during your medical disability leave. All leaves of absence will be coordinated with sick leave, and long-term disability, and other benefits in an effort to minimize the impact of a leave of absence for both the employee and the City. Accrued vacation, sick leave benefits and compensatory time shall be paid during a leave absence, but such pay shall be coordinated with any state disability or other wage replacement benefits for which you may be eligible.

k. *Return from Leave.* Before returning to work following a medical leave of absence, an employee must submit a healthcare provider's written certification verifying the employee's ability to return to work and the date that he/she is able to return to work. Any work restrictions should be stated in the verification.

3. Medical Leave of Absence for Work-Related Disability.

a. *Eligibility and Duration.* A leave of absence shall be granted upon written request to any full-time or part-time employee who sustains a work-related disability as required by law. The duration of the leave shall be required by law.

b. *Intermittent Leave.* Medical disability leave can be taken on an intermittent or reduced schedule basis when medically advisable, as determined by the employee's healthcare provider. The minimum-medical disability leave increment that can be taken by an employee is one (1) hour. If the intermittent leave is foreseeable based on planned medical treatment or for other reasons, the City may require that you temporarily transfer to an available alternative position for which you are qualified and which provides equivalent pay and benefits and that better accommodates recurring leave periods than your regular position.

c. *Notification and Certification Requirements.* It is your responsibility to provide Human Resources with a written certification from your healthcare provider as you become aware of the need for a leave of absence, which states that:

- (1) You are unable to perform any one or more of the essential functions of your job with or without reasonable accommodation due to your serious health condition.
- (2) The date you became disabled due to your work related disability.
- (3) The probable duration of your work-related disability and when you are expected to be able to return to work.

You must provide periodic updates to your supervisor at least every thirty (30) days during the leave concerning your status, expected date of return and continued intent to return to work after the leave. Should you learn that you will not be able to return to work as originally scheduled, you must immediately notify your supervisor and Human Resources. Any request for an extension of the leave must be supported by an updated certification from your healthcare provider, which must be submitted to Human Resources.

d. *Accrual of Seniority and Benefits.* You will continue to accrue all benefits, e.g., vacation leave, sick leave, holiday leave, etc., during the first thirty (30) calendar days of an approved leave of absence. However, no seniority or benefits will accrue after thirty (30) days if you are still on leave of absence. Once an initial probationary period is completed, employees returning from an approved leave of absence are not required to complete a second probationary period. Upon return from the leave of absence, you will be reinstated without loss of seniority earned PRIOR to the commencement of their leave and within the first thirty (30) calendar days of their approved leave. You will be given credit for the probationary period or any portion thereof completed prior to the commencement of the leave of absence.

e. *Coordination of Benefits.* All leaves of absence for a work-related disability will be coordinated with workers' compensation, short-term and long-term disability, accrued sick and vacation leave, and any other benefits provided to the employee in an effort to minimize the impact of the leave of absence for both the employee and the City.

f. *Employer Requirements.* The City will retain you on an extended leave of absence for work-related disabilities until one of the following situations takes place:

- (1) You are released for full or partial duty;
- (2) The City receives medical evidence satisfactory to it that you will be permanently unable to return to work; or

- (3) You resign or actually inform the City that you do not intend to return to the City's employ.

- g. *Return from Leave.* Before returning to work following a medical leave of absence, you must submit a healthcare provider's written certification verifying your ability to return to work and the date that you are able to return to work. Any work restrictions should be stated in the verification

4. Leave for of Absence or Transfer Caused by Disability Due to Pregnancy, Childbirth and Related Medical Conditions

- a. *Eligibility and Duration.* Under the California Fair Employment and Housing Act (FEHA), employees who are actually disabled by pregnancy, childbirth or related medical conditions are eligible to take a pregnancy disability leave of up to four months. Employees who are affected by pregnancy or a related medical condition are also eligible to temporarily transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties, if the transfer is medically advisable.

- b. *Intermittent Leave.* The pregnancy disability leave can be taken on an intermittent or reduced schedule basis when medically advisable, as determined by the employee's healthcare provider. The minimum pregnancy related disability leave increment that can be taken by the employee is one (1) hour. If pregnancy related disability is taken on an intermittent basis and it is foreseeable based on planned medical treatment because of pregnancy, the City retains the discretion to temporarily transfer you to an alternative position, for which you are qualified, with equivalent pay and benefits which better accommodates your leave schedule.

- c. *Notice.* You should notify your supervisor or Human Resources of your need for pregnancy disability leave or transfer as soon as you are aware of the need.

- d. *Foreseeable Events.* You must provide the city with not less than thirty (30) days advance notice before the date the leave or transfer is to begin. If the leave or transfer is requested in connection with any planned non-emergency medical treatment or supervision you must consult with your supervisor and make a reasonable effort to minimize disruption to the City's operations subject to the approval of your healthcare provider.

- e. *Unforeseeable Events.* When thirty (30) days advance notice is not practicable, the employee must notify the City as soon as practicable under the circumstances, ordinarily within two (2) working days after the employee learns of the need for leave.

- f. *Notice of Intermittent Leave.* In the event that you need intermittent pregnancy disability leave, you must notify the City of the anticipated dates for the absences as much in advance as possible.

- g. *Failure to Provide Notice.* If you fail to provide the requisite thirty (30) day advance notice for foreseeable events without any reasonable excuse for the delay, the City reserves the right to delay the taking of the leave until at least thirty (30) days after the date you provided notice of the need for medical disability leave

- h. *Certification Requirements for Pregnancy Disability Leave or Transfer.* It is your responsibility to provide Human Resources with a certification from your healthcare provider of your disability or the medical advisability of a transfer. The certification should include the following information:

- (1) The date on which you become or became disabled due to pregnancy, childbirth or related medical condition or the date of the medical advisability for the transfer;

- (2) The probable duration of the period or periods of disability or the period or periods for the advisability of the transfer; and
- (3) A statement that, due to the disability, you are unable to work at all or to perform any one or more of the essential functions of your position without undue risk to yourself, the successful completion of your pregnancy or to other persons, or a statement that, due to your pregnancy, the transfer is medically advisable.

Should you learn that you will not be able to return to work as originally scheduled, you must immediately notify Human Resources. Any request for an extension of the leave/transfer must be supported by an updated certification from your healthcare provider, which must be submitted to Human Resources.

i. *Change in Work Assignments.* Upon your request and the recommendation of your healthcare provider, your work assignment may be temporarily changed if necessary to protect the health and safety of you and your child. Requests for transfers of job duties will be reasonably accommodated if the job and security rights of others are not breached. Temporary transfers due to health considerations will be granted when possible. However, transferred employees will receive the pay that accompanies the job, as is the case with any other temporary transfer due to temporary health reasons.

j. *Accrual of Seniority and Other Benefits.* Employees will continue to accrue all benefits, including vacation leave, sick leave, holidays leave, etc., during the first thirty (30) calendar days of an approved leave of absence. However, no seniority or benefits will accrue after thirty (30) days if the employee is still on leave of absence. Once an initial probationary period is completed, employees returning from an approved leave of absence are not required to complete a second probationary period. Employees returning from a leave of absence will be reinstated without loss of seniority earned PRIOR to the commencement of their leave and within the first thirty (30) calendar days of their approved leave. You will be given credit for the probationary period or any portion thereof completed prior to the commencement of the leave of absence.

k. *Coordination with other Benefits.* At your option, you may use any accrued vacation, floating holiday or compensatory accrued time off as part of your pregnancy disability leave before taking the remainder of your leave as an unpaid leave. You are required to use up any available sick leave during your leave. You may also be eligible for state disability insurance for the unpaid portion of your leave.

l. *Return from Leave.* Before returning to work following a leave of absence you must submit a healthcare provider's certification verifying your ability to return to work and the date that you are able to return. Any work restrictions should be stated in the certification.

Under most circumstances, upon submission of a medical certification that the employee is able to return to work from a pregnancy disability leave, the employee will be reinstated to her same position held at the time the leave began or to an equivalent position, if available. An employee returning from a pregnancy disability leave has no greater right to reinstatement than if the employee had continued to work during the leave.

5. Personal Leave of Absence.

a. *Eligibility and Duration.* A personal leave of absence without pay may be granted to a regular full-time or regular part-time employee for a reasonable period of time of up to thirty (30) days in the sole discretion of the City Manager. The leave may be extended for a reasonable period of time due to special circumstances, as determined on an individual basis by the City Manager in his/her sole discretion.

b. *Request for Leave of Absence.* Requests must be submitted in writing and must be approved in writing by the employee's department head and City Manager before the leave begins.

Requests for extensions of leaves must be submitted in writing and approved in writing by the City Manager before the extended period of a leave begins. It is the employee's responsibility to report to work at the end of the approved leave. An employee who fails to report to work on the workday after the leave expires will be considered to have voluntarily terminated and abandoned his/her employment.

c. *Status of Seniority and Benefits during Personal Leaves.* Employees shall not earn leaves, seniority or any other benefits while on Personal Leave. Employees shall be responsible for payment of premiums of medical, dental, life, vision, short- and long-term disability, etc. while on personal leave.

An employee who returns to work at the end of his/her personal leave of absence will be returned to his/her former position, if possible, or will be offered the first available opening in a comparable position for which he/she is qualified.

P. LACTATION POLICY

The City accommodates lactating employees by providing a reasonable amount of break time to any employee who desires to express breast milk for an infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. Any break time provided to express breast milk that does not run concurrently with break time already provided to the employee shall be unpaid. However, if providing such break time would seriously disrupt the operations of our business, we may deny break time to employees who wish to express breast milk.

We will make reasonable efforts to provide employees who need a lactation accommodation with the use of a room or other private location that is located close to the employee's work area. Employees with private offices will be required to use their offices to express breast milk.

Employees who desire lactation accommodations should contact their supervisor or Human Resources to request accommodations.

Q. OTHER LEAVE PROVISIONS

1. Vacation days, holidays, and sick benefits do not accrue during any period of a leave of absence in excess of thirty (30) calendar days. The date an employee is considered for an annual wage increase will be adjusted accordingly if the leave is for more than thirty (30) calendar days. However, regardless of the length of a leave of absence, an employee's group life and employee health plan coverage will remain in effect. Employees are expected to make arrangements to pay the monthly contribution for dependent coverage under the employer's health plan while they are on a leave of absence. Failure to do so may result in the lapse of such coverage.

2. All leave of absence requests must be presented in writing on the appropriate form to the employee's supervisor or department head as far in advance as possible. They should then be forwarded promptly to Human Resources for final processing.

CITY COUNCIL

ITEM NO. 6.3



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

TO: Honorable Mayor and Council Members

FROM: Paul J. Philips, City Manager 

STAFF: Susan Paragas, City Controller 
Alex Gonzalez, Director of Development Services and Administration
Tiffany Bose, RGS, Human Resources Advisor

DATE: June 9, 2016

SUBJECT: Resolution No. CC 2016-40 of the City of Industry to Approve a Defined Contribution Retirement Plan for Eligible Employees and Authorize the Execution of an Agreement with the Public Agency Retirement Services (PARS) as the Administrator

BACKGROUND:

The City of Industry ("City") participates in the California Public Employees Retirement System ("PERS") to provide a retirement plan to employees. For City employees hired before October 1, 2011, the retirement formula is 2.7% at 55. Employees hired on or after October 1, 2011, the formula is reduced to 2% at 60. Additionally, effective January 1, 2013, the State of California enacted the Public Employee Pension Reform Act (PEPRA), which established a new system for any new employee not already in PERS, further lowered the formula to 2% at 62.

PARS will be the plan administrator for the defined contribution retirement plan and is the third largest multiple employer public retirement system in California with over 700 member agencies representing over 375,000 public employees. Several nearby agencies in Los Angeles County have implemented a similar program including the Cities of Arcadia, Lakewood, Monrovia and Rolling Hills Estates.

DISCUSSION:

Defined contribution retirement plans are programs that allow for the individual member agency to establish the rate of contributions into the system and designated to that individual's (employee's) account. The benefit is tied to the actual amount of contributions and investment growth in the individual employee's account. Therefore, no unfunded liability would accrue to the agency as the retirement benefit is fixed.

In order to provide a parity of retirement benefits to City employees who are classified in one of the two reduced retirement formulas, a defined contribution retirement plan is proposed. Additionally, as the City determines its staffing needs, this plan will help provide the ability to recruit and retain highly qualified candidates.

PARS performed an analysis of the normal cost rates between the various formulas and indicated a variance of approximately 6.5%. Therefore, it is proposed that effective July 1, 2016, the City will contribute 6.5% of the eligible employee's salary eligible who are participating in either the 2% at 60 or 2% at 62 retirement formula under CalPERS. No employee contributions will be required or permitted.

There are several benefits of a Defined Contribution Plan including:

1. Employer Contribution rate is set by the City.
2. The City can increase or decrease employer contributions at its discretion.
3. External factors (e.g., volatility in the financial markets or mortality rates) do not impact the City's ultimate cost of the program
4. The employee benefits through participation in a tax-qualified retirement program that provides advantages during employment (e.g., no immediate taxation on any contributions received and tax-deferred accumulation).
5. At termination of employment, the employee's vested account balance may be rolled over into an Individual Retirement Account (IRA) or other qualified retirement plans that accept rollovers.

As the trust administrator, PARS will ensure that all City eligible employees are educated in the program and will be provided information regarding plan investments. PARS also provides training to payroll staff to ensure that the program is properly implemented, and will also monitor the program and generate and submit all required reports. US Bank serves as the Trustee of the program. The assets are held separately from the assets of US Bank and cannot be accessed by creditors of either the Trustee or the City. Employees should feel very secure that their funds will be available when required. Investments through a variety of no-load mutual funds for selection by the employees are provided through John Hancock Retirement Services.

FISCAL IMPACT:

The City estimates that the projected employer contribution of the program will be approximately \$76,500 annually, inclusive of administrative fees. The costs are included in the proposed FY 2016-17 budget.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt Resolution CC 2016-40 approving a Defined Contribution Retirement Plan for its employees participating in either the 2.0% at 60 or 2% at 62 retirement formula under CalPERS and authorizing the execution of an agreement with the Public Agency Retirement Services (PARS) as administrator of the plan.

ATTACHMENTS:

1. Resolution No. CC 2016-40: Council Approval of Defined Contribution Plan and PARS as Trust Administrator
2. Defined Contribution Plan Proposal
3. Administrative Services Agreement

RESOLUTION NO. CC 2016-40

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
INDUSTRY APPROVING THE DEFINED CONTRIBUTION
PLAN FOR ELIGIBLE EMPLOYEES AND THE EXECUTION
OF AN AGREEMENT WITH THE PUBLIC AGENCY
RETIREMENT SYSTEM AS THE TRUST ADMINISTRATOR**

WHEREAS, it is determined to be in the best interest of the City of Industry (City) and its employees to provide a Defined Contribution Program to eligible employees; and

WHEREAS, the City is eligible to be a member of the Public Agency Retirement System (PARS) Trust, which has made available a Defined Contribution Plan qualifying under the relevant sections of the Internal Revenue Code and the California Government Code.

**NOW THEREFORE, THE CITY COUNCIL DOES HEREBY RESOLVE,
DETERMINE AND ORDER AS FOLLOWS:**

SECTION 1. The City Council hereby adopts the PARS Trust, including the PARS Defined Contribution Plan, as part of the City's Retirement Program, effective July 1, 2016; and

SECTION 2. The City Council hereby appoints PARS as Trust Administrator, U.S. Bank National Association, as Trustee, and John Hancock Life Insurance Company as Custodian/Recordkeeper for the PARS Defined Contribution Plan effective July 1, 2016;

SECTION 3. The City Council hereby appoints the City Manager, or his/her successor or his/her designee as the City's Plan Administrator for the Public Agency Retirement System; and

SECTION 4. The City's Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to maintain the City's participation in PARS and to maintain PARS compliance of any relevant regulation issued or as may be issued; therefore authorizing him/her to take whatever additional actions are required to administer the City's PARS plan(s).

PASSED, APPROVED AND ADOPTED this 9th day of June 2016, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

Making retirement work for you.

City of Industry
Defined Contribution Plan Proposal

a. Plan Vehicle

401(a) Tax-Qualified Governmental Profit Sharing Plan

b. Eligible Employees

Eligible Employees shall include all full-time miscellaneous employees of the City employed on or after July 1, 2016 participating in either the 2% at 60 or 2% at 62 CalPERS retirement formula.

c. Vesting

Participants shall be 100% vested in their account balance if they have attained five (5) years of City service or age sixty (60) at the time of termination/retirement from the City.

If neither of the age or service requirements have been met at termination/retirement, plan vesting for Employer contributions shall be based on the following schedule.

Years of Service Credit completed	Vesting Percentage for Employer Contributions
Less than 1 year	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Employees shall be credited with one (1) year of City service if they have completed twelve (12) consecutive months of service with the Employer commencing on the date of employment.

Forfeited account balances shall be utilized to fund future plan contributions or pay plan administrative fees at the discretion of the City.

d. Employer Contributions

Beginning on July 1, 2016, all eligible employees of the City shall receive an employer contribution equal to 6.5% of the employee's base salary.

Future contributions shall be subject to change by the Employer. The total contributions permitted under federal law are limited by IRC Section 415(b) and limited under state law per Govt Code Section 7522.10.

e. Pre-Tax Employee Contributions

No Employee pre-tax contributions are required or permitted.

f. Distribution Options

Eligible participants shall have the option of selecting a lump sum distribution, IRA rollover, or to purchase an annuity with account balance proceeds following termination of employment.

g. Hardship Withdrawals and Loans

None permitted.

h. Investment Platform

PARS utilizes a pre-selected lineup of mutual funds available from John Hancock. All proceeds from the transfer and subsequent contributions will be automatically invested in the appropriate John Hancock LifeCycle portfolio based the projected retirement date of the employee. For example, if you are 38 years of age, the entire account balance and all new contributions are automatically defaulted into the John Hancock LifeCycle Fund – 2040.

These LifeCycle funds utilize a diversified array of investments that are professionally managed by John Hancock. As you approach retirement age, these LifeCycle funds generally become more conservative in their investments.

If your employees prefer to utilize investments other than LifeCycle funds, they will have the ability to rebalance their investments and future contributions among an array of twenty (20) different mutual funds that have been selected by an independent registered investment advisor. The following represents a sampling of funds that have been made available through the PARS program.

John Hancock Investment Choices

Fixed Income Funds

J.H. Money Market Trust
J.H. Pimco Total Return Fund
J.H. Pimco Real Return Fund
J.H. Pimco Global Bond Fund

Lifecycle Portfolio

J.H. Lifecycle – Retirement Portfolio
J.H. Lifecycle – 2045 Portfolio
J.H. Lifecycle – 2040 Portfolio
J.H. Lifecycle – 2035 Portfolio
J.H. Lifecycle – 2030 Portfolio
J.H. Lifecycle – 2025 Portfolio
J.H. Lifecycle – 2020 Portfolio
J.H. Lifecycle – 2015 Portfolio
J.H. Lifecycle – 2010 Portfolio

Stock Funds

J.H. Excelsior Value and Restructuring
J.H. S&P 500 Index (MFC Global Mgmt)
J.H. American Funds Growth Fund of America
J.H. Riversource Mid Cap Value
J.H. Dreyfus Structured Mid Cap Fund
J.H. American Century Vista
J.H. Royce Opportunity Fund
J.H. Bridgeway Ultra Small Company Market Fund
J.H. Vanguard Small Cap Growth Index Fund
J.H. DFA International Value
J.H. Columbia Value and Restructuring
J.H. Mutual Global Discovery
J.H. DFA Emerging Markets Value Fund
J.H. Marsico International Opportunities

Sector Funds

J.H. Vanguard Energy Fund
J.H. Real Estate Securities Fund
J.H. T. Rowe Price Science and Technology Fund

Summary of Services

1. Plan Installation Services:

- Assisting appropriate City personnel to finalize Plan provisions, implementation timelines, benefit communication strategies, data reporting and contribution submission requirements;
- Providing the necessary analysis and advisory services to finalize these elements of the Plan;

- Providing the documentation needed to establish the Plan for review by City legal counsel;
- Upon City authorization, preparing and submitting application to the Internal Revenue Service for a determination that the Plan is qualified (the application fee for which shall be paid by the City).

2. Plan Administration Services:

- Monitoring the receipt of Plan contributions made by the City to the trustee of the PARS Trust Program ("Trustee"), based upon information received from the City and the Trustee;
- Performing periodic accounting of Plan assets, including the allocation of employer and employee contributions, distributions, investment activity and expenses (if applicable) to individual Plan participant ("Participant") accounts, based upon information received from the City and/or Trustee;
- Acting as ongoing liaison between the Participant and the City in regard to distribution payments, which shall include use by the Participants of toll-free telephone communication to PARS;
- Coordinating the processing of Participant distribution payments pursuant to authorized written City certification of distribution eligibility, authorized direction by the City, and the provisions of the Plan, and, to the extent possible, based upon City-provided Data;
- Directing Trustee to liquidate Plan assets (if necessary) and make Participant distribution payments, and providing required tax filings in regarding said distribution payments;
- Notifying the Trustee of the amount of Plan assets available for further investment and management, or, the amount of Plan assets necessary to be liquidated in order to fund Participant distribution payments;
- Coordinating actions with the Trustee as directed by the Plan Administrator within the scope this Agreement;
- Preparing and submitting a quarterly report of Plan activity to the City, unless directed by the City otherwise;
- Providing quarterly statements to plan Participants and to the City;
- Preparing and submitting the Annual Report of Financial Transactions to the California State Controller, as required by law, for the PARS Trust Program, including the required certified audit of the PARS Trust.

Sample Timeline

Implementation Steps	Suggested Time Frame for completion
Finalize PARS plan provision, establish contribution amounts, plan eligibility	May 20, 2016
City passes resolution to adopt PARS plans and name a plan administrator to sign documents on behalf of the City	June 9, 2016
PARS provides "signature ready" plan documents including service agreement, plan and trust documents	Mid-June 2016
Administrative and Employee Orientation Meeting to learn about new investment options	Late June 2016
City plan contributions are submitted to PARS.	Mid-July, 2016
Participants access account balances online	Mid-July, 2016

AGREEMENT FOR ADMINISTRATIVE SERVICES

This Agreement for Administrative Services (“Agreement”) is made this ____ day of _____, 2016, between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services and PARS (hereinafter “PARS”) and the City of Industry (“Agency”).

WHEREAS, the Agency has adopted the City of Industry PARS Defined Contribution Plan (“Plan”) effective July 1, 2016, in conjunction with the PARS Trust Agreement (“Trust”), with PARS, as Trust Administrator to the Trust, to provide administrative services.

WHEREAS, by written resolution and pursuant to Sections 3.4 and 3.5 of the Trust, the Agency’s governing body has appointed by position or title a Plan Administrator to act on its behalf in all matters relating to the Plan pursuant to the PARS Trust Program (“Plan Administrator”);

WHEREAS, pursuant to Section 3.6 of the PARS Trust Agreement, the Agency has the power to delegate certain duties related to the Plan, and PARS accepts those duties pursuant to the terms contained in this Agreement, and that this Agreement represents the entire delegation of duties to PARS from the Agency with regards to the Plan.

WHEREAS, PARS accepts the terms of this Agreement with the understanding by the Agency and Plan Administrator that PARS does not hold custody of any assets of the Plan, and does not have any independent authority or discretion for the investment, distribution or escheatment of Plan assets without the express consent of, and direction from, the Plan Administrator.

NOW THEREFORE, the parties agree:

1. **Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto and incorporated as if fully set forth herein as “Exhibit 1A” (“Services”) in a timely manner, subject to the further provisions of this Agreement.
2. **Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto and incorporated as if fully set forth herein as “Exhibit 1B”.
3. **Payment Terms.** Payment for the Services will be remitted directly from Plan assets unless the Agency chooses to make payment directly to PARS. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received from the Agency within sixty (60) days of the invoice delivery date, payment will be remitted directly from Plan assets, unless PARS has previously received written communication disputing the subject invoice that is signed by a duly authorized representative of the Agency.
4. **Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS standard fee

schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement. Before any such services are performed, PARS will obtain prior Agency authorization and provide the Agency with written notice of the subject services, terms, and an estimate of the fees therefore.

5. **Information Furnished to PARS.** PARS will provide the Services contingent upon the Agency providing PARS the information specified in the exhibit attached hereto and incorporated as if fully set forth herein as “Exhibit 1C” (“Data”). It shall be the responsibility of the Agency to certify the accuracy, content and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the Plan, to determine or inquire whether contributions are adequate to meet and discharge liabilities under the Plan, or to determine or inquire whether contributions made to the Plan are in compliance with the Plan or applicable law. In addition, PARS shall not be liable for non performance of Services if such non performance is caused by or results from erroneous and/or late delivery of Data from the Agency. In the event that the Agency fails to provide Data in a complete, accurate and timely manner and pursuant to the specifications in Exhibit 1C, PARS reserves the right, notwithstanding the further provisions of this Agreement, to terminate this Agreement upon no less than ninety (90) days written notice to the Agency.
6. **Suspension of Contributions.** In the event contributions are suspended, either temporarily or permanently, prior to the complete discharge of PARS’ obligations under this Agreement, PARS reserves the right to bill the Agency for Services under this Agreement at the rates indicated in PARS’ standard fee schedule in effect at the time the services are provided, subject to the terms established in Section 3 of this Agreement. Before any such services are performed, PARS will provide the Agency with written notice of the subject services, terms, and an estimate of the fees therefore.
7. **Plan Distributions.** The Plan Administrator is responsible for notifying PARS of any Participant’s eligibility for a distribution, and PARS accepts the Plan Administrator’s contractual delegation of distribution processing. PARS is entitled to rely on, and is under no duty whatsoever to audit the efficacy of the Agency’s procedures for identifying an employee’s change-in-status or eligibility for a distribution.
8. **Records.** Throughout the duration of this Agreement, and for a period of five (5) years after termination of this Agreement, PARS shall provide duly authorized representatives of Agency access to all records and material relating to calculation of PARS’ fees under this Agreement. Such access shall include the right to inspect, audit and reproduce such records and material and to verify reports furnished in compliance with the provisions of this Agreement. All information so obtained shall be accorded confidential treatment as provided under applicable law.
9. **Confidentiality.** Without the Agency’s consent, PARS shall not disclose any information relating to the Plan except to duly authorized officials of the Agency, subject

to applicable law, and to parties retained by PARS to perform specific services within this Agreement. The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law.

10. **Independent Contractor.** PARS is and at all times hereunder shall be an independent contractor. As such, neither the Agency nor any of its officers, employees or agents shall have the power to control the conduct of PARS, its officers, employees or agents, except as specifically set forth and provided for herein. PARS shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.
11. **Indemnification.** PARS and Agency hereby indemnify each other and hold the other harmless, including their respective officers, directors, employees, agents and attorneys, from any claim, loss, demand, liability, or expense, including reasonable attorneys' fees and costs, incurred by the other as a consequence of PARS' or Agency's, as the case may be, acts, errors or omissions with respect to the performance of their respective duties hereunder.
12. **Compliance with Applicable Law.** The Agency shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding the administration of the Plan. PARS shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding Plan administrative services provided under this Agreement.
13. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.
14. **Force Majeure.** When a party's nonperformance hereunder was beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by such cause, including but not limited to: any incidence of fire, flood, acts of God, acts of terrorism or war, commandeering of material, products, plants or facilities by the federal, state or local government, or a material act or omission by the other party.
15. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to, and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.

16. **Designees.** The Plan Administrator of the Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Body of the Agency, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.
17. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:
- (A) To PARS: PARS; 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660; Attention: President
- (B) To Agency: City of Industry; 15625 East Stafford Street, # 100, City of Industry, CA 91744; Attention: City Manager (Plan Administrator)
- Notices shall be deemed given on the date received by the addressee.
18. **Term of Agreement.** This Agreement shall remain in effect for the period beginning June 9, 2016 and ending June 30, 2019 (“Term”). This Agreement will continue unchanged for successive twelve month periods following the Term unless either party gives written notice to the other party of the intent to terminate prior to ninety (90) days before the end of the Term.
19. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.
20. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement. In the event a conflict arises between the parties with respect to any term, condition or provision of this Agreement, the remaining terms, conditions and provisions shall remain in full force and legal effect. No waiver of any term or condition of this Agreement by any party shall be construed by the other as a continuing waiver of such term or condition.
21. **Attorneys Fees.** In the event any action is taken by a party hereto to enforce the terms of this Agreement the prevailing party herein shall be entitled to receive its reasonable attorney’s fees.
22. **Counterparts.** This Agreement may be executed in any number of counterparts, and in that event, each counterpart shall be deemed a complete original and be enforceable without reference to any other counterpart.
23. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.
24. **Effective Date.** This Agreement shall be effective and control the obligations and duties of the parties hereto as of the date first above written.

AGENCY:

BY:

Plan Administrator Name - Paul J. Philips

TITLE:

City Manager

DATE:

PARS:

BY:

Tod Hammeras

TITLE:

Chief Financial Officer

DATE:

EXHIBIT 1A
SERVICES

PARS will provide the following services for the City of Industry PARS Defined Contribution Plan:

1. Plan Installation Services:

- (A) Meeting with appropriate Agency personnel to discuss plan provisions, implementation timelines, benefit communication strategies, data reporting and contribution submission requirements;
- (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;
- (C) Providing the documentation needed to establish the Plan to be reviewed and approved by Agency legal counsel. Resulting final Plan document must be approved by the Agency prior to the commencement of PARS Plan Administration Services outlined in Exhibit 1A, paragraph 2 below;
- (D) Upon Agency authorization, preparing and submitting application to the Internal Revenue Service for a determination that the Plan is qualified (the application fee for which shall be paid by the Agency).

2. Plan Administration Services:

- (A) Monitoring the receipt of Plan contributions made by the Agency to the trustee and/or custodian/recordkeeper of the PARS Trust (“Trustee and/or Custodian/Recordkeeper”), based upon information received from the Agency and the Trustee and/or Custodian/Recordkeeper;
- (B) Performing periodic accounting of Plan assets, including the allocation of employer and employee contributions, distributions, investment activity and expenses (if applicable) to individual Participant accounts, based upon information received from the Agency and/or Trustee and/or Custodian/Recordkeeper;
- (C) Acting as ongoing liaison between the Participant and the Agency in regard to distribution payments, which shall include use by the Participants of toll-free telephone communication to PARS;
- (D) Coordinating the processing of Participant distribution payments pursuant to authorized written Agency certification of distribution eligibility, authorized direction by the Agency, the provisions further contained in this Agreement, and the provisions of the Plan;
- (E) Directing Trustee and/or Custodian/Recordkeeper to make Participant distribution payments, pursuant to the Agency authorization provisions in this Agreement, and producing required tax filings regarding said distribution payments;
- (F) Notifying the Trustee and/or Custodian/Recordkeeper of the amount of Plan assets available for further investment and management, or, the amount of Plan assets necessary to be liquidated in order to fund Participant distribution payments;

- (G) Coordinating actions with the Trustee and/or Custodian/Recordkeeper as directed by the Plan Administrator within the scope this Agreement;
 - (H) Preparing and submitting a periodic Non-Contribution report which includes all Participants who have received no new contributions for a period of time as specified by the Plan Administrator, unless directed by the Agency otherwise. PARS is not obligated by law or otherwise to provide a Non-Contribution report and this report in no way obligates PARS to generate distributions without specific instruction from the Agency's Plan Administrator as outlined in Section 7 of this Agreement;
 - (I) Preparing and submitting a quarterly report of Plan activity to the Agency, unless directed by the Agency otherwise;
 - (J) Preparing and submitting an annual report of Plan activity to the Agency;
 - (K) Preparing and submitting individual quarterly and statements to Plan Participants (unless otherwise provided by the Custodian/Recordkeeper).
 - (L) Preparing and submitting the Annual Report of Financial Transactions to the California State Controller, as required by law, for the PARS Trust Program, including the required certified audit of the PARS Trust.
3. Plan Compliance Services: Preparing draft amendments and other associated documents to the Plan or Trust, as required by federal and state regulatory agencies, to be reviewed and approved by Agency's legal counsel. As directed by the Agency, PARS shall coordinate the filings of any Plan amendments and restatements with the corresponding federal and state regulatory agencies.
 4. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

EXHIBIT 1B
FEES FOR SERVICES

PARS will be compensated for performance of Services, as described in Exhibit 1A based upon the following schedule:

- (A) An optional IRS Letter of Determination fee payable directly to the Internal Revenue Service (IRS) based on current IRS rates at the time of filing.
- (B) A one-time set-up fee upon implementation of Plan, \$1,500.00 (“Set-Up Fee”), which shall be paid directly by the Agency.
- (C) A distribution fee equal to \$20.00 per terminated Participant (“Distribution Fee”), which shall be deducted solely from the terminating Participant’s account.
- (D) An annual asset fee paid by the Agency or from Plan Assets based on the following schedule (“Asset Fee”):

<u>For Plan Assets from:</u>	<u>Annual Rate:</u>
\$1 to \$2,500,000	0.50%
\$2,500,001 and above	0.35%

Annual rates are prorated and paid monthly. The annual Asset Fee shall be calculated by the following formula [Annual Rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month within each asset range]. Asset based fees are subject to a \$300.00 monthly minimum. If the Asset Fee is taken from Plan Assets, the total Asset Fees due in a given month shall be allocated proportionately among Participants of the Agency’s Plan in that month, based on account balance. Trustee and Investment Management Fees are not included.

- (E) The annual asset fee referenced above shall be paid as follows:

Annual Asset Fee Payment Option (Please select one option below):

- Annual Asset Fee shall be invoiced and paid by the Agency.
- Annual Asset Fee shall be paid from Plan assets.

- (F) A fee equal to any IRS application fees and or legal fees incurred related to any federal or state required Plan compliance changes. Such fees will not be charged to the Agency without prior authorization by the Plan Administrator.
- (G) A fee equal to the out of pocket costs charged to PARS by an outside contractor for formatting contribution data to a suitable electronic format, charged only if the contribution data received by PARS from the Agency is not sent electronically (Excel, CSV, TXT, or other approved format) (“Data Processing Fee”).

EXHIBIT 1C
DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information:

1. Contribution Data – transmitted to PARS electronically (Excel, CSV, TXT, or other approved format) containing the following items of employee information related to the covered payroll period:
 - (A) Agency name
 - (B) Employee’s legal name
 - (C) Employee’s social security number
 - (D) Payroll date
 - (E) Employer contribution amount
2. Distribution Data – written Plan Administrator’s (or authorized Designee’s) direction to commence distribution processing, which contains the following items of Participant information:
 - (A) Agency name
 - (B) Participant’s legal name
 - (C) Participant’s social security number
 - (D) Participant’s address
 - (E) Participant’s phone number
 - (F) Participant’s birth date
 - (G) Participant’s condition of eligibility
 - (H) Participant’s effective date of eligibility
 - (I) Signed certification of distribution eligibility from the Plan Administrator, or authorized Designee
3. Executed Legal Documents:
 - (A) Certified Resolution
 - (B) Adoption Agreement
 - (C) Plan Document
 - (D) Trustee/Custodian/Recordkeeper Recordkeeping Agreements
4. Completed Enrollment Forms (timely submitted by Participant)
5. Other information pertinent to the Services as reasonably requested by PARS.

CITY COUNCIL

ITEM NO. 6.4



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

To: Honorable Mayor and Members of the City Council
From: Paul J. Philips, City Manager *Paul J. Philips*
Staff: Troy Helling, Senior Planner *Troy Helling*
Date: June 9, 2016
Subject: **Consideration of a Right-of-Way Agreement for Verizon Wireless on Albatross Road between Castleton Street and Almahurst Street**

Proposal

The City has received an application for the installation of a cell site in the public right-of-way on Albatross Road between Castleton Street and Almahurst Street. The cell site will be located on a new Edison (SCE) street light pole, and will be comprised of a mounted telecommunication antenna and related equipment. Staff has reviewed the proposal and determined that it meets all the development standards contained in Industry Municipal Code Section 17.17 Wireless Telecommunications Facilities. The existing street light pole will be replaced with a new street light pole that matches in height and style, and will include a 3 foot radome antenna at the top and two smaller equipment boxes just below the antenna. There will be three at grade level boxes on the ground adjacent to the new pole. There will be no equipment on the ground.

Under state law, telephone corporations are permitted to construct telephone lines along and upon the public right of way. Cities may regulate the placement of wireless facilities in the public right of way through reasonable time, place and manner restrictions. This is done through the imposition of aesthetic regulations, coupled with a right of way agreement. City Staff have determined that the proposed cell site complies with the City's design standards. Staff is therefore recommending that the City Council approve the right of way agreement to allow the wireless company to install, construct and maintain the facility.

Recommendation

Because the project complies with City use, design, and development standards, staff recommends that the City Council:

- 1) Approve a Right-of-Way Agreement for Verizon Wireless for a new cell site by replacing an existing street light with a new street light with telecommunications equipment; and
- 2) Execute the Right-of-Way Agreement.

Attachments

- Attachment 1: Right-of-Way Agreement
- Attachment 2: Location Map
- Attachment 3: Site Plan
- Attachment 4: Photo Simulations

Attachment 1

RIGHT-OF-WAY AGREEMENT

This Right-of-Way Agreement ("Agreement") is entered into as of June 9, 2016 (the "Effective Date"), between the City of Industry, California, a California a municipal corporation ("CITY"), and Los Angeles SMSA Limited Partnership, a California Limited Partnership ("UTILITY"). CITY and UTILITY are individually referred to in this Agreement as a "Party", and collectively as the "Parties."

RECITALS

A. UTILITY is authorized to provide telecommunications services within the state of California ("State") pursuant to a Certificate of Public Convenience and Necessity issued by the Public Utilities Commission of the State of California (Certificate No. 8435500014).

B. UTILITY has the requisite authority to construct, install, and maintain facilities that occupy public rights-of-way, located at the west side of Albatross Road , approximately 440 feet south of Castleton Street, within the territorial limits of the CITY (the "Territory") and to otherwise provide telecommunications services, and desires to construct, install, and maintain such facilities.

C. The Parties desire to establish the terms and conditions on which UTILITY will access and occupy the CITY's public rights-of-way for purposes of constructing, installing, and maintaining facilities in the CITY's Territory in connection with its provision of telecommunications services.

NOW, THEREFORE, in consideration of the mutual agreements, provisions, and covenants contained in this Agreement, the Parties agree as follows:

I. SCOPE OF RIGHTS AND OBLIGATIONS

A. Installation and Operation of Facilities. Subject to the terms of this Agreement, all applicable CITY laws, ordinances, codes, policies and administrative regulations, including, but not limited to, Chapter 12.08 of the Industry Municipal Code, as they may be amended (collectively "CITY laws"); and the issuance of any applicable permits required by the CITY laws or any other Federal or State laws (including any permits for the making of excavations, fills, or obstructions in any streets or highways in the Territory required by the CITY), UTILITY may, at UTILITY's expense and during the Term:

1. locate, lay, place, attach, install, control, construct, repair, and maintain wires, cables, pipes, and other equipment and services (the "Facilities") on, in, along, across, under, over, or through the

streets, alleys, highways, bridges, or other dedicated public vehicular rights-of-way, in the Territory (i) owned or acquired by the CITY from and after the Effective Date, or (ii) over which the CITY has or acquires jurisdiction or control from and after the Effective Date (the "Rights-of-Way"); and

2. operate and use the Facilities to conduct its business in the Territory.

B. Permitted Uses. This Agreement does not convey any property interest to UTILITY, nor may UTILITY claim under this Agreement any property interest, in the Rights-of-Way. The rights granted to UTILITY and arising under this Agreement are subject and subordinate to the CITY's right to use the Rights-of-Way in the performance of its Public Duties. For purposes of this Agreement, "Public Duties" means the laying, installation, maintenance, protection, replacement, and removal of sanitary sewers, water mains, storm drains, gas mains, overhead and underground electric lines, telephone lines, cable television lines, together with any appurtenances thereof and the right of egress and ingress on, along, across, under, over, and through the Rights-of-Way, and any change of grade, alignment or width of the Rights-of-Way, the installation of curbs, gutters, or landscaping along the Rights-of-Way, and any maintenance, repair, or resurfacing of any Rights-of-Way.

C. No Interference. Except as authorized or permitted by applicable law, in the performance of and exercise of its rights under this Agreement, UTILITY may not materially interfere with the operation of any sanitary sewers, water mains, storm drains, gas mains, overhead and underground electric lines, telephone lines, cable television lines, or facilities relating thereto, located in the Territory and owned or controlled by the CITY or a third party. UTILITY shall not obstruct any public street or sidewalk without obtaining such encroachment permits or other approvals as may be required by CITY. UTILITY shall conduct construction, maintenance or repair work only during those hours set forth in the City's Municipal Code when construction activities are permitted.

D. Maintenance. UTILITY agrees to maintain its Facilities in good condition at all times during the Term. In the event that any Facilities cause damage to the CITY's Rights-of-Way or interfere with the performance of any Public Duties or other uses of the Rights-of-Way as provided in Section 1.C above, UTILITY agrees, upon notice from the CITY, to promptly commence and complete all necessary repairs to cure any such damage caused by the Facilities, at its own cost and expense.

E. Removal and Relocation.

1. If UTILITY has attached or connected its Facilities to the facilities of other utilities or parties located in the Rights-of-Way such as light poles or telephone poles or is otherwise sharing such facilities pursuant to any lease, sublease or other agreement, the UTILITY will be bound to relocate or remove its Facilities at the same time

and in the same manner as such utilities or parties at UTILITY's sole cost and expense.

F. Abandonment

1. Nothing in this Agreement may be construed as requiring UTILITY to exercise its rights hereunder. Accordingly, UTILITY may abandon any of its Facilities in its sole discretion at any time upon written notice to the CITY (an "Abandoned Facility"). In the event UTILITY abandons one or more Facilities, UTILITY will, at its sole expense, vacate and remove the Facilities within six (6) months of such abandonment. UTILITY's obligations arising under this Section 1.F are in addition to obligations imposed on UTILITY by applicable CITY laws or other laws relating to the refilling of excavations or removal of obstructions. Notwithstanding the foregoing, with the CITY's written consent, UTILITY will not be required to vacate or remove an Abandoned Facility, and such Abandoned Facility will convey to the CITY as part of such written agreement.
2. If UTILITY fails to vacate or remove an Abandoned Facility (or otherwise obtain consent from the CITY not to vacate or remove the Abandoned Facility) within six (6) months of its notice of abandonment, the CITY will deliver UTILITY written notice of such failure. UTILITY will have an additional three (3) months from and after the date it receives such notice from the CITY to remove the Abandoned Facility. If UTILITY fails to vacate or remove the Abandoned Facility after such three-month period, the CITY may either (i) remove the Abandoned Facility at UTILITY's expense, which expense UTILITY must remit to the CITY within sixty (60) days of receiving an invoice from the CITY setting forth the nature and scope of such expenses; or (ii) deem the Abandoned Facility to have been abandoned and conveyed to the CITY.

G. Non-Exclusivity. UTILITY acknowledges that the rights granted under this Agreement are not exclusive, and that CITY may grant the same or similar rights and privileges to other authorized persons or companies, provided that such grant of rights or privileges does not materially interfere with UTILITY's Facilities.

II. TERM

A. Term. The initial term of this Agreement is for 10 years from the Effective Date (the "Initial Term").

B. Renewal. Upon the expiration of the Initial Term, this Agreement will automatically renew for successive one-year terms unless UTILITY notifies CITY of its intent not to renew the Agreement (any such period, the "Renewal Term," together with

With copies to:

CNC Engineering
255 N. Hacienda Blvd.
Industry, CA 91744

James M. Casso, City Attorney
Casso & Sparks, LLP
13200 Crossroads Parkway North, Suite 345
City of Industry, CA 91746

If to UTILITY:

Los Angeles SMSA Limited Partnership
DBA Verizon Wireless
180 Washington Valley Road
Bedminister, New Jersey 07921
Attn: Network

With a copy to:

Governing Law; Venue. This Agreement will be governed and construed in accordance with the laws of the State of California without regard to the principles of conflicts of laws thereof. All actions and proceedings arising out of or relating to this Agreement will be heard and determined in the municipal, superior, or federal district court in Los Angeles County, California, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such courts in any such action or proceeding. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the UTILITY's use and operation of Facilities on City Territory, pursuant to Section I.A.1 of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

C. Indemnification. UTILITY agrees to indemnify and hold harmless CITY from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively, "Claims"), which the CITY may suffer or incur or to which the CITY may become subject by reason of or arising out of any negligent or willfully wrongful acts or omissions of UTILITY, or its officers, employees, contractors or agents committed with respect to or arising from the installation, operation or use of UTILITY's Facilities under this Agreement.

D. Insurance. UTILITY shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit A attached hereto and incorporated herein by reference.

E. Approval for use of Light Poles. Prior to commencement of the installation and operation of the Facilities, UTILITY shall obtain written approval from the owner of the streetlight to which the Facilities will be attached, and shall provide proof of such approval to the CITY. In the event the ownership of the streetlights is transferred during the Term of this Agreement, UTILITY shall provide the CITY with proof of written approval from any subsequent owner.

F. Counterparts; Effectiveness. This Agreement may be executed in two or more consecutive counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered (by facsimile or otherwise) to the other Party.

G. Expenses. Except as otherwise provided under the CITY laws, all costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the Party incurring such expenses.

H. Electricity. UTILITY shall pay for the electricity it consumes in its operations at the rate charged by the servicing utility company. Notwithstanding the foregoing, in the event that the ownership of the poles to which the Facilities are attached transfer in ownership to the CITY, or an entity of the CITY, UTILITY shall pay to the CITY the fee established by the CITY for the operation and maintenance of each pole.

I. Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid or unenforceable, the Parties agree that such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired thereby. If necessary to effectuate the intent of the Parties, the Parties will negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language that reflects such intent as closely as possible.

J. Entire Agreement. This Agreement constitutes the entire agreement between the Parties, and supersedes all other prior written and oral agreements and understandings between the Parties, with respect to the subject matter hereof.

K. Waiver. Unless agreed to in writing by the Parties, the waiver by a Party of any breach, violation, or default of a provision of this Agreement will not operate as a waiver of any subsequent breach, violation, or default of that or of any other provision of this Agreement. No extension of time for the performance of any obligation or act required by a Party hereunder will be deemed to be an extension of time for the performance of any other obligation or act.

L. Headings. Captions and section headings used in this Agreement are for convenience of the Parties only, are not a part of this Agreement, and will be given no substantive or interpretive effect whatsoever.

M. Amendment. This Agreement may only be amended by a written agreement signed by both Parties.

N. Authority. Each individual executing this Agreement on behalf of each respective Party acknowledges and warrants that: (i) it has full authority to execute this Agreement on behalf of such Party, (ii) this Agreement has been duly authorized and approved by such Party, and (iii) this Agreement constitutes a valid and binding obligation of such Party.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement, or caused it to be executed and delivered, as of the Effective Date.

“CITY”

City of Industry

By: _____
Paul Philips, City Manager

“UTILITY”

Los Angeles SMSA Limited Partnership
DBA Verizon Wireless

By _____
Phillip French, Executive Director, Network

Attest:

By: _____
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: _____
James M. Casso, City Attorney

Attachments: Exhibit A Insurance Requirements

EXHIBIT A INSURANCE REQUIREMENTS

Without limiting UTILITY's indemnification of City, and prior to commencement of the installation of the Facilities, UTILITY shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to the City.

General liability insurance. UTILITY shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. UTILITY shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the UTILITY arising out of or in connection with the installation and operation of the Facilities to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Workers' compensation insurance. UTILITY shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000.00).

UTILITY shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees and volunteers.

Proof of insurance. UTILITY shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. UTILITY shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of installation and operation of the Facilities hereunder by UTILITY, its agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by UTILITY shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to

contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by UTILITY. In the alternative, City may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow UTILITY or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. UTILITY hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). UTILITY acknowledges and agrees that any actual or alleged failure on the part of the City to inform UTILITY of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the UTILITY maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the UTILITY. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Notice of cancellation. UTILITY agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for

nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that UTILITY's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass Through Clause. UTILITY agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by UTILITY, provide the same minimum insurance coverage and endorsements required of UTILITY. UTILITY agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. UTILITY agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the UTILITY ninety (90) days advance written notice of such change.

Self-insured retentions. Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City.

Timely notice of claims. UTILITY shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from UTILITY's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. UTILITY shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

Attachment 2

Location Map



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Attachment 3

Site Plan

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UNDERGROUND UTILITIES NOTE:

THE LOCATIONS AND EXISTENCE OF ANY UNDERGROUND PIPES, STRUCTURES OR CONDUITS SHOWN ON THIS PLAN WERE OBTAINED BY A SEARCH OF AVAILABLE RECORDS. THERE MAY BE EX. UTILITIES OTHER THAN THOSE SHOWN ON THIS PLAN. THE CONTRACTOR IS REQUIRED TO TAKE PRECAUTIONARY MEASURES TO PROTECT THE UTILITY LINES SHOWN AND ANY OTHER LINES NOT SHOWN ON THIS PLAN.

STREET LIGHT WILL BE A FUNCTIONING LIGHT

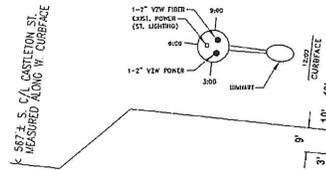
EXTERIOR SURFACES MUST BE NONREFLECTIVE MATERIALS

VERIZON WIRELESS CONTRACTOR TO PLACE (1) 17"x30"x24" SCE FUSE SPLICE BOX (FSB) HANDHOLE #1.

VERIZON WIRELESS CONTRACTOR TO PLACE (1) 17"x30"x24" VZW FUSED SERVICE SWITCH/BREAKER (WTR) HANDHOLE #2.

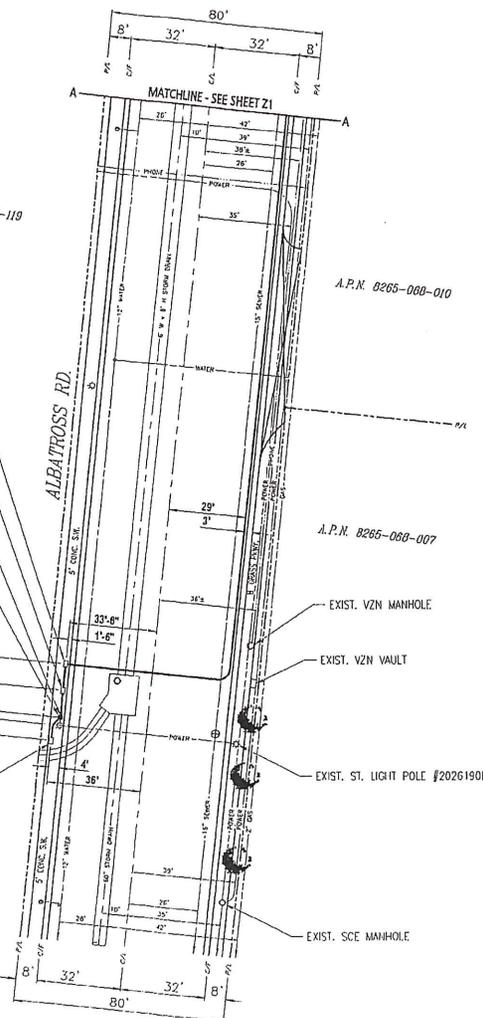
SCE TO REPLACE EXIST. (29'-0" AGL) OCTAGONAL CONCRETE ST. LIGHT POLE #2026191E WITH A NEW 29'-6" (29'-3" AGL) x 11.8" DIA. ROUND CONCRETE ST. LIGHT ANTENNA POLE (DWG. NO. 1409-040) 3' NORTH OF EXIST. ST. LIGHT POLE. SEE SCE POLE SPECIFICATIONS ON SHEET Z-4 DETAIL 1. (VZW SITE POLE)

VERIZON WIRELESS CONTRACTOR TO PLACE (1) 28" DIA. x 36" TALL RADOME AND (2) mRRUS 12'S.



VERIZON WIRELESS CONTRACTOR TO PLACE (1) NEW 17"x30"x18" (FIBER) FULL BOX.

NOTE: LOCATION TO BE DETERMINED ACCORDING TO VZW FIBER POINT OF CONNECTION.



UTILITY LINE TYPE LEGEND:

- PROPOSED CONDUIT
- POWER
- GAS
- WATER
- PHONE
- STREET LIGHT
- OIL
- SEWER
- CABLE TV
- STORM DRAIN



PROPRIETARY INFORMATION
THE INFORMATION CONTAINED IN THIS SET OF DOCUMENTS IS PROPRIETARY BY NATURE. ANY USE OR DISCLOSURE OTHER THAN THAT WHICH RELATES TO VERIZON WIRELESS IS STRICTLY PROHIBITED.

SITE NAME:
SCL COLIMA B3
(PRELIMINARY ADDRESS)
WS ALBATROSS RD. 574' E SIO CASTLETON ST.
CITY OF INDUSTRY, CA 91748
SCL STREET LIGHT POLE #000191E

C.E.S. PROJECT NO.:
10010729-15

STAMP:

SITE INFORMATION:
ISSUE DATE: 03-16-15
ENGINEERED BY: C.E.S.
DRAFTED BY: C.E.S.



PLANS PREPARED BY:
C&S cable engineering services
PRESCOTT COMMUNICATIONS INC.
10640 Sepulveda Blvd, Suite 1, Mission Hills, CA 91345
Phone No.: (818)808-2352 Fax No.: (818)808-9185

REVISIONS:	DATE	DESCRIPTION	BY	CHK
1	04-13-15	PRELIMINARY	JM	JM
2	05-11-15	REVISED PER UPDATED RFDS/SCE SPECS	JM	JM
3	06-08-15	100% ZD	JM	JM
4	10-19-15	REVISED PER WTR POWER DESIGN	JM	JM

SHEET TITLE:
SITE PLAN

SHEET NUMBER:
Z-2
C.E.S. DWG. NO. ATC15067_JD

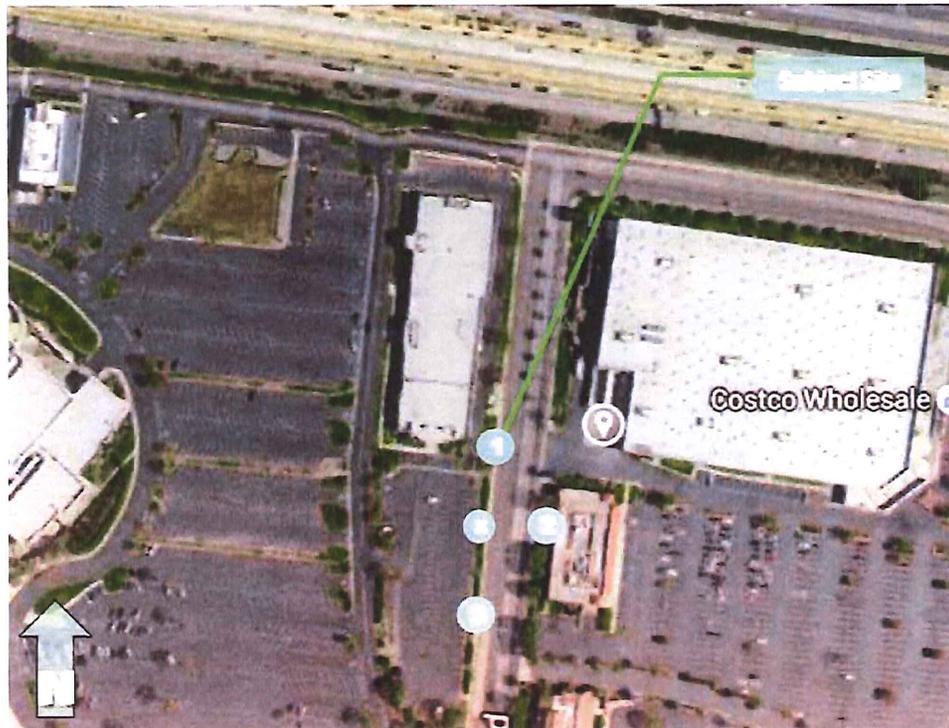
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Attachment 4

Photo Simulations

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Site Location and Photo-Vantage Map



Images from Google Maps 2016©

Date: 3/18/16

Site Name: SCL Colima B3

Address: W/S Albatross Rd.,
570; S/O Castleton St.
City of Industry, CA 91748

Applicant: Verizon Wireless
15505 Sand Canyon Avenue
Irvine, CA 92618

Contact: Rob Searcy
Cable Engineering Services
10640 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 898-2352
rob.searcy@cableeng.com

Certificate of Authenticity / Disclaimer:
Cable Engineering Services warrants that this photo simulation is an accurate representation of the proposed site based upon the project plans and additional information provided by the Applicant. The actual construction may vary.

Prepared by: Anika Denton
Graphic Detail Productions
ajdenton@gdprod.com



Existing



View 1

Looking south from Albatross Rd.
toward subject site.



Photosimulation



Cable Engineering Services
10640 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 898-2352

Date: 3/18/16
Site Id: SCL Colima B3

Address: W/S Albatross Rd., 570; S/O Castleton St.
City of Industry, CA 91748

Existing



Proposed replacement pole, antenna radome, mRRUs and utility handholes



Photosimulation

View 2

Looking west from Albatross Rd. toward subject site.



Cable Engineering Services
10540 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 296-2352

Date: 3/18/16
Site Id: SCL Colima B3

Address: W/S Albatross Rd., 570; S/O Castleton St.
City of Industry, CA 91748

Existing



Proposed replacement pole, antenna radome, mRRUs and utility handholes



Photosimulation

View 3

Looking north from Albatross Rd. toward subject site.



Cable Engineering Services
10640 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 894-2552

Date: 3/18/16
Site Id: SCL Colima B3

Address: W/S Albatross Rd., 570; S/O Castleton St.
City of Industry, CA 91748

CITY COUNCIL

ITEM NO. 6.5



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

To: Honorable Mayor and Members of the City Council
From: Paul J. Philips, City Manager *Paul J. Philips*
Staff: Troy Helling, Senior Planner *TH*
Date: June 9, 2016
Subject: **Consideration of a Right-of-Way Agreement for Verizon Wireless on Azusa Avenue between the 60 Freeway and Pepper Brook Way**

Proposal

The City has received an application for the installation of a cell site in the public right-of-way on Azusa Avenue between the 60 freeway and Pepper Brook Way. The cell site will be located on a new Edison (SCE) street light pole, and will be comprised of a mounted telecommunication antenna and related equipment. Staff has reviewed the proposal and determined that it meets all the development standards contained in Industry Municipal Code Section 17.17 Wireless Telecommunications Facilities. The existing street light pole will be replaced with a new street light pole that matches in height and style, and will include a 3 foot radome antenna at the top and two smaller equipment boxes just below the antenna. There will be three at grade level boxes on the ground adjacent to the new pole. There will be no equipment on the ground.

Under state law, telephone corporations are permitted to construct telephone lines along and upon the public right of way. Cities may regulate the placement of wireless facilities in the public right of way through reasonable time, place and manner restrictions. This is done through the imposition of aesthetic regulations, coupled with a right of way agreement. City Staff have determined that the proposed cell site complies with the City's design standards. Staff is therefore recommending that the City Council approve the right of way agreement to allow the wireless company to install, construct and maintain the facility.

Recommendation

Because the project complies with City use, design, and development standards, staff recommends that the City Council:

- 1) Approve a Right-of-Way Agreement for Verizon Wireless for a new cell site by replacing an existing street light with a new street light with telecommunications equipment; and
- 2) Execute the Right-of-Way Agreement.

Attachments

- Attachment 1: Right-of-Way Agreement
- Attachment 2: Location Map
- Attachment 3: Site Plan
- Attachment 4: Photo Simulations

Attachment 1

RIGHT-OF-WAY AGREEMENT

This Right-of-Way Agreement (“Agreement”) is entered into as of June 9, 2016 (the “Effective Date”), between the City of Industry, California, a California a municipal corporation (“CITY”), and Los Angeles SMSA Limited Partnership, a California Limited Partnership (“UTILITY”). CITY and UTILITY are individually referred to in this Agreement as a “Party”, and collectively as the “Parties.”

RECITALS

A. UTILITY is authorized to provide telecommunications services within the state of California (“State”) pursuant to a Certificate of Public Convenience and Necessity issued by the Public Utilities Commission of the State of California (Certificate No. 8435500014).

B. UTILITY has the requisite authority to construct, install, and maintain facilities that occupy public rights-of-way, located at the east side of Azusa Avenue, approximately 333 feet north of Pepper Brook Way, within the territorial limits of the CITY (the “Territory”) and to otherwise provide telecommunications services, and desires to construct, install, and maintain such facilities.

C. The Parties desire to establish the terms and conditions on which UTILITY will access and occupy the CITY’s public rights-of-way for purposes of constructing, installing, and maintaining facilities in the CITY’s Territory in connection with its provision of telecommunications services.

NOW, THEREFORE, in consideration of the mutual agreements, provisions, and covenants contained in this Agreement, the Parties agree as follows:

I. SCOPE OF RIGHTS AND OBLIGATIONS

A. Installation and Operation of Facilities. Subject to the terms of this Agreement, all applicable CITY laws, ordinances, codes, policies and administrative regulations, including, but not limited to, Chapter 12.08 of the Industry Municipal Code, as they may be amended (collectively “CITY laws”); and the issuance of any applicable permits required by the CITY laws or any other Federal or State laws (including any permits for the making of excavations, fills, or obstructions in any streets or highways in the Territory required by the CITY), UTILITY may, at UTILITY’s expense and during the Term:

1. locate, lay, place, attach, install, control, construct, repair, and maintain wires, cables, pipes, and other equipment and services (the “Facilities”) on, in, along, across, under, over, or through the

streets, alleys, highways, bridges, or other dedicated public vehicular rights-of-way, in the Territory (i) owned or acquired by the CITY from and after the Effective Date, or (ii) over which the CITY has or acquires jurisdiction or control from and after the Effective Date (the "Rights-of-Way"); and

2. operate and use the Facilities to conduct its business in the Territory.

B. Permitted Uses. This Agreement does not convey any property interest to UTILITY, nor may UTILITY claim under this Agreement any property interest, in the Rights-of-Way. The rights granted to UTILITY and arising under this Agreement are subject and subordinate to the CITY's right to use the Rights-of-Way in the performance of its Public Duties. For purposes of this Agreement, "Public Duties" means the laying, installation, maintenance, protection, replacement, and removal of sanitary sewers, water mains, storm drains, gas mains, overhead and underground electric lines, telephone lines, cable television lines, together with any appurtenances thereof and the right of egress and ingress on, along, across, under, over, and through the Rights-of-Way, and any change of grade, alignment or width of the Rights-of-Way, the installation of curbs, gutters, or landscaping along the Rights-of-Way, and any maintenance, repair, or resurfacing of any Rights-of-Way.

C. No Interference. Except as authorized or permitted by applicable law, in the performance of and exercise of its rights under this Agreement, UTILITY may not materially interfere with the operation of any sanitary sewers, water mains, storm drains, gas mains, overhead and underground electric lines, telephone lines, cable television lines, or facilities relating thereto, located in the Territory and owned or controlled by the CITY or a third party. UTILITY shall not obstruct any public street or sidewalk without obtaining such encroachment permits or other approvals as may be required by CITY. UTILITY shall conduct construction, maintenance or repair work only during those hours set forth in the City's Municipal Code when construction activities are permitted.

D. Maintenance. UTILITY agrees to maintain its Facilities in good condition at all times during the Term. In the event that any Facilities cause damage to the CITY's Rights-of-Way or interfere with the performance of any Public Duties or other uses of the Rights-of-Way as provided in Section 1.C above, UTILITY agrees, upon notice from the CITY, to promptly commence and complete all necessary repairs to cure any such damage caused by the Facilities, at its own cost and expense.

E. Removal and Relocation.

1. If UTILITY has attached or connected its Facilities to the facilities of other utilities or parties located in the Rights-of-Way such as light poles or telephone poles or is otherwise sharing such facilities pursuant to any lease, sublease or other agreement, the UTILITY will be bound to relocate or remove its Facilities at the same time

and in the same manner as such utilities or parties at UTILITY's sole cost and expense.

F. Abandonment

1. Nothing in this Agreement may be construed as requiring UTILITY to exercise its rights hereunder. Accordingly, UTILITY may abandon any of its Facilities in its sole discretion at any time upon written notice to the CITY (an "Abandoned Facility"). In the event UTILITY abandons one or more Facilities, UTILITY will, at its sole expense, vacate and remove the Facilities within six (6) months of such abandonment. UTILITY's obligations arising under this Section 1.F are in addition to obligations imposed on UTILITY by applicable CITY laws or other laws relating to the refilling of excavations or removal of obstructions. Notwithstanding the foregoing, with the CITY's written consent, UTILITY will not be required to vacate or remove an Abandoned Facility, and such Abandoned Facility will convey to the CITY as part of such written agreement.
2. If UTILITY fails to vacate or remove an Abandoned Facility (or otherwise obtain consent from the CITY not to vacate or remove the Abandoned Facility) within six (6) months of its notice of abandonment, the CITY will deliver UTILITY written notice of such failure. UTILITY will have an additional three (3) months from and after the date it receives such notice from the CITY to remove the Abandoned Facility. If UTILITY fails to vacate or remove the Abandoned Facility after such three-month period, the CITY may either (i) remove the Abandoned Facility at UTILITY's expense, which expense UTILITY must remit to the CITY within sixty (60) days of receiving an invoice from the CITY setting forth the nature and scope of such expenses; or (ii) deem the Abandoned Facility to have been abandoned and conveyed to the CITY.

G. Non-Exclusivity. UTILITY acknowledges that the rights granted under this Agreement are not exclusive, and that CITY may grant the same or similar rights and privileges to other authorized persons or companies, provided that such grant of rights or privileges does not materially interfere with UTILITY's Facilities.

II. TERM

A. Term. The initial term of this Agreement is for 10 years from the Effective Date (the "Initial Term").

B. Renewal. Upon the expiration of the Initial Term, this Agreement will automatically renew for successive one-year terms unless UTILITY notifies CITY of its intent not to renew the Agreement (any such period, the "Renewal Term," together with

With copies to:

CNC Engineering
255 N. Hacienda Blvd.
Industry, CA 91744

James M. Casso, City Attorney
Casso & Sparks, LLP
13200 Crossroads Parkway North, Suite 345
City of Industry, CA 91746

If to UTILITY:

Los Angeles SMSA Limited Partnership
DBA Verizon Wireless
180 Washington Valley Road
Bedminster, New Jersey 07921
Attn: Network

With a copy to:

Governing Law; Venue. This Agreement will be governed and construed in accordance with the laws of the State of California without regard to the principles of conflicts of laws thereof. All actions and proceedings arising out of or relating to this Agreement will be heard and determined in the municipal, superior, or federal district court in Los Angeles County, California, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such courts in any such action or proceeding. If any action at law or suit in equity is brought to enforce or interpret the provisions of this Agreement, or arising out of or relating to the UTILITY's use and operation of Facilities on City Territory, pursuant to Section I.A.1 of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all related costs, including costs of expert witnesses and consultants, as well as costs on appeal, in addition to any other relief to which it may be entitled.

C. Indemnification. UTILITY agrees to indemnify and hold harmless CITY from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively, "Claims"), which the CITY may suffer or incur or to which the CITY may become subject by reason of or arising out of any negligent or willfully wrongful acts or omissions of UTILITY, or its officers, employees, contractors or agents committed with respect to or arising from the installation, operation or use of UTILITY's Facilities under this Agreement.

D. Insurance. UTILITY shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit A attached hereto and incorporated herein by reference.

E. Approval for use of Light Poles. Prior to commencement of the installation and operation of the Facilities, UTILITY shall obtain written approval from the owner of the streetlight to which the Facilities will be attached, and shall provide proof of such approval to the CITY. In the event the ownership of the streetlights is transferred during the Term of this Agreement, UTILITY shall provide the CITY with proof of written approval from any subsequent owner.

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G. Expenses. Except as otherwise provided under the CITY laws, all costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the Party incurring such expenses.

H. Electricity. UTILITY shall pay for the electricity it consumes in its operations at the rate charged by the servicing utility company. Notwithstanding the foregoing, in the event that the ownership of the poles to which the Facilities are attached transfer in ownership to the CITY, or an entity of the CITY, UTILITY shall pay to the CITY the fee established by the CITY for the operation and maintenance of each pole.

I. Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid or unenforceable, the Parties agree that such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired thereby. If necessary to effectuate the intent of the Parties, the Parties will negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language that reflects such intent as closely as possible.

J. Entire Agreement. This Agreement constitutes the entire agreement between the Parties, and supersedes all other prior written and oral agreements and understandings between the Parties, with respect to the subject matter hereof.

K. Waiver. Unless agreed to in writing by the Parties, the waiver by a Party of any breach, violation, or default of a provision of this Agreement will not operate as a waiver of any subsequent breach, violation, or default of that or of any other provision of this Agreement. No extension of time for the performance of any obligation or act required by a Party hereunder will be deemed to be an extension of time for the performance of any other obligation or act.

L. Headings. Captions and section headings used in this Agreement are for convenience of the Parties only, are not a part of this Agreement, and will be given no substantive or interpretive effect whatsoever.

M. Amendment. This Agreement may only be amended by a written agreement signed by both Parties.

N. Authority. Each individual executing this Agreement on behalf of each respective Party acknowledges and warrants that: (i) it has full authority to execute this Agreement on behalf of such Party, (ii) this Agreement has been duly authorized and approved by such Party, and (iii) this Agreement constitutes a valid and binding obligation of such Party.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement, or caused it to be executed and delivered, as of the Effective Date.

“CITY”

“UTILITY”

City of Industry

Los Angeles SMSA Limited Partnership
DBA Verizon Wireless

By: _____
Paul Philips, City Manager

By _____
Phillip French, Executive Director, Network

Attest:

By: _____
Cecelia Dunlap, Deputy City Clerk

Approved as to form:

By: _____
James M. Casso, City Attorney

Attachments: Exhibit A Insurance Requirements

EXHIBIT A INSURANCE REQUIREMENTS

Without limiting UTILITY's indemnification of City, and prior to commencement of the installation of the Facilities, UTILITY shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to the City.

General liability insurance. UTILITY shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. UTILITY shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the UTILITY arising out of or in connection with the installation and operation of the Facilities to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000.00 combined single limit for each accident.

Workers' compensation insurance. UTILITY shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000.00).

UTILITY shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees and volunteers.

Proof of insurance. UTILITY shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. UTILITY shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of installation and operation of the Facilities hereunder by UTILITY, its agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by UTILITY shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to

contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by UTILITY. In the alternative, City may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow UTILITY or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. UTILITY hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). UTILITY acknowledges and agrees that any actual or alleged failure on the part of the City to inform UTILITY of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the UTILITY maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the UTILITY. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Notice of cancellation. UTILITY agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for

nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that UTILITY's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass Through Clause. UTILITY agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by UTILITY, provide the same minimum insurance coverage and endorsements required of UTILITY. UTILITY agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. UTILITY agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the UTILITY ninety (90) days advance written notice of such change.

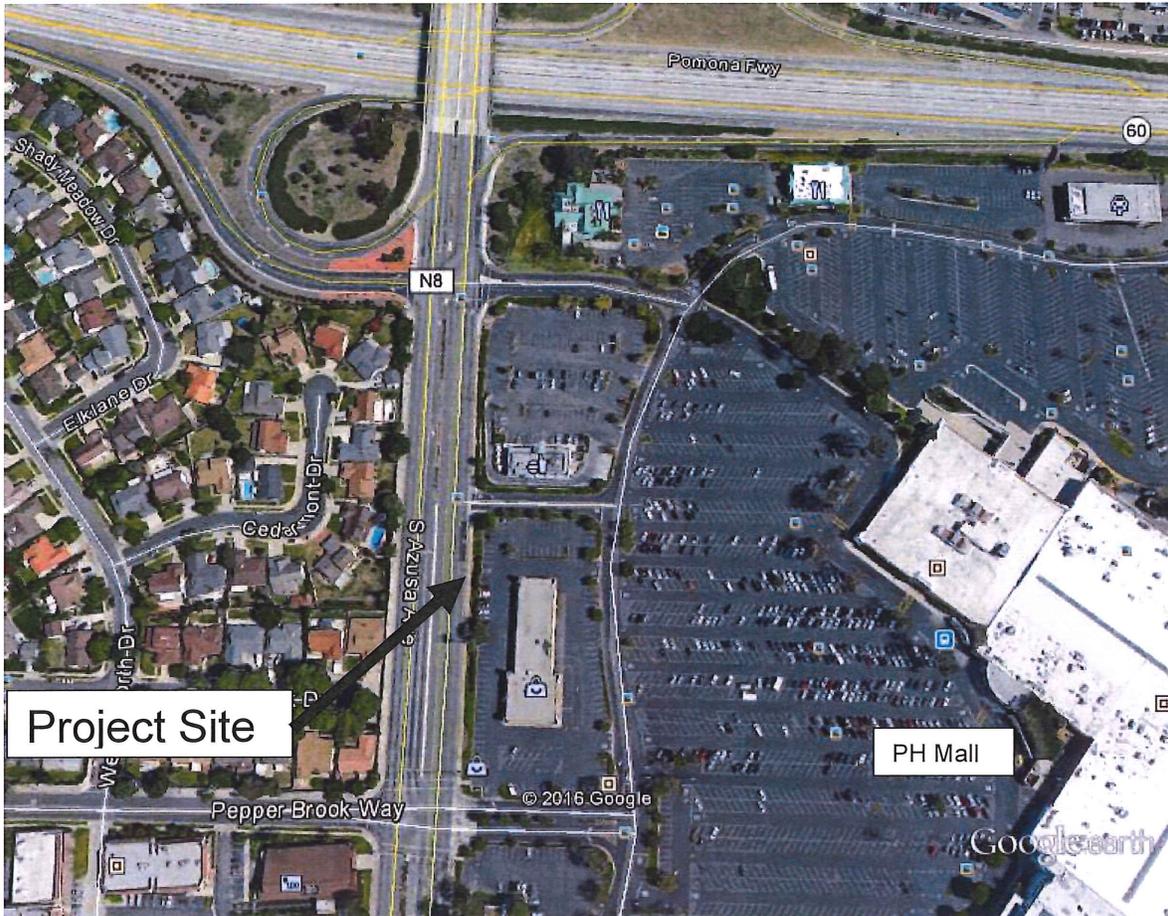
Self-insured retentions. Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City.

Timely notice of claims. UTILITY shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from UTILITY's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. UTILITY shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

Attachment 2

Location Map



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Attachment 3

Site Plan

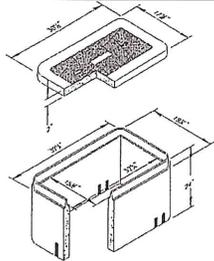
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UNDERGROUND UTILITIES NOTE:

THE LOCATIONS AND EXISTENCE OF ANY UNDERGROUND PIPES, STRUCTURES OR CONDUITS SHOWN ON THIS PLAN WERE OBTAINED BY A SEARCH OF AVAILABLE RECORDS. THERE MAY BE EX. UTILITIES OTHER THAN THOSE SHOWN ON THIS PLAN. THE CONTRACTOR IS REQUIRED TO TAKE PRECAUTIONARY MEASURES TO PROTECT THE UTILITY LINES SHOWN AND ANY OTHER LINES NOT SHOWN ON THIS PLAN.

STREET LIGHT WILL BE A FUNCTIONING LIGHT

EXTERIOR SURFACES MUST BE NONREFLECTIVE MATERIALS



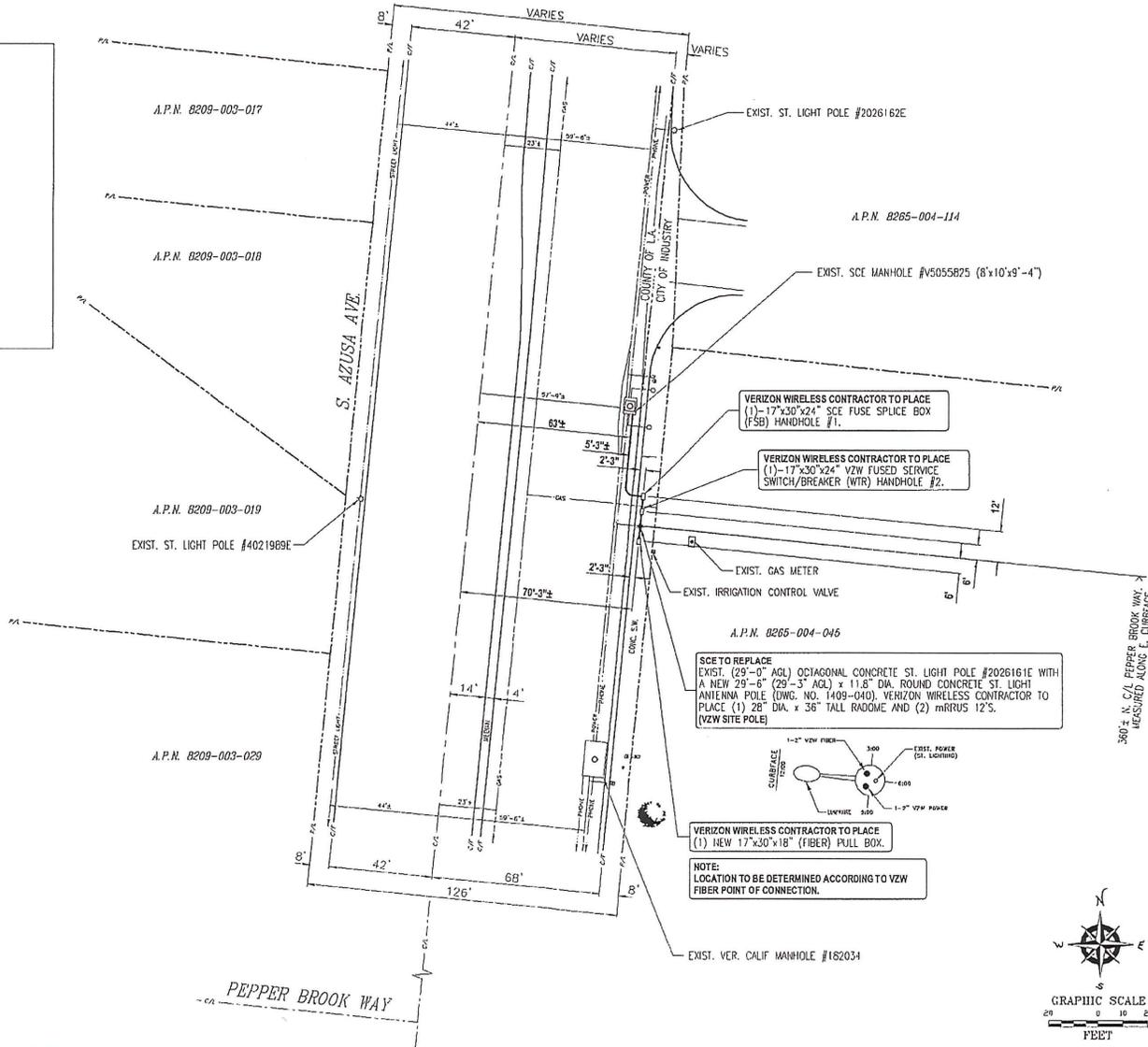
TYPICAL HANDHOLE DETAIL

NOTE:
LID TO BE MARKED "SCE" HANDHOLE #1
LID TO BE MARKED "VZW" HANDHOLE #2



UTILITY LINE TYPE LEGEND:

---	PROPOSED CONDUIT
---	POWER
---	CAS
---	WATER
---	PHONE
---	STREET LIGHT
---	SEWER
---	CABLE TV
---	STORM DRAIN



PROPRIETARY INFORMATION
THE INFORMATION CONTAINED IN THIS SET OF DOCUMENTS IS PROPRIETARY BY NATURE. ANY USE OR DISCLOSURE OTHER THAN THAT WHICH RELATES TO VERIZON WIRELESS IS STRICTLY PROHIBITED.

SITE NAME:
SCL COLIMA B1
(PRELIMINARY ADDRESS)
E5 S. AZUSA AVE. 360'± N/O PEPPER BROOK WAY
CITY OF INDUSTRY, CA 91748
SCE STREET LIGHT POLE #2026161E

C.E.S. PROJECT NO.:
10010728-15

STAMP:

SITE INFORMATION:
ISSUE DATE: 03-16-15
ENGINEERED BY: C.E.S.
DRAFTED BY: C.E.S.



PLANS PREPARED BY:
C&S cable engineering services
PRESCOTT COMMUNICATIONS INC.
10640 Sepulveda Blvd., Suite 1, Mission Hills, CA 91345
Phone No.: (818)808-2352 Fax No.: (818)808-0188

REVISIONS:

NO.	DATE	DESCRIPTION	BY	CHK
1	04-09-15	90% ZD	JM	EM
2	05-11-15	REVISED PER UPDATED RFDS/SCE SPECS	JM	EM
3	06-08-15	100% ZD	JM	EM
4	10-05-15	REVISED PER WTR POWER DESIGN	JM	EM
5	12-29-15	REVISED PER SCE POWER DESIGN	JM	EM

SHEET TITLE:
SITE PLAN

SHEET NUMBER:
Z-1
C.E.S. DWG. NO. ATC15066_ID

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Attachment 4

Photo Simulations

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Site Location and Photo-Vantage Map



Images from Google Maps 2015©

Date: 3/18/16

Site Name: SCL Colima B1

Address: E/S Azusa Ave.,
360' N/O Pepper Brook Way
City of Industry, CA 91748

Applicant: Verizon Wireless
15505 Sand Canyon Avenue
Irvine, CA 92618

Contact: Rob Searcy
Cable Engineering Services
10640 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 898-2352
rob.searcy@cableeng.com

Certificate of Authenticity/Disclaimer:
Cable Engineering Services warrants that this photo simulation is an accurate representation of the proposed site based upon the project plans and additional information provided by the Applicant. The final constructed site may vary.

Prepared by: Anika Denton
Graphic Detail Productions
ajdenton@gdprod.com



Existing



Proposed replacement pole, antenna radome, mRRUs and utility handholes

View 1

Looking southeast from Azusa Ave. toward subject site.



Photosimulation



Cable Engineering Services
10540 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 896-2352

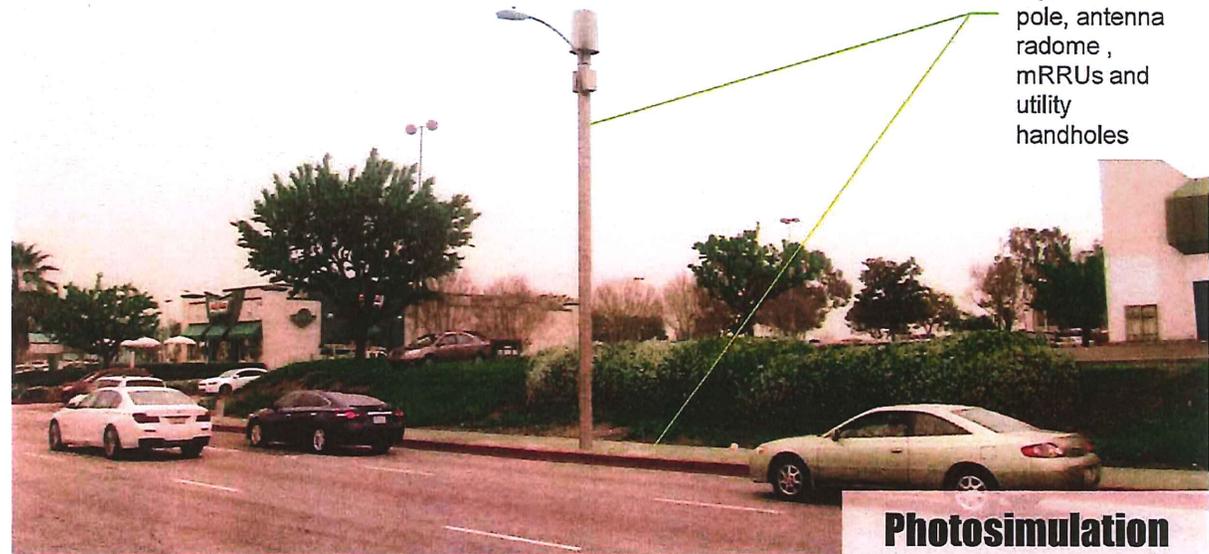
Date: 3/18/16
Site Id: SCL Colima B1

Address: E/S Azusa Ave., 360' N/O Pepper Brook Way
City of Industry, CA 91748

Existing



Proposed replacement pole, antenna radome, mRRUs and utility handholes



Photosimulation

View 2

Looking northeast from Azusa Ave. toward subject site.



Cable Engineering Services
10640 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 696-2352

Date: 3/18/16
Site Id: SCL Colima B1

Address: E/S Azusa Ave., 360' N/O Pepper Brook Way
City of Industry, CA 91748

Existing



View 3

Looking north from Azusa Ave.
toward subject site.



Photosimulation



Cable Engineering Services
10640 Sepulveda Blvd.
Mission Hills, CA 91345
(818) 896-2352

Date: 3/18/16
Site Id: SCL Colima B1

Address: E/S Azusa Ave., 360' N/O Pepper Brook Way
City of Industry, CA 91748

CITY COUNCIL

ITEM NO. 6.6



CITY OF INDUSTRY

P.O. Box 3366 • 15625 E. Stafford St. • City of Industry, CA 91744-0366 • (626) 333-2211 • FAX (626) 961-6795

MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Paul J. Philips, City Manager 

STAFF: Susan Paragas, City Controller 

DATE: June 9, 2016

SUBJECT: Consideration to Approve and Adopt the City's FY 2016-17 Proposed Operating Budget and FY 2016-17 Proposed Capital Improvement Program Budget

Background

On April 4, 2016, the Financial Services Department introduced the new FY 2016-17 ("FY 17") Budget Process to all Citywide staff. The FY 17 Budget Process entailed: a new "Zero-Based Budget" budget policy, which aligns actual costs to its true City operations; completion of formal budget forms; and undertaking a collaborative, Citywide approach in which all departments were responsible for submitting their budget requests. Other affiliated City entities also participated and submitted their budget requests to the City.

In May 2016, final budgetary reviews were completed by Finance, the Director of Development Services & Administration, and the City Manager in order to present the FY 17 Proposed Operating Budget for consideration to adopt for the City, the Capital Improvement Program, and all its affiliated entities, on June 8th and June 9, 2016.

Discussion

FY 2017 Proposed City Operating Budget – Citywide

The FY 2016-17 Proposed Budget is a balanced budget and reflects the City's commitment to: our residents, fiscal and administrative reform efforts, continued fiscal stability, improving

quality of life through support of surrounding communities, and improving fiscal transparency. The FY 17 Proposed Citywide Budget (All Funds) totals \$259.7 million, with a \$40.3 million budget in its General Fund. Proposed Revenues total \$226.5 million in all its City funds, and \$50.1 million in its General Fund. The shortfall in resources are primarily due to the funding of Capital Improvement Program (“CIP”) and will be paid from the reserves of various funds. As we move forward with various changes and internal reform, we expect substantial savings to be realized over the next several years.

An overview of the major city budgets are listed below.

Chart 1 – Figures in Millions				
	FY 13/14 Actuals	FY 14/15 Actuals	FY 15/16 Adopted	FY 16/17 Proposed
General Fund	\$35.7	\$45.5	\$34.3	\$40.3
CIP Program	6.9	6.8	37.0	33.4
Debt Services	90.0	119.9	81.2	174.6
Other Funds	5.6	6.3	11.7	11.4
Totals	\$138.2	\$178.5	\$164.2	\$259.7

Capital Improvement Program (“CIP”) Proposed Budget

The City invests heavily into its capital infrastructure and regional improvements. The City’s CIP is fully supported by the General Fund, in which the City is proposing to allocate \$33.4 million of the General Fund reserves to its CIP Budget in FY 17. As such, a summary of the major capital projects planned for FY 17 are as follows:

- “57/60 Confluence Project” – Continued improvements to this regionally critical interchange are currently in construction or will enter construction in the FY 17 budget year, including Grand Avenue widening and the improvement of the Grand Avenue freeway ramps.
- “Grade Separation Projects” – The City is investing close to \$7 million dollars in FY 17 as the Fairway Drive and Fullerton Road grade separations enter construction. Construction continues on the Puente Avenue grade separation, and the Nogales Street grade separation is scheduled for completion in June 2016.
- “Expo Center and other City Facility Improvements” – The City is developing a master plan to address deferred maintenance and capital improvements at the Expo Center and is reviewing the condition of all City assets to protect the City’s investments into the future.

The City will be endeavoring to adopt a formal Five-Year CIP Plan in FY 17 to ensure high-priority projects are properly planned and completed in accordance with the City’s major infrastructure needs, Council priorities, and in line with budget objectives.

Debt Services

In FY 17, the City will see a significant increase of \$93.4 million from FY 2015-16 (“FY 16”) in its Debt Services funds. This is largely the result of the refinancing and refunding of the Successor Agency to the former Industry Urban-Development Agency’s (“SA”) bonds. In July 2015, the City successfully issued \$575 million of Tax Allocation Bonds and refunded

\$592 million of outstanding bonds for the SA. As a result, the associated SA debt and debt service shifted to the City's debt, and as such, will augment the City's debt services budget for FY 17.

To support this significant increase in debt service, as part of the bond issuance terms, the City's tax override revenues and Successor Agency's tax increment revenues will be pledged to subsidize all debt service costs associated with the new City bonds. There will be no impact to the General Fund.

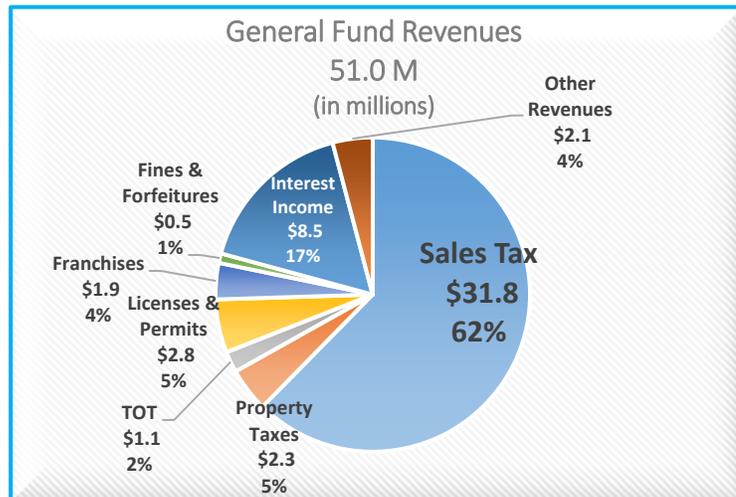
General Fund

The City's General Fund is the fund that supports the traditional municipal services, such as Public Safety, landscape and street maintenance services, and citywide security services to name a few. When cities reference the fiscal condition of their city, they generally refer to the General Fund, which is the City of Industry's primary budget for our core operations and municipal services we provide to our residents.

The FY 17 Proposed Budget for the General Fund totals \$40.3 million and will be supported by \$51 million in on-going revenues. Outlined below is an overview of the City's revenue base and budget highlights for FY 17.

Revenues:

The City of Industry has a solid revenue base, which serves as the foundation of its economic viability and stable economy over the last several years. Unlike other cities, Industry is heavily reliant on its economic industries, and sales tax revenues account for over 50% of all General Fund revenues. The City largely benefits from its auto, commercial, manufacturing, and consumer retail industries.



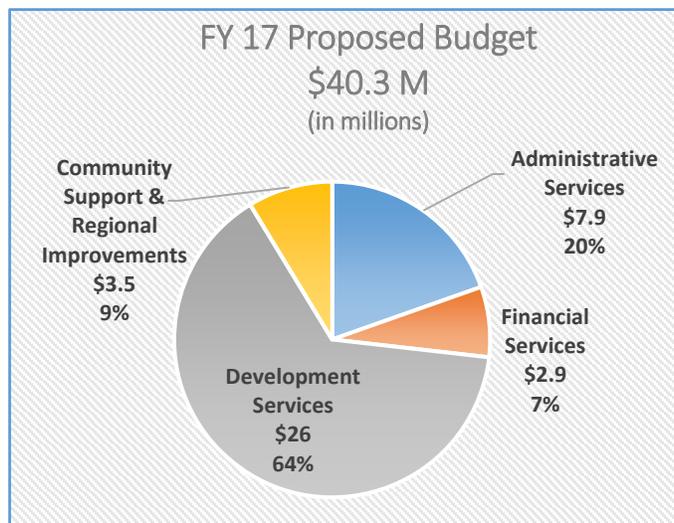
In FY 17, Sales Tax revenues are anticipated to increase by 4.5% (or \$1.4 M) from \$30.4 million in FY 16 to \$31.8 million in FY 17. This is largely attributed to the elimination of an annual tax rebate for one of our large commercial retailers, as well as the ending of the "Triple Flip" in FY 16. The Triple Flip diverted ¼ (or 0.75%) of the percentage of the City's sales tax revenues for the last several years. Beginning in FY 17, the City will receive its full 1% of sales taxes and should benefit greatly moving forward.

In addition, due to the City's high investment in its capital infrastructure and our CIP Plan, Building Permit Inspection Fees are anticipated to increase substantially by \$113K (or 17.7%) in FY 17.

The City's other major revenue staples, Property Tax and Transient Occupancy Taxes ("TOT"), are performing well and continue to see consistent growth in line with the similar revenue growth in other cities.

FY 17 Budget Highlights (Summary of Expenditures):

In FY 17, the General Fund budget will increase by \$6.0 million (17.7%), from \$34.3 million to \$40.3 million. The FY 17 Proposed Budget was developed under a “Zero-Based Budget” approach. “Zero-Based Budget” essentially means aligning actual costs to budgeted costs under the City’s actual operations. This can involve “down-sizing” in some areas, but also, increasing its budget in other instances. The General Fund increase is due to a combination of both: enhanced programs and services and aligning true costs with budgeted costs. A summary of the City’s FY 17 Budget by department is provided below.



City Reorganization

In addition to aligning true costs to operations, the City’s reorganization and formation of new departments was also a significant part of the budget process, and moving forward in FY 17 and beyond. The City will be reorganized by the following new departments in FY 17: Administrative Services, Financial Services, Development Services, and Community Support & Regional Improvements.

Summary of Significant FY 17 Enhancements

Outlined below are a summary of the City’s significant proposed enhancements and budget changes for FY 17.

- *Salaries & Benefits* – All salaries and benefits will be budgeted and aligned with each employee’s operating department. In prior years, all employee benefits were budgeted in a Non-Departmental account.
- *Public Safety* – The Sheriff’s contract will increase by 12.9% (or \$1 million) in FY 17. This includes annual contractual increases, a rise in liability costs, and an addition of 1.0 Full-Time Equivalent (“FTE”) Motor Officer to improve traffic safety and commercial truck enforcement.
- *New Fee Study* – The City will undertake a Citywide Fee Study in FY 17 to properly assess all City fees imposed and make recommendations for new fees and recommended fee changes.
- *Code Enforcement* – The City’s Code Enforcement contract will also be augmented by 2.0 FTE positions to better enforce business use permits and business compliance to State mandated commercial recycling programs and stormwater (MS4) permit regulations.
- *Pavement Management Plan* – A Pavement Management Plan will be undertaken in FY 17 to assess all of the City’s arterial and collector roads, and identify a capital schedule of street repairs to ensure that the City’s roadways are in good condition to

support the needs of Industry's businesses, residents, and patrons. Street maintenance, landscape median and traffic signal maintenance budgets have been underfunded in prior years and increased in FY 17 to meet the City's transportation demands. The City is committed to investing over \$10 million dollars in its roadways in FY 17.

- *Stormwater and Environmental Funding* – In FY 17, the City will increase its budget to meet its required mandates for the MS4 permit program, initiate stormwater catch basin retrofits, and increasing its environmental funding to preserve its open space holdings, such as Follows Camp and Tonner Canyon.

Lastly, the FY 17 Proposed Budget includes the City's continued implementation of its corrective action plan in addressing the State Controller's Office Review Report. Upgrades to the City's financial system to improve internal controls, contract increases for the City's transparent procurement and work order systems, and various reforms in its human resource management are all included in the FY 17 Proposed Budget. The City is deeply committed to operating the City in line with standard city business practices and will do so through fiscal integrity, fiscal transparency and accountability.

While the City's General Fund Budget is projected to increase in FY 17, the City's planned enhancements will greatly assist its assessment of its operations and all of its contracts, as well as improvement of internal controls which is anticipated to yield cost savings in the near future.

Recommendation

Staff recommends the City Council to adopt the attached resolution approving the City of Industry's FY 17 Proposed Operating Budget and City's FY 17 CIP Budget. In addition, staff recommends the City Council approve and ratify all City-affiliated entities' budgets.

Exhibits:

- A. Resolution
- B. Fund Balance
- C. Revenue Summaries
- D. Expenditure Summaries

PJP/SP:sa

RESOLUTION NO. CC 2016-41

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING AND ADOPTING THE CITY OF INDUSTRY'S ("CITY") FY 2016-17 PROPOSED OPERATING BUDGET AND FY 2016-17 PROPOSED CAPITAL IMPROVEMENT PROGRAM ("CIP") BUDGET

WHEREAS, on April 4, 2016, the Financial Services Department introduced the new FY 2016-17 (FY 17) Budget Process to all Citywide staff; and

WHEREAS, the FY 17 Budget Process was a collaborative, Citywide approach in which all departments and affiliated City entities were responsible for submitting their budget requests; and

WHEREAS, all City departments and affiliated City-entities submitted their budget requests to the City; and

WHEREAS, Finance, Director of Development Services & Administration, and the City Manager reviewed each budget request with respect to the City's total budget and Citywide fiscal condition; and

WHEREAS, the City Council received a presentation on City's FY 17 Proposed Operating Budget and FY 17 Proposed CIP Budget on June 9, 2016.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INDUSTRY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The budget for all of the City's Funds, Revenue Budget of \$226,458,702 and Expenditure Budget of \$259,658,094, for the fiscal year 2016-2017 is hereby approved and adopted.

Section 2. The City's General Fund's Revenue Budget of \$50,998,915 and Expenditure Budget of \$40,346,751 for the fiscal year 2016-2017 is hereby approved and adopted.

Section 3. The CIP's Expenditure Budget of \$33,387,229 and General Fund transfer in of \$33,387,229 to the CIP Fund (Fund120) for the fiscal year 2016-2017 is hereby approved and adopted.

Section 4. The City Council hereby approves and adopts the following City-affiliated entities' budgets as approved at their respective board meetings for the fiscal year 2016-2017: Industry Public Facilities Authority ("IPFA"), Industry Public Utilities Commission ("IPUC"), Civic Recreational-Industrial Authority ("CRIA"), and Successor Agency to the Industry Urban-Development Authority ("SA").

Section 5. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Industry at a regular meeting held on June 9 2016, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Mark D. Radecki, Mayor

ATTEST:

Cecelia Dunlap, Deputy City Clerk

FY 2016-17 Fund Balances – Overview of the City’s Fund Balances & Projected Reserves

FUND NAME	BEGINNING FUND BALANCE JUNE 30, 2016	REVENUES FY 2016-2017	TRANSFERS IN	EXPENDITURES FY 2016-2017	TRANSFERS OUT	PROJECTED FUND BALANCE JUNE 30, 2017
General Fund						
100 OPERATIONS	\$ 154,292,145	\$ 43,498,915	\$ -	\$ (40,346,751)	\$ (34,465,274)	\$ 122,979,035
100 WELLS CAPITAL	189,573,040	7,500,000	-	-	-	197,073,040
Total	\$ 343,865,185	\$ 50,998,915	\$ -	\$ (40,346,751)	\$ (34,465,274)	\$ 320,052,075
Special Revenue Funds						
101 STATE GAS TAX	\$ 18,003	\$ 14,850	\$ -	\$ (10,000)	\$ -	\$ 22,853
102 MEASURE R	-	5,000	-	(5,000)	-	-
103 PROP A	5,250,197	13,500	-	(4,635,000)	-	628,697
104 PROP C	16,099	7,010	-	-	-	23,109
105 AQMD GRANT	4,777	-	-	-	-	4,777
Total	\$ 5,289,076	\$ 40,360	\$ -	\$ (4,650,000)	\$ -	\$ 679,436
Enterprise Funds						
160 IPHMA	\$ 11,490,615	\$ 171,800	\$ -	\$ (533,241)	\$ -	\$ 11,129,174
161 CITY ELECTRIC	6,811,129	5,241,500	-	(304,000)	-	11,748,629
360 CRIA	140,209	510	1,078,045	(572,385)	(505,660)	140,719
361 EXPO CENTER	9,066,255	1,563,370	505,660	(2,069,030)	-	9,066,255
560 IPUC - RECLAIMED WATER	9,759,996	1,019,100	-	(858,200)	-	9,920,896
561 IPUC - POTABLE WATER	326,481	1,917,200	-	(1,877,726)	-	365,955
Total	\$ 37,594,685	\$ 9,913,480	\$ 1,583,705	\$ (6,214,582)	\$ (505,660)	\$ 42,371,628
Capital Improvement Fund						
120 CITY CAPITAL IMPROVEMENTS	\$ 612,731	\$ 2,500	\$ 33,387,229	\$ (33,387,229)	\$ -	\$ 615,231
Total	\$ 612,731	\$ 2,500	\$ 33,387,229	\$ (33,387,229)	\$ -	\$ 615,231

Fund Balances

FUND NAME	BEGINNING FUND BALANCE JUNE 30, 2016	REVENUES FY 2016-2017	TRANSFERS IN	EXPENDITURES FY 2016-2017	TRANSFERS OUT	PROJECTED FUND BALANCE JUNE 30, 2017
<u>Fiduciary Funds</u>						
145 ASSESSMENT DISTRICT 91-1	\$ 2,347,454	\$ 647,064	\$ -	\$ (508,375)	\$ -	\$ 2,486,143
Total	\$ 2,347,454	\$ 647,064	\$ -	\$ (508,375)	\$ -	\$ 2,486,143
<u>Debt Service Funds</u>						
135 TAX OVERRIDE	\$ 31,478,034	\$ 45,965,052	\$ -	\$ (45,880,052)	\$ -	\$ 31,563,034
140 CITY OF INDUSTRY	349,161,124	11,314,100	-	(42,253,227)	-	318,221,997
440 IPFA	86,799,296	107,577,231	-	(86,417,878)	-	107,958,649
Total	\$ 467,438,454	\$ 164,856,383	\$ -	\$ (174,551,157)	\$ -	\$ 457,743,680
City Fund Balances	\$ 857,147,585	\$ 226,458,702	\$34,970,934	\$ (259,658,094)	\$ (34,970,934)	\$ 823,948,193

Revenues Summaries – Overview City Revenues By Fund

Financial Resources (Revenues) By Fund	FY 2013 Actual Amount	FY 2014 Actual Amount	FY 2015 Actual Amount	FY 2016 Adopted Budget	FY 2017 Proposed Budget
GENERAL FUND					
LOCAL TAXES	\$ 38,934,428	\$ 46,899,296	\$ 39,470,471	\$ 35,768,849	\$ 37,105,235
LICENSES & PERMITS	2,364,357	3,001,797	2,652,867	2,620,500	2,834,285
FINES & FORFEITURES	480,126	412,272	544,624	539,000	501,000
INTEREST INCOME	7,929,127	8,390,951	7,787,841	8,562,000	8,525,000
OTHER REVENUES	<u>1,401,530</u>	<u>2,804,372</u>	<u>1,343,983</u>	<u>1,353,150</u>	<u>2,033,395</u>
TOTAL GENERAL FUND	\$ 51,109,568	\$ 61,508,688	\$ 51,799,786	\$ 48,843,499	\$ 50,998,915
SPECIAL REVENUE FUNDS					
GAS TAX STREET IMPROVEMENT FUND - 101	\$ 20,768	\$ 25,174	\$ 20,991	\$ 21,100	\$ 14,850
MEASURE R TAXES - 102	7,735	4,591	4,809	5,000	5,000
PROP A TAXES - 103	2,979,160	2,809,118	3,783,208	14,700	13,500
PROP C TAXES - 104	10,329	6,513	6,776	7,210	7,010
AQMD GRANT - 105	<u>1,579,000</u>	<u>319,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SPECIAL REVENUES	\$ 4,596,992	\$ 3,164,482	\$ 3,815,784	\$ 48,010	\$ 40,360
ENTERPRISE FUNDS					
IPHMA - 160	\$ 200,347	\$ 212,884	\$ 224,955	\$ 219,700	\$ 171,800
IPUC - ELECTRICITY - 161	4,135,272	4,421,470	5,097,318	5,241,500	5,241,500
CRIA - 360	479	361	461	420	510
CRIA-EXPO CENTER - 361	1,544,101	1,441,557	1,295,861	1,485,200	1,563,370
IPUC - RECLAIMED WATER - 560	2,293,874	1,485,809	1,269,786	894,400	1,019,100
IPUC - POTABLE WATER - 561	<u>-</u>	<u>-</u>	<u>1,926,389</u>	<u>1,973,420</u>	<u>1,917,200</u>
TOTAL ENTERPRISE FUNDS	\$ 8,174,073	\$ 7,562,081	\$ 9,814,769	\$ 9,814,640	\$ 9,913,480
CAPITAL IMPROVEMENTS FUND					
CITY CAPITAL IMPROVEMENTS - 120	<u>\$ 20,608,061</u>	<u>\$ 6,991,842</u>	<u>\$ 7,704,176</u>	<u>\$ 37,560,000</u>	<u>\$ 33,389,729</u>
TOTAL CAPITAL IMPROVEMENTS	\$ 20,608,061	\$ 6,991,842	\$ 7,704,176	\$ 37,560,000	\$ 33,389,729

Revenue Summaries

Financial Resources (Revenues) By Fund	FY 2013 Actual Amount	FY 2014 Actual Amount	FY 2015 Actual Amount	FY 2016 Adopted Budget	FY 2017 Proposed Budget
FIDUCIARY FUNDS					
91-1 TAX ASSESSMENT - 145	\$ 639,174	\$ 639,919	\$ 639,555	\$ 640,300	\$ 647,064
TOTAL FIDUCIARY FUNDS	\$ 639,174	\$ 639,919	\$ 639,555	\$ 640,300	\$ 647,064
DEBT SERVICE FUNDS					
DEBT SERVICE PROPERTY TAX OVERRIDE - 135	\$ -	\$ 42,504,983	\$ 44,298,136	\$ 43,081,800	\$ 45,965,052
CITY DEBT SERVICE - 140	77,982,158	40,249,878	75,130,944	37,467,300	11,314,100
IPFA - 440	<u>8,992,864</u>	<u>7,287,288</u>	<u>5,717,090</u>	<u>5,192,850</u>	<u>107,577,231</u>
TOTAL DEBT SERVICE FUND	\$ 86,975,023	\$ 90,042,148	\$ 125,146,170	\$ 85,741,950	\$ 164,856,383
Total City Financial Resources	\$172,102,890	\$169,909,160	\$198,920,241	\$182,648,399	\$259,845,931
SUCCESSOR AGENCY					
Administration - 220	\$4,680,362	\$16,743,674	\$18,489,512	\$ -	\$100
Project Area #1 - 221	49,386,466	5,696,999	3,684,624	-	2,697,533
Project Area #2 - 222	26,143,032	24,580,575	26,301,115	-	5,025,004
Project Area #3 - 223	1,971,772	20,426	1,176,877	-	10,000
Public Works - 230	7,656	7,500	7,500	-	7,500
Land - 231	7,812,858	2,254,484	12,084,330	-	5,100
RPTTF Fund - 240	58,679,839	-	-	-	-
Debt Services / Project Area #1 - 241	58,922,760	77,942,768	39,860,365	-	40,080,746
Debt Services / Project Area #2 - 242	32,292,325	19,618,618	13,612,836	-	10,081,651
Debt Services / Project Area #3 - 243	<u>8,186,884</u>	<u>12,195,935</u>	<u>6,162,699</u>	-	<u>5,737,182</u>
TOTAL SUCCESSOR AGENCY:	\$248,083,955	\$159,060,979	\$121,379,859	\$ -	\$63,644,815

Expenditure Summaries – Overview of City Expenditures By Fund & Division

Expenditure Summaries By Fund / Division		FY 2013 Actual Amount	FY 2014 Actual Amount	FY 2015 Actual Amount	FY 2016 Amended Budget	FY 2017 Proposed Budget
General Fund						
<i>Administrative Services</i>						
501	City Council	\$ 143,438	\$ 146,843	\$ 153,967	\$ 149,000	\$ 526,800
502	City Clerk	207,624	210,530	277,843	120,000	248,815
503	City Manager	653,738	1,334,894	612,208	1,271,000	749,545
507	Central Services	4,323,413	2,182,542	2,973,574	2,710,700	1,990,900
508	Human Resources	116,323	135,643	220,078	226,200	1,498,975
515	Non-Departmental	1,842,215	2,668,527	13,048,967	2,820,000	-
520	City Attorney	3,329,696	1,998,859	2,872,986	1,721,000	2,000,000
525	Information Technology	-	-	-	-	336,150
528	Legislative Services	-	-	-	-	530,000
	Total Administrative Services	\$ 10,616,446	\$ 8,677,838	\$ 20,159,622	\$ 9,017,900	\$ 7,881,185
<i>Community Support & Regional Improvements</i>						
621	Community Promotion	\$ 2,265,811	\$ 1,583,758	\$ 1,600,066	\$ 1,671,000	\$ 1,548,100
620	El Encanto	293,666	321,444	333,085	355,000	347,000
626	Homestead Museum	1,881,785	1,211,131	1,770,298	1,825,000	1,677,874
	Total Community Support & Regional Improvements	\$ 4,441,262	\$ 3,116,333	\$ 3,703,448	\$ 3,851,000	\$ 3,572,974
<i>Financial Services</i>						
505	City Treasurer	\$ 136,780	\$ 279,662	\$ 170,909	\$ 177,000	\$ 1,274,270
506	Finance	1,487,011	1,427,094	1,554,318	1,401,400	1,624,865
	Total Financial Services	\$ 1,623,791	\$ 1,706,756	\$ 1,725,226	\$ 1,578,400	\$ 2,899,135

Expenditure Summaries

Expenditure Summaries By Fund / Division		FY 2013 Actual Amount	FY 2014 Actual Amount	FY 2015 Actual Amount	FY 2016 Amended Budget	FY 2017 Proposed Budget
General Fund (cont.)						
<i>Development Services</i>						
526	Development Services	\$ -	\$ -	\$ -	\$ -	\$ 509,270
527	Field Operations	-	-	-	-	280,055
504	Engineering	114,314	162,583	140,219	193,900	22,500
509	Public Works Admin	105,958	160,413	71,792	73,000	8,000
521	Planning	541,199	527,272	590,794	456,300	1,023,825
601	Law Enforcement	9,681,514	8,729,322	8,311,886	8,468,500	9,997,195
622	Public Works	158,879	159,524	305,435	281,000	288,000
623	Streets And Roads	1,861,927	1,862,792	2,159,056	2,292,000	2,851,647
624	Contracted Services	3,395,673	3,397,677	1,697,991	867,000	2,685,000
625	Civic Financial Center	8,447,937	6,430,148	6,339,162	6,948,700	7,896,353
627	Industry Hills Public Facility	311,065	777,236	308,141	237,000	310,800
628	Tres' Hermanos -Chino Hills	-	27,240	21,811	13,800	120,812
	Total Development Services	\$ 24,618,466	\$ 22,234,207	\$ 19,946,288	\$ 19,831,200	\$ 25,993,457
Total General Fund Budget:		\$ 41,299,964	\$ 35,735,134	\$ 45,534,584	\$ 34,278,500	\$ 40,346,751
<i>SPECIAL REVENUE FUNDS</i>						
101	Gas Tax Street Improvement Fund	\$ -	\$ -	\$ 24,254	\$ 21,000	\$ 10,000
102	Measure R Taxes	-	31,376	4,809	5,000	5,000
103	Prop A Taxes	379,918	871,352	534,860	4,618,000	4,635,000
104	Prop C Taxes	-	14,535	23,601	-	-
105	AQMD Grant	11,771	232,290	105,097	41,500	-
Total Special Revenues		\$ 391,689	\$ 1,149,554	\$ 692,620	\$ 4,685,500	\$ 4,650,000
<i>ENTERPRISE FUNDS</i>						
160	IPHMA	\$ 172,644	\$ 274,500	\$ 368,453	\$ 866,400	\$ 533,241
161	IPUC - Electricity	339,798	378,329	192,859	296,600	304,000
360	CRIA	237,366	273,616	345,456	430,300	572,385
361	CRIA - Expo Center	2,428,989	2,406,254	1,930,960	2,068,000	2,069,030
560	IPUC - Reclaimed Water	464,304	499,200	757,958	733,300	858,200
561	IPUC - Potable Water	-	-	1,435,421	1,998,800	1,877,726

Expenditure Summaries

Expenditure Summaries By Fund / Division		FY 2013 Actual Amount	FY 2014 Actual Amount	FY 2015 Actual Amount	FY 2016 Amended Budget	FY 2017 Proposed Budget
Total Enterprise Funds		\$3,643,101	\$3,831,899	\$5,031,106	\$6,393,400	\$6,214,582
<i>CAPITAL IMPROVEMENTS FUND</i>						
120	City Capital Improvements	\$ 20,130,082	\$ 6,902,109	\$ 6,769,749	\$ 37,043,000	\$ 33,387,229
Total Capital Improvements		\$ 20,130,082	\$ 6,902,109	\$ 6,769,749	\$ 37,043,000	\$ 33,387,229
<i>FIDUCIARY FUNDS</i>						
145	91-1 Tax Assessment	\$ 512,419	\$ 523,448	\$ 512,610	\$ 523,500	\$ 508,375
Total 91-1 Tax Assessment		\$ 512,419	\$ 523,448	\$ 512,610	\$ 523,500	\$ 508,375
<i>DEBT SERVICE FUNDS</i>						
135	Debt Service Property Tax Override	\$ -	\$ 31,181,110	\$ 81,885,018	\$ 28,803,137	\$ 45,880,052
140	City Debt Service	37,065,096	38,498,381	34,736,301	35,078,808	42,253,227
440	IPFA	20,003,689	20,332,429	3,302,393	17,350,420	86,417,878
Total Debt Service Fund		\$ 57,068,784	\$ 90,011,921	\$ 119,923,712	\$ 81,232,365	\$ 174,551,157
TOTAL CITY EXPENDITURES		\$123,046,040	\$138,154,065	\$178,464,382	\$164,156,265	\$259,658,094

CITY COUNCIL

ITEM NO. 6.6

POWERPOINT PRESENTATION



FY 2016-17 PROPOSED BUDGET

City of Industry | June 9, 2016



PRESENTATION OVERVIEW

- *BUDGET PROCESS*
- *GENERAL FUND*
- *CAPITAL IMPROVEMENT PROGRAM*
- *INDUSTRY PUBLIC FACILITIES AUTHORITY*
- *INDUSTRY PUBLIC UTILITIES COMMISSION*
- *SUCCESSOR AGENCY*
- *CIVIC RECREATIONAL INDUSTRIAL AUTHORITY*
- *INDUSTRY PROPERTY AND HOUSING MANAGEMENT AUTHORITY*



BUDGET PROCESS

- **What is a Budget?**
- **Where do City Funds come from?**
- **What are the changes in the Budget Process?**



BUDGET PROCESS – What is a budget?

- Outline of how monies are spent to maintain and improve the City
- *Operating Budget*
 - A comprehensive financial plan to sustain operations during a given year
 - Salaries, utilities, office supplies, maintenance, etc.
- *Capital Budget*
 - A spending plan for improvements and acquisitions of significant value and a useful life of more than one year
 - Buildings, roads, big-ticket equipment, etc.



BUDGET PROCESS – Where do City Funds come from?

- “Fund” – A Fiscal Accounting Entity
- General Fund
- Special Revenue Funds
- Enterprise/Proprietary Funds
- Fiduciary Funds
- Debt Service Funds
- Capital Improvement Funds



BUDGET PROCESS – Where do City Funds come from?

General Fund – The City’s primary operating fund used to account for all financial resources of the general government except those required to be accounted for in a another fund.

Primary Funding Sources:

- Property Tax
- Sales and Use Tax
- Transient Occupancy Tax
- Charges for Services
- Fines and Forfeitures
- Interest Income



BUDGET PROCESS – Where do City Funds come from?

Special Revenue Funds – Used to account for use of revenue earmarked by law for a particular purpose.

City Funds:

- *AQMD Grant* – Monies received to use to improve air quality.
- *Measure R* – L.A. County sales tax measure to fund new transportation projects and programs.
- *Proposition A* – Monies used to develop and improve local public transit, paratransit and related transportation infrastructure.
- *Proposition C* – Monies used to improve transit service and operations, and streets, reduce traffic congestion.
- *State Gas Tax* – For research, planning, construction, improvement, maintenance of public streets.



BUDGET PROCESS – Where do City Funds come from?

Enterprise/Proprietary Funds – A fund similar to those found in the private sectors that are structured to be revenue-generating and self-supporting.

City Funds:

- Civic Recreational Industrial Authority-Expo Center
- Industry Property and Housing Management Authority
- Industry Public Utilities Commission



BUDGET PROCESS – Where do City Funds come from?

Fiduciary Funds – Used to account for assets held in trust by the government for the benefit of other entities.

City Funds:

- Successor Agency
- Assessment District 91-1



BUDGET PROCESS – Where do City Funds come from?

Debt Service Funds – Established to account for the accumulation of resources to pay the interest and principal of long-term debts.

City Funds:

- Debt Service Property Tax Override
- City of Industry Debt Service
- Industry Public Facilities Authority



BUDGET PROCESS – Where do City Funds come from?

Capital Improvement Funds – Used to account for the construction or acquisition of fixed assets such as buildings, equipment and roads.

City Fund:

- City Capital Improvement



BUDGET PROCESS – FY 2016-17 Changes

- Kick-off in April 2016
- Previously, Finance prepared all budget documents.
 - *For FY 2016-17 Departments submitted operating budgets (non-personnel)*
- “Zero-Based Approach” – Method of budgeting in which all expenses must be justified. For the development of the FY 2016-17 budgets, the departments based their budget proposals on actual needs and costs.



BUDGET PROCESS – FY 2016-17 Changes

- Finance prepared all Salary & Benefit budgets for all departments.
- Personnel Benefit costs are allocated based on employee's division instead of the Non-Departmental division.
 - *Reflect True Cost of Division/Program*



BUDGET PROCESS – FY 2016-17 Changes

- Created New Divisions
 - Community Support & Regional Improvements Division
 - Information Technology
 - Development Services (Division and Department)
 - Field Operations



GENERAL FUND

- Revenues
- Expenditures
- Budget Summaries



GENERAL FUND - Revenues

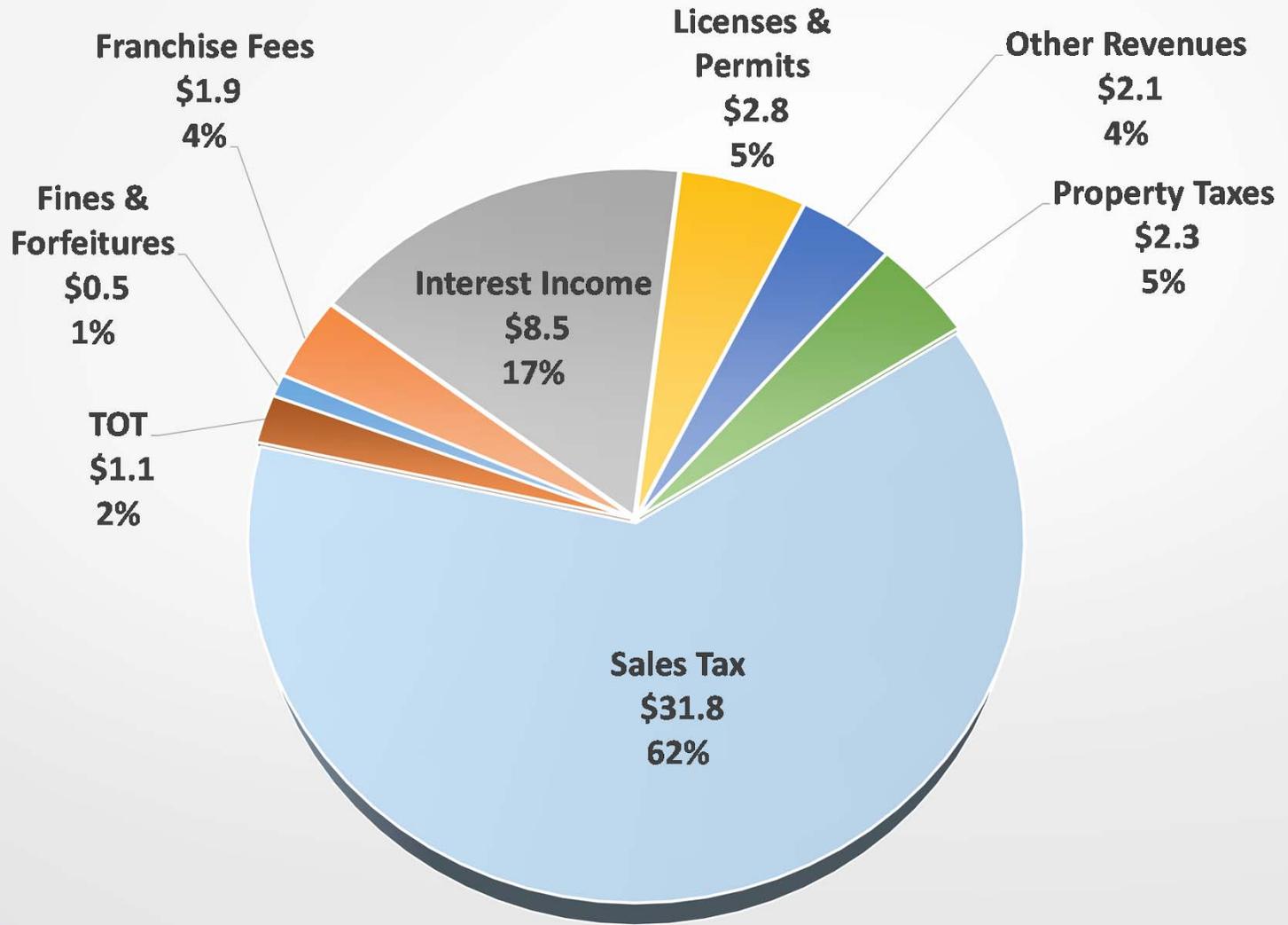
Total Revenues \$51.0M – 4.4% Increase (+\$2.16M)

Major Changes:

- **Local Taxes – 3.7% Increase (+\$1.3M)**
 - *Sales Tax Revenues – 3.7% Increase (+\$1.1M)*
- **Licenses & Permits – 8.2% Increase (+\$0.24M)**
 - *Inspection Fees – 24.8% Increase (+\$0.19M)*
- **Other Revenues – 50.3% Increase (+\$0.69M)**
 - *Rental Income – 62.7% Increase (+\$0.45M)*
 - Lease revenues from property purchases



GENERAL FUND – Revenues (in millions)



GENERAL FUND - Expenditures

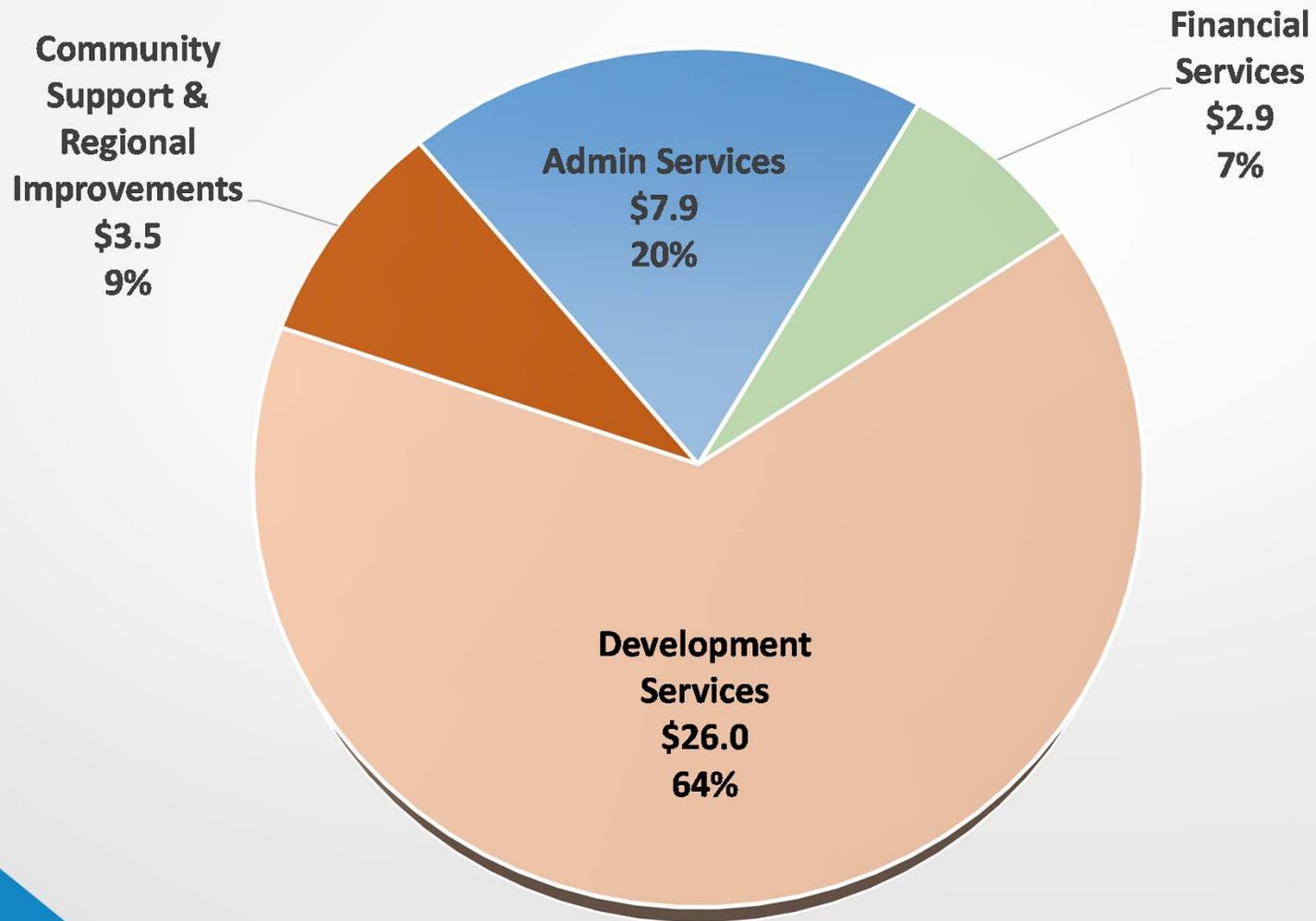
Total Expenditures \$40.3M – 17.7% Increase (+\$6.07M)

Major Changes:

- **Development Services – 17.7% Increase (+\$6.07M)**
 - *Street-Related Maintenance – 149.1% Increase (+\$2.07M)*
 - *Public Safety – 17.9% Increase (+\$1.46M)*
 - *Civic Financial Center – 73.7% Increase (+\$1.04M)*
 - *Reallocation of Employee Benefits - +\$0.99M*
- **Financial Services – 83.7% Increase (+\$1.32M)**
 - *Professional Services – 20.7% Increase (+\$0.29M)*
 - *Financial System – 617.3% Increase (+\$0.09M)*
 - *Reallocation of Employee Benefits - +\$0.64M*



GENERAL FUND – Expenditures (in millions)



GENERAL FUND - Summary

FY 2016-17 Fund Balance Estimate

Beginning Fund Balance-July 1, 2016 <i>(estimated)</i>	\$ 343,865,185
Proposed FY 2016-17 Revenues & Transfers In	\$ 50,998,915
Less: Proposed FY 2016-17 Operating Expenditures & Transfers Out	<u>(41,424,796)</u>
<i>Proposed FY 2016-17 Operating Position</i>	<u>\$ 9,574,119</u>
Less: Capital Improvement Projects	<u>\$ (33,387,229)</u>
Ending Fund Balance-June 30, 2017 <i>(estimated)</i>	<u>\$ 320,052,075</u>



CAPITAL IMPROVEMENT PROGRAM

Project Description By Category	FY 2016/17 Proposed (Incl. Carry- Over)	FY 2015/16 Requested Carry-Over	FY 2016/17 Proposed
1. Grade Separation Projects	\$12,747,548	\$5,791,020	\$6,956,528
2. Street Widening Reconstruction, Resurfacing, And Slurry Seal	18,587,812	7,749,145	10,838,667
3. Bridge Widening, Seismic Retrofit, And Maintenance Improvements	1,681,347	304,347	1,377,000
4. Traffic Signal Improvements	3,715,800	2,046,244	1,669,556
5. Storm Drain Improvements	3,239,977	25,336	3,214,641
6. Undergrounding Of Overhead Facilities	50,000	-	50,000
7. IPUC - Potable Water System and Electrical Distribution System	969,434	464,475	504,959
8. Metrolink/Commuter Rail Station	-	-	-
9. Expo Center At Industry Hills	3,973,510	580,000	3,393,510
10. Industry Hills Golf And Convention Facilities	1,576,779	160,121	1,416,658
11. El Encanto Healthcare Facility	220,000	-	220,000
12. San Gabriel Canyon Properties	233,150	38,250	194,900
13. Tonner Canyon	-	-	-
14. Industry Housing And Property Management Authority	2,930,810	30,000	2,900,810
15. Civic Center Facilities Improvements	<u>650,000</u>	-	<u>650,000</u>
GRAND TOTAL	\$50,576,167	\$17,188,938	\$33,387,229





***INDUSTRY PUBLIC FACILITIES AUTHORITY
(IPFA)***

IPFA - FY 2016-17 BUDGET

- Total Revenues – \$107.6M
 - Redevelopment Property Tax Trust Fund (RPTTF), Tax Override Transfer, Interest Income
- Total Expenditures – \$86.4M
 - *RPTTF and Tax Override Funds Used for Debt Service Payments*





***INDUSTRY PUBLIC UTILITIES COMMISSION
(IPUC)***

IPUC - FY 2016-17 BUDGET

- Total Revenues – \$8.2M (0.80% increase-\$68,500)
 - Increase in Reclaimed Water Sales - \$125K
 - Decrease in Potable Water - \$56K
- Total Expenditures – \$7.3M (2.1% decrease-\$153K)
 - Revision to Presented Budget: \$4.25M for Electric Division
 - *Resolution IPUC 2016-02 to reflect \$7,289,926*
 - Increased Costs in Reclaimed Water System and Contracted Labor
 - *Expand Recycled Water System to Civic Center*
 - *Analyze Opportunities with City's Electric Utility*





***SUCCESSOR AGENCY TO THE FORMER
INDUSTRY URBAN-DEVELOPMENT AGENCY
(SA)***

SA - FY 2016-17 BUDGET

- Total Revenues – \$63.6M
- Total Expenditures – \$238.9M
 - Deficit Balance to be Funded with Property Sales Proceeds
 - *Continue with Projects: Industry Business Center and 57/60 Confluence*





CIVIC RECREATIONAL INDUSTRIAL AUTHORITY (CRIA)



CRIA - FY 2016-17 BUDGET

- Total Revenues – \$1.56M (5.3% increase)
 - Bar Sales, Parking Fees, Banquet Rentals
- Total Expenditures – \$2.64M (33.0% increase)
 - Allocation of Personnel Benefits from Non-Departmental Division
- General Fund Subsidy - \$1.08M (7% increase)
 - *Update Website and Marketing Materials*
 - *Address Deferred Maintenance*





***INDUSTRY PROPERTY AND HOUSING
MANAGEMENT AUTHORITY
(IPHMA)***

IPHMA - FY 2016-17 BUDGET

- Total Revenues - \$171,800
 - 97% Rental Income
- Total Expenditures – \$533,240
 - 38.5% Decrease from FY 2015-16
 - *Majority from Housing Improvement Budget Reduction*
 - Property Maintenance – 54% of Budget



FY 2016-17 PROPOSED BUDGETS

Proposed Budgets reflect the City's commitment to:

- ✓ Improved Quality of Life for our Residents and Surrounding Communities
- ✓ Vitality of Region's Employment Base
- ✓ Fiscal and Administrative Reform Efforts
- ✓ Continued Fiscal Stability
- ✓ Government Transparency



FY 2016-17 BUDGET

Recommendation:

The City Council, IPFA, IPUC and SA Board adopt Resolutions CC 2016-41, PFA 2016-02, IPUC 2016-02, SA 2016-11, respectively, approving the FY 2016-17 Proposed Operating Budgets for the City and all of its entities.



FY 2016-17 PROPOSED BUDGETS

QUESTIONS ?

